

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – August 2012

Purpose

This paper is the monthly update on the implementation of the Mandatory Provident Fund (MPF) System.

Enrolment

2. The estimated enrolment statistics are as follows:

	Enrolment*			Enrolment Rate		
	As at 31.08.2012	As at 31.07.2012	Change**	As at 31.08.2012	As at 31.07.2012	Change**
Employers	258 700	258 400	+ 300	100%	100%	-
Employees	2 352 300	2 352 000	+ 300	100%	100%	-
Self-employed persons (SEPs)	227 800	228 000	- 300	68%	68%	-

* rounded to the nearest 100

** changes are derived from unrounded figures and are then rounded off to the nearest integer

3. The enrolment rates of employers, employees and SEPs remained stable. As at the end of August 2012, 18 900 employers, 418 800 employees and 18 000 SEPs were registered under the Industry Schemes¹.

Complaint Handling

Complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) on system operation

4. In August 2012, 390 complaints were received by the MPFA, of which 351 complaints were made against 295 employers. The nature of the complaints received is set out as follows:

¹ These figures have excluded double registration between the two Industry Schemes trustees.

	<u>Number of complaints[^]</u>
(A) Complaints concerning scheme members:	
➤ Involuntary change from “employee” status to “SEP” status	10
➤ Non-enrolment in MPF Schemes	146
➤ Default contribution	285
➤ Others (e.g. dismissal; no pay records)	91
(B) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	39

[^] Include multiple selections.

Complaints received by the Labour Department (“LD”)

5. In August 2012, the LD received 13 MPF-related complaint cases. They were all related to alleged wrongful deduction of wages and default contribution.

6. Of the 111 complaint cases received from 1 January 2012 to 31 August 2012:

- 37 cases were resolved after conciliation or advice given;
- 42 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 4 cases where the employers were insolvent were referred to the Protection of Wages on Insolvency Fund, the Legal Aid Department, and/or the Official Receiver’s Office; and
- 28 cases where the employees had lodged claims with the LD were awaiting conciliation results.

Enforcement

7. The MPFA continued to enforce the Mandatory Provident Fund Schemes Ordinance (MPFSO) by investigating complaints, inspecting employment premises, making claims at law courts on behalf of employees to recover outstanding default contributions, and prosecuting non-compliant employers.

8. Recent enforcement actions taken by the MPFA are summarized below:

Enforcement action in August 2012	Number of Cases
<p>A. <u>Prosecution</u></p> <p>Number of summonses applied during the month</p> <ul style="list-style-type: none"> - <i>Non-enrolment of employees</i> 8 - <i>Non-enrolment (Employee / SEP dispute)</i> 2 - <i>Default contribution</i> 203 - <i>False statement</i> 10 	
<p>B. <u>Contribution Surcharge</u> (5% of the contributions in arrears)</p> <ul style="list-style-type: none"> - Number of employers with notices issued 21 700 	
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 15 - Number of employees involved 36 	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 3 - Number of employees involved 29 	
<p>E. <u>Submission to the High Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 0 - Number of employees involved 0 	
<p>F. <u>Submission to liquidators / receivers</u></p> <ul style="list-style-type: none"> - Number of cases submitted 20 	
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 281 	

Education and Publicity

9. Publicity effort to enhance public awareness and to deepen the public's understanding on Employee Choice Arrangement (ECA) continued in August. High profile publicity was kicked off by a media event when the MPFA introduced in detail the operation of the new arrangement, the factors to consider before making transfer decisions and the possible risks involved. It was followed by an advertorial series comprising four articles placed in six different free tabloids in six consecutive weeks. The content of the existing ECA dedicated webpage on the MPFA corporate website was also enhanced to provide more information about the new arrangement. Online advertisements were available through a popular portal and on major news websites to direct traffic to the ECA dedicated webpage.

10. With a view to enhancing employees' understanding of the operational details of ECA as well as the factors to consider before making transfer decisions, talks on ECA conducted by MPFA representatives were held at various employers' premises for their employees. An enhanced leaflet was launched and widely distributed at public events such as roving exhibitions. It was also made available on MPFA's website for download and in MPFA offices as well as other regular distribution channels for public collection.

11. A series of presentations on ECA would be provided to all district councils to brief members on the operational details of ECA, with the first one made to Kowloon City District Council on 30 August. All district councils are also invited to co-organize district events to educate the public about ECA.

12. To enable more direct communication with members of the public, a roving exhibition, being the first one in the 2012/13 series, was held at a high-traffic shopping mall in Tsuen Wan from 25 to 26 August. The exhibition comprised exhibits, game booths and MPF consultation services where Certified Financial Planners provided participants with free and professional analysis of their MPF investment and advice on retirement planning. As a kick-off event of the roving exhibitions, an MPF Fun Day, which included a two-hour stage performance comprising games with the audience, sharing by financial expert and artiste, as well as singing, was organized at the same venue. To promote the event, publicity in various media, including advertisements in paid and free newspapers, posters at public housing estates, Internet and direct mailers to housing estates in the vicinity, was arranged.

13. Moreover, the video series “Making Informed Decisions for Your MPF Life” (「積金人生 決策審慎」) was telecast on two channels of a local TV station from 6 to 31 August and a smartphone application of a free tabloid for a week.

14. The thematic campaign on MPF funds operation and transaction was carried out in the form of a series of eight educational articles published in a free tabloid.

15. In order to remind employers of their obligations under MPFSO and draw their attention to the penalty under law, advertisements were placed in the publications of seven major employers and human resources associations from August to October 2012.

16. In addition, an outreaching activity and ten MPF talks were delivered to human resources practitioners, civil servants, union members, employers, employees, self-employed persons and the community.

17. During the month, a total of nine press releases were issued. One was on the MPF Fun Day and roving exhibition, whereas the rest were on the Authority's enforcement initiatives. In addition, 17 articles contributed by the MPFA on various aspects of the MPF System and MPF investment were carried in different publications.

18. Members are invited to note the contents of this paper.

Mandatory Provident Fund Schemes Authority
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