

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – June 2013

Purpose

This paper is a 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 30.06.2013	As at 31.05.2013	Change**	As at 30.06.2013	As at 31.05.2013	Change**
Employers	260 100	259 100	+1 000	99%	100%	-1%
Employees	2 394 300	2 382 700	+11 600	99%	99%	-
Self-Employed Persons (SEPs)	217 800	218 000	-300	65%	64%	-

* rounded to the nearest 100

** Each figure presented in the “Change” column is derived by rounding the difference between the unrounded enrolment/enrolment rate figure of the two months. It is therefore not the simple difference between the two corresponding monthly figures presented in the table.

3. The enrolment rate of employers dropped by one percentage point. The enrolment rates of employees and SEPs remained stable. As at the end of June 2013, 19 500 employers, 444 800 employees and 17 500 SEPs were registered under the Industry Schemes¹.

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

Complaint Handling

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

4. In June 2013, 463 complaints were received by MPFA, of which 405 complaints were made against 259 employers. The nature of the complaints received is set out as follows:

	<u>Number of complaints[^]</u>
(A) Complaints concerning scheme members:	
➤ Involuntary change from “employee” status to “SEP” status	5
➤ Non-enrolment in MPF Schemes	138
➤ Default contribution	346
➤ Others (e.g. no pay records)	85
(B) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	58

[^] *Include multiple selections*

Complaints received by the Labour Department (LD)

5. In June 2013, the LD received 14 MPF-related complaint cases. They all involved alleged wrongful deduction of wages and default contribution.

6. Of the 69 complaint cases received from 1 January 2013 to 30 June 2013:

- 23 cases were resolved after conciliation or advice given;
- 22 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication; and
- 24 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 MPFA are summarized below:

Enforcement Action in June 2013	Number of Cases
A. <u>Prosecution</u> Number of summonses applied during the month (- <i>Non-enrolment of employees</i>) (- <i>Default contribution</i>) (- <i>False statement</i>)	27 (2) (21) (4)
B. <u>Contribution Surcharge</u> (5% of the contributions in arrears) - Number of employers with notices issued	24 400
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved	19 29
D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved	8 174
E. <u>Submission to the High Court</u> - Number of cases submitted - Number of employees involved	0 0
F. <u>Submission to liquidators / receivers</u> - Number of cases submitted	19
G. <u>Proactive Inspections</u> - Number of employment establishments visited	207

Education and Publicity

9. For MPF investment education, to tie in with the addition of new fund performance information on the Fee Comparative Platform of the MPFA website, related publications were updated and online publicity, including search engine marketing and banner ads on popular Internet portals, has been arranged for the months from June to August.

10. Comic strips with the popular character “Maggiology” (「馬仔」) covering topics on fund selection, scheme selection, default fund and forward pricing were publicized. The animated versions of comic strips were launched on the homepage of a newspaper website and a recruitment website from June.

11. To further publicize the messages on the MPF investment decision-making process, the video series “Making Informed Decisions for Your MPF Life” (「積金人生 決策審慎」) was telecast on the website of a local TV station and the TV panels at lift lobbies of commercial buildings in June and will continue in July.

12. For youth education, a school-based money management workshop for primary school students was held. Two performances of the interactive drama “Fortune Cookies” were staged as part of the Secondary School Programme to educate junior form secondary students on the proper attitude towards money management. Moreover, four life-planning workshops were organized to equip senior form secondary school students with knowledge on financial planning and MPF investment.

13. In addition, a total of 11 talks on MPF were given to self-employed persons, civil servants, and the community to educate them on the MPF System and MPF investment. Three district carnivals were organized to reach out to the community.

14. In June, 19 press releases were issued. One was about the release of annualised rates of return of MPF funds alongside fee information on the same page on the Fee Comparative Platform of the MPFA website. Others were on the Authority's enforcement actions. Moreover, the MPFA contributed 17 articles to different publications on various aspects of the MPF System and MPF investment.

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