

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – July 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<br>31.07.2013 | As at<br>30.06.2013 | Change** | As at<br>31.07.2013 | As at<br>30.06.2013 | Change** |
| <b>Employers</b>                        | 261 000             | 260 100             | +900     | 100%                | 99%                 | -        |
| <b>Employees</b>                        | 2 405 300           | 2 394 300           | +11 100  | 99%                 | 99%                 | -        |
| <b>Self-Employed<br/>Persons (SEPs)</b> | 217 400             | 217 800             | -400     | 64%                 | 65%                 | -        |

\* rounded to the nearest 100

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

3. The enrolment rates of employers, employees and SEPs remained stable. As at the end of July 2013, 19 600 employers, 448 000 employees and 17 400 SEPs were registered under the Industry Schemes<sup>1</sup>.

<sup>1</sup> 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 July 2013, 446 complaints were received by MPFA, of which 400 complaints were made against 263 employers. The nature of the complaints received is set out as follows:

|  | <u>Number of complaints<sup>^</sup></u> |
|--|---|
| (A) Complaints concerning scheme members:  |   |
| ➤ Involuntary change from “employee” status to “SEP” status                              | 3                                       |
| ➤ Non-enrolment in MPF Schemes   | 156                                     |
| ➤ Default contribution   | 349                                     |
| ➤ Others (e.g. no pay records)   | 97                                      |
| (B) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc | 46                                      |

<sup>^</sup> Include multiple selections

### Complaints received by the Labour Department (LD)

5. In July 2013, the LD received 12 MPF-related complaint cases. They all involved alleged wrongful deduction of wages and default contribution.

6. Of the 81 complaint cases received from 1 January 2013 to 31 July 2013:

- 27 cases were resolved after conciliation or advice given;
- 30 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:

| <b>Enforcement Action in July 2013</b>  | <b>Number of Cases</b> |
|---|------------------------|
| <b>A. <u>Prosecution</u></b>  |                        |
| Number of summonses applied during the month                                    | 95                     |
| (- <i>Non-enrolment of employees</i> )  | (9)                    |
| (- <i>Default contribution</i> )  | (76)                   |
| (- <i>False statement</i> )   | (9)                    |
| (- <i>Failure to comply with court order</i> )                                  | (1)                    |
| <b>B. <u>Contribution Surcharge</u></b><br>(5% of the contributions in arrears) |                        |
| - Number of employers with notices issued                                       | 29 400                 |
| <b>C. <u>Submission to the Small Claims Tribunal</u></b>                        |                        |
| - Number of cases submitted   | 31                     |
| - Number of employees involved  | 179                    |
| <b>D. <u>Submission to the District Court</u></b>                               |                        |
| - Number of cases submitted   | 5                      |
| - Number of employees involved  | 219                    |
| <b>E. <u>Submission to the High Court</u></b>                                   |                        |
| - Number of cases submitted   | 0                      |
| - Number of employees involved  | 0                      |
| <b>F. <u>Submission to liquidators / receivers</u></b>                          |                        |
| - Number of cases submitted   | 16                     |
| <b>G. <u>Proactive Inspections</u></b>  |                        |
| - Number of employment establishments visited                                   | 213                    |

## **Education and Publicity**

9. 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 version of comic strips was launched on a financial news website and a smartphone application of a newspaper in July for two weeks respectively.

10. The eleventh issue of "MPFA Newsletter" was published in the month, which provided updates on the various measures to reform the MPF System as well as practical tips on parenting skills on money management.

11. In order to remind employers of their MPF obligation to make contributions on time, an advertisement was placed in selected paid dailies and free tabloids on 5 and 8 July.

12. For youth education, two school-based money management workshops for primary school students were held. Six 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, five life-planning workshops were organized to equip senior form secondary school students with knowledge on financial planning and MPF investment. In addition, a game on an online social media was launched to assist young job seekers to acquire essential and practical information like job interview tips as well as information on MPF enrolment and MPF investment.

13. In addition, a total of eight talks on MPF were given to employers, employees, civil servants and the community to educate them on the MPF System and MPF investment. A tea gathering was organized with a political party to reach out to the general public.

14. In July, 10 press releases on the Authority's enforcement actions were issued. Moreover, the MPFA contributed 16 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.