

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – October 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. 10. 2012	As at 30. 09. 2012	Change**	As at 31. 10. 2012	As at 30. 09. 2012	Change**
Employers	260 500	259 800	+700	100%	100%	-
Employees	2 359 200	2 360 700	-1 500	100%	100%	-
Self-employed persons (SEPs)	227 300	227 600	-200	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 October 2012, 19 000 employers, 423 300 employees and 17 900 SEPs were registered under the Industry Schemes¹.

Complaint Handling

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

4. In October 2012, 350 complaints were received by the MPFA, of which 306 complaints were made against 252 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	4
➤ Non-enrolment in MPF Schemes	145
➤ Default contribution	259
➤ Others (e. g. dismissal; no pay records)	60
(B) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	44

[^] Include multiple selections.

Complaints received by the Labour Department (“LD”)

5. In October 2012, the LD received 15 MPF-related complaint cases. They were all related to alleged wrongful deduction of wages and default contribution.

6. Of the 138 complaint cases received from 1 January 2012 to 31 October 2012:

- 48 cases were resolved after conciliation or advice given;
- 56 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
- 30 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 October 2012	Number of Cases
<p>A. <u>Prosecution</u> Number of summonses applied during the month</p> <ul style="list-style-type: none"> - <i>Non-enrolment of employees</i> 16 - <i>Non-enrolment (Employee / SEP dispute)</i> 3 - <i>Default contribution</i> 293 - <i>False statement</i> 9 	
<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 20 700 	
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 21 - Number of employees involved 67 	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 2 - Number of employees involved 268 	
<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 11 	
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 242 	

Education and Publicity

9. Publicity effort to enhance public awareness and deepen understanding on Employee Choice Arrangement (ECA) continued to roll out in October. Announcements of Public Interest were broadcast in 37 TV channels and 20 radio stations starting from the week of 22 October. Print advertisements were also placed in high-circulation newspapers.

10. Other public education initiatives, including an educational video about ECA and the regulatory arrangements for MPF intermediaries, were launched in October. The video was broadcast on TV panels inside buses and available for viewing on the MPFA website. DVDs of the video were also sent to various stakeholders. Online banners were arranged on a popular portal and news websites to attract the public to watch the video on the MPFA website. A new booklet was produced and widely distributed to the general public through MPFA offices, other regular channels and public events.

11. Seventy-two talks on ECA as well as the new regime for regulation of MPF intermediaries were conducted by MPFA representatives in the month at various employers' premises. Since last month, presentations on the operational details of ECA were provided to two more district councils. Two presentations on ECA and the new regime for regulation of MPF intermediaries were held for district council members, political party executives and labour union representatives.

12. The MPFA Newsletter featuring the newly launched Trustee Service Comparative Platform and further details of ECA was sent to the public and various stakeholders.

13. As to the publicity for the new regulatory regime for MPF intermediaries, in order to introduce the regime from the scheme members' perspective, an advertorial series comprising three articles was launched during the month. The series was placed in three free tabloids in the month, with insertions in other free tabloids to follow. A leaflet highlighting points for scheme members to note when meeting an MPF intermediary was produced for distributing to the public. Another leaflet on how to use the Intermediary Public Register was also launched to help members of the public make use of this online tool to check the registration status and other details of an MPF intermediary.

14. For the MPF Investment Education Campaign, to further publicize the new series of three comic strips with the popular character "Maggiology" (「馬仔」) on MPF funds operation and transaction, print advertisements were published on advertisement boxes of bus-shelters and a banner advertisement was posted on a popular online portal and a smartphone app.

15. Various initiatives were rolled out to publicize the launch of the Trustee Service Comparative Platform, which provides details of the services provided by different MPF schemes of various trustees. To cater for those scheme members who do not have convenient access to the Internet, two new publications were produced, including the User Guide as well as the Summary of the Platform. The latter is a regular publication carrying essential information extracted from the Platform. Furthermore, a four-episode radio segment was run in a popular financial programme. The sound clips of the segment were made available in the segment's designated webpage on the radio station's website, where an online quiz game was housed to stimulate more visits to the Platform. Other publicity efforts include online advertisements on newspaper websites and keyword search marketing with the two most popular search engines. Moreover, a series of four articles were also published on a free tabloid to explain the salient features of the Platform.

16. The October 2012 Issue of the Summary of Fee Comparative Platform on MPF Funds, a quarterly publication, was produced. This publication provides simplified fee information on MPF funds for scheme members who do not have convenient access to the Internet.

17. For youth education, the MPFA launched a series of school-based workshops on money management for senior primary school students jointly with a non-government organization. Hosted by experienced social workers, the workshops aimed to expose participants to different simulated scenes related to money management. A total of five such workshops were held in October.

18. In addition, a series of parenting seminars hosted by an experienced social worker and an MPFA representative was launched to share their experience in helping children develop a proper attitude towards money management and to disseminate financial management knowledge, including MPF messages, to parents. A total of three such seminars were held in the month.

19. For the Secondary School Programme, 10 performances of the interactive drama "Fortune Cookies" were conducted to educate junior secondary students on the proper attitude towards money management. A new round of school-based Other Learning Experience activities commenced in October, with a workshop organized for senior secondary school students.

20. The MPFA joined hands with a magazine targeting young people to launch a multimedia competition on MPF for tertiary students in October. The students were invited to join a series of multimedia training workshops in order

to acquire knowledge on the MPF System and investment, creativity, financial planning, skills in video production and mobile application development as well as tips on how to promote MPF messages through the entries. In addition, a dedicated page on a popular online social media platform was developed to augment the publicity effect.

21. The MPFA participated in a career fair organized by a non-government organization and hosted a promotion counter at a career fair of a university. A total of four MPF talks were delivered to tertiary students and union members to educate them on the MPF System and MPF investment. The MPFA also took part in an outreaching activity organized by a district councilor by answering participants' enquiries on MPFA and ECA matters.

22. During the month, a total of 12 press releases were issued. One was on the launch of ECA on 1 November, whereas another one was on MPFA's response to the recommendations raised by Consumer Council in the Choice magazine. The rest were on the Authority's enforcement initiatives and youth education activities. In addition, 19 articles contributed by the MPFA, mainly on ECA and new regulatory regime for MPF intermediaries, were carried in different publications.

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

Mandatory Provident Fund Schemes Authority
19 November 2012