

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – November 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 30.11.2012	As at 31.10.2012	Change**	As at 30.11.2012	As at 31.10.2012	Change**
Employers	259 000	260 500	-1 500	99%	100%	-1%
Employees	2 360 700	2 359 200	+1 600	100%	100%	-
Self-employed persons (SEPs)	220 800	227 300	-6 500	66%	68%	-2%

* 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 and SEPs dropped by one percentage point and two percentage points respectively. The enrolment rate of employees remained stable. As at the end of November 2012, 19 100 employers, 425 700 employees and 17 800 SEPs were registered under the Industry Schemes¹.

Complaint Handling

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

4. In November 2012, 366 complaints were received by the MPFA, of which 328 complaints were made against 258 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	3
➤ Non-enrolment in MPF Schemes	142
➤ Default contribution	282
➤ Others (e. g. dismissal; no pay records)	71
(B) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	38

[^] Include multiple selections.

Complaints received by the Labour Department (“LD”)

5. In November 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 153 complaint cases received from 1 January 2012 to 30 November 2012:

- 55 cases were resolved after conciliation or advice given;
- 70 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
- 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 the MPFA are summarized below:

Enforcement action in November 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> 12 - <i>Default contribution</i> 128 - <i>False statement</i> 13 	<p>153</p>
<p>B. <u>Contribution Surcharge</u></p> <p>(5% of the contributions in arrears)</p> <ul style="list-style-type: none"> - Number of employers with notices issued 	<p>21 200</p>
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 46 - Number of employees involved 131 	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 5 - Number of employees involved 168 	
<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 2 	
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 229 	

Education and Publicity

9. As the Employee Choice Arrangement (ECA) commenced on 1 November, more publicity initiatives were rolled out to draw public attention to the details of this new arrangement and to remind them of exercising the new right cautiously.

10. A wide range of mass media channels including TV, radio, print, online as well as outdoor media were deployed for publicity on ECA to generate public awareness. A new version of Announcements of Public Interest featuring MPF Boss Tactics, highlighting key points scheme members should note when considering a transfer under ECA, was launched on 1 November. It was broadcast in parallel with the version launched in late October on ECA commencement, in 37 TV channels and 20 radio stations as well as TV panels on buses, in all MTR stations and big outdoor TV screens in prime locations. In addition, print advertisements on ECA commencement and MPF Boss Tactics were placed in all local newspapers and outdoor media including outdoor billboard, panels in MTR stations and bus bodies to announce the commencement and details of ECA.

11. A new thematic website with comprehensive information on ECA was launched on 1 November while advertisements were placed on a popular portal, news websites and popular news mobile apps to direct more traffic to the website. Arrangement was also made to distribute ECA booklets through a high circulation newspaper to the members of the public on 12 November.

12. Moreover, a 10-episode two-minute TV programme series was produced and broadcast in TVB Jade and HD Jade channels at 8:00 pm from mid November. Besides, two advertorials in TVB Weekly were published to generate awareness on the programme series.

13. To give out operational details and other relevant information about ECA at the district level, panel display on ECA was also arranged to be put up sequentially in nine high-traffic MTR stations starting early November. In addition, the MPFA launched an ECA Promotion Truck which toured the 18 districts of Hong Kong to visit some high-traffic spots as well as public and private housing estates from mid November until the end of January 2013.

14. Meanwhile, the MPFA Newsletter Special Issue with a double cover on ECA and regulatory regime for intermediaries was published in November and sent to more than 40 000 subscribers by mail and email. The Newsletter was also available for public collection in all MPFA offices.

15. Sixty-three talks on ECA as well as the regime for regulation of the MPF intermediaries were conducted by MPFA representatives in the month at various employers' premises to enhance scheme members' understanding on the changes brought by ECA. Since last month, presentations on the operational details of ECA were provided to another eight district councils.

16. Moreover, in order to introduce the regulatory regime for intermediaries from MPF scheme members' perspective, an advertorial series on the regime continued in three free tabloids in the month.

17. For the MPF Investment Education Campaign, to facilitate scheme members to learn how to properly manage their MPF investment, particularly after the commencement of ECA, a seminar on MPF investment was co-organized with a radio station on 17 November. Through sharing by financial experts and a short drama, the seminar introduced the concepts of ECA, the six major decision points of MPF investment journey and retirement planning to the public. To promote the seminar, publicity in various media, like newspapers, magazines and online bannerson the radio station's website, was arranged.

18. To further publicize the six major decision points of MPF investment journey and the tools to facilitate MPF investment decision-making, a series of 10-episode one-minute radio segment was produced and broadcast on a radio station from the week of 26 November.

19. The video series "Making Informed Decisions for Your MPF Life" (「積金人生決策審慎」) was telecast on the outdoor video wall at a high traffic shopping mall in Tsim Sha Tsui, TV panels on buses as well as an online portal to publicize investment education messages.

20. For youth education, 10 finalist kindergartens were selected for a school-based acting competition. Five out of 10 workshops were conducted at these kindergartens to equip the children with acting skills and money management concepts through interactive games. In addition, to equip parents with practical skills of coaching their kindergarten kids on proper attitude towards money management, as well as to further educate parents to make prudent and informed decisions during their lifelong MPF investment journey, a seminar for parents of kindergarten kids was organized on 24 November.

21. For the Primary School Programme, two school-based workshops on money management were organized to expose senior primary school students to different simulated scenes related to money management. Seminars for parents were also organized in three primary schools to share with parents tips on

helping children develop a proper attitude towards money management and disseminate financial management knowledge, including MPF messages, to parents.

22. For the Secondary School Programme, 18 performances of the interactive drama “Fortune Cookies” were conducted to educate junior form secondary students on the proper attitude towards money management. To educate young people on the importance of having an early start on retirement planning, a 4.5-hour life-planning workshop and a new 2.5-hour abridged version of the workshop, both tying in with the Other Learning Experience (OLE) of the new senior secondary curriculum, were organized.

23. For the Tertiary Programme, an on-campus promotion counter of the multimedia competition on MPF was held in seven tertiary institutions in November to disseminate MPF messages to tertiary students and recruit participants for the multimedia competition on MPF. Door signs to promote the competition were distributed in hostels of nine tertiary institutions in order to reach out to more tertiary students.

24. To promote the youth-oriented smartphone application "MVP (Most Valuable Player) @ Workplace" (「職場 MVP」) launched in September, on-campus promotional activity was held in four universities to promote the application to the students.

25. The MPFA participated in a career fair organized by a non-government organization. Separately, a total of 10 MPF talks were delivered to tertiary students 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 enquiries on MPF matters and a tea gathering organized by a political party.

26. During the month, a total of 13 press releases were issued. One was on MPF reform direction proposals and the results of the Consultancy Study on MPF Trustees’ Administration Costs, whereas two others were on various ECA publicity initiatives. The rest were about the Authority’s enforcement actions. In addition, the MPFA contributed 20 articles mainly on ECA and the regulatory regime for MPF intermediaries to different publications.

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