

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – December 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 31.12.2012	As at 30.11.2012	Change**	As at 31.12.2012	As at 30.11.2012	Change**
Employers	259 800	259 000	+900	100%	99%	-
Employees	2 375 100	2 360 700	+14 400	99%	100%	-1%
Self-employed persons (SEPs)	220 400	220 800	-400	65%	66%	-

* rounded to the nearest 100

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

3. The enrolment rate of employees dropped by one percentage point. The enrolment rates of employers and SEPs remained stable. As at the end of December 2012, 19 200 employers, 428 500 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 December 2012, 355 complaints were received by the MPFA, of which 304 complaints were made against 244 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	6
➤ Non-enrolment in MPF Schemes	122
➤ Default contribution	259
➤ Others (e. g. dismissal; no pay records)	66
(B) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	51

[^] Include multiple selections.

Complaints received by the Labour Department (“LD”)

5. In December 2012, the LD received 6 MPF-related complaint cases. They were all related to alleged wrongful deduction of wages and default contribution.

6. Of the 159 complaint cases received from 1 January 2012 to 31 December 2012:

- 60 cases were resolved after conciliation or advice given;
- 73 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
- 22 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 December 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>Non-enrolment (Employee / SEP dispute)</i> 3 - <i>Default contribution</i> 267 - <i>False statement</i> 10 	
<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 19 400 	
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 19 - Number of employees involved 59 	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 7 - Number of employees involved 110 	
<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 19 	
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 288 	

Education and Publicity

9. To increase public awareness of the Employee Choice Arrangement (ECA) and remind them that they should exercise the new right cautiously, various publicity initiatives continued to be rolled out in the month.

10. Two versions of TV and radio APIs on the commencement of ECA and “MPF Boss Tactics” respectively continued to be broadcast on 37 TV channels and 20 radio stations as well as big outdoor TV screens in prime locations.

11. The 10-episode two-minute TV programme series on ECA continued to be available on the website and the mobile application of a television station for online viewing.

12. The educational video on ECA continued to be broadcast on TV panels on MTR trains and in Mongkok Post Office.

13. Print advertisements on “MPF Boss Tactics” continued to be published in newspapers with high circulation. Advertisements were placed on a popular portal and news websites to direct more traffic to a thematic website on ECA which provides comprehensive information about the arrangement.

14. The ECA Promotion Truck continued to tour around the territory and visited 29 points while the panel display on ECA continued in four high traffic MTR stations in the month.

15. The main theme of the December Issue of the MPFA Newsletter was on MPFA’s proposal on MPF reform direction, with a feature on the results of the Consultancy Study on MPF Trustees’ Administration Costs. The Newsletter was published and sent to more than 40 000 subscribers by mail and email and was also available for public collection in all MPFA offices and for viewing on MPFA’s website.

16. Five talks on ECA and the regime for regulation of MPF intermediaries were conducted at various employers’ premises to enhance MPF scheme members’ understanding of the changes brought by ECA. In addition, 20 talks on ECA for members of the public were co-organized with labour unions, chamber of commerce, non-governmental organizations and district council members. After the last presentation on 6 December, the round of briefings to all 18 district councils on the operational details of ECA has been completed.

17. In order to help stakeholders better understand the salient features of the MPF System and the role of the MPFA, the second edition of the MPFA Corporate Brochure, containing information on ECA and the regime for regulation of MPF intermediaries, was published and will be distributed to various stakeholders, together with the DVDs of the second edition of the MPFA Corporate Video.

18. For the MPF Investment Education Campaign, a series of eight-episode five-minute drama cum quiz segments was produced and broadcast by a radio station from the week of 7 December to further promote the six major decision points of MPF investment journey and the tools to facilitate MPF investment decision making.

19. Online advertisements on newspaper websites and search engines were launched to publicize the additional information on fund performance and low-fee funds available on the Fee Comparative Platform in MPFA's website.

20. To reinforce public understanding of the key features and relative risk levels of MPF products, a series of print advertisements on JJ Five, the characters representing the five major types of MPF funds, was published in two newspapers and MTR poster panels.

21. To further publicize the five comic strips with the popular character "Maggiology" (「馬仔」) focusing on MPF scheme selection, fund selection and how to handle MPF accounts when changing employers, print advertisements were placed in a magazine while the animated version of the five comic strips were launched on an online portal and a smartphone application.

22. The video series "Making Informed Decisions for Your MPF Life" (「積金人生決策審慎」) was telecast on the TV panels in the lift lobbies of commercial buildings and an online portal.

23. A series of youth education activities was carried out. Five workshops were conducted in kindergartens to equip their students with acting skills and money management concepts as part of a school-based acting competition.

24. For the Primary School Programme, a school-based workshop on money management was organized to expose senior primary school students to different simulated scenes related to money management while a seminar for parents was organized to share parenting tips on money management. The MPFA also participated in a Christmas fun day organized by a primary school to

disseminate money management messages and MPF messages to the students and their parents.

25. For the Secondary School Programme, nine performances of the interactive drama “Fortune Cookies” were conducted to educate junior form secondary students on the proper attitude towards money management. To teach senior secondary school students about the importance of having an early start on retirement planning, a 2.5-hour life-planning workshop which ties in with the Other Learning Experience was organized.

26. A total of five MPF talks were delivered to tertiary students to educate them on the MPF System and MPF investment.

27. To reach out to members of the community and educate them on MPF, a district carnival, four tea gatherings and four outreaching activities were organized.

28. In December, a total of 11 press releases were issued. One was on the provision of information on low fee funds and fund performance data, whereas another was on the kindergarten programme for the academic year 2012/13. The rest were on the Authority’s enforcement actions. In addition, the MPFA contributed 21 articles to various publications. They were mainly on MPFA's initiatives to lower the administration costs of MPF schemes and the reform direction proposals put forward to the Government.

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

Mandatory Provident Fund Schemes Authority
21 January 2013