

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – September 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 30.09.2012 | As at 31.08.2012 | Change** | As at 30.09.2012 | As at 31.08.2012 | Change** |
| Employers | 259 800 | 258 700 | +1 100 | 100% | 100% | - |
| Employees | 2 360 700 | 2 352 300 | +8 500 | 100% | 100% | - |
| Self-employed persons (SEPs) | 227 600 | 227 800 | -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 September 2012, 18 900 employers, 421 000 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 September 2012, 346 complaints were received by the MPFA, of which 312 complaints were made against 254 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 | 115 |
| ➤ Default contribution | 269 |
| ➤ Others (e.g. dismissal; no pay records) | 74 |
| (B) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc | 34 |

[^] Include multiple selections.

Complaints received by the Labour Department (“LD”)

5. In September 2012, the LD received 12 MPF-related complaint cases. They were all related to alleged wrongful deduction of wages and default contribution.

6. Of the 123 complaint cases received from 1 January 2012 to 30 September 2012:

- 45 cases were resolved after conciliation or advice given;
- 47 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
- 27 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 September 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> 1 - <i>Non-enrolment (Employee / SEP dispute)</i> 1 - <i>Default contribution</i> 36 - <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 20 600 | |
| <p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 23 - Number of employees involved 135 | |
| <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 97 | |
| <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 15 | |
| <p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 272 | |

Education and Publicity

9. The MPFA continued to organize its publicity activities in September to deepen the public's understanding on Employee Choice Arrangement (ECA). The advertorial series comprising four articles continued in free tabloids. Online advertisements were placed on a popular portal and major news websites to direct traffic to the ECA dedicated webpage.

10. Forty-nine talks on ECA as well as the new regime for regulation of the MPF intermediaries were conducted by MPFA representatives in the month at various employers' premises. The September issue of the MPFA Newsletter shared further details of ECA with its readers. Moreover, presentations on the operational details of ECA were provided to six district councils.

11. A publicity campaign targeting all employers in Hong Kong was also launched in the month. A cover letter introducing ECA and a poster for employers to fill in key details required in the transfer form for ECA were directly mailed to the employers for display at work premises for employees' reference. Besides, the content of the existing leaflet titled "MPF 7 Smart Tips for Smart Employers" was enhanced to highlight that ECA will not have an impact on employer's MPF administrative arrangements. Moreover, the MPFA also met with opinion leaders in financial and academic sectors to brief them on the essentials of ECA.

12. A new series of three comic strips with the popular character "Maggiology" (「馬仔」) focusing on MPF funds operation and transaction flow was developed. Print advertisements were published on a free tabloid while a banner advertisement was posted on a popular online portal to promote the comic series.

13. The video series "Making Informed Decisions for Your MPF Life" (「積金人生決策審慎」) was telecast on a popular online portal, a video billboard of a commercial building in Mong Kok, and in-train LCD screens of MTR East Rail, West Rail, Ma On Shan Rail and Kwun Tong Line in the month.

14. Five-episode radio segments were launched in the fourth week of September. A celebrity was invited to explain the salient features of the MPF System and the role of the MPFA to the audience.

15. A series of youth education activities was rolled out in September. For the Kindergarten Programme, the MPFA developed and distributed a specially written storybook to over 530 kindergartens for more than 100 000 students to encourage them to form a good habit of saving and develop a proper attitude towards money management. A teaching kit was also provided to each kindergarten to facilitate in-class teaching.

16. For the Primary School Programme, two versions of task books were specially designed for junior (P.1-P.3) and senior (P.4-P.6) primary school students. Each student was given a task book illustrated with interesting comics and tasks on basic money management concepts. Students who can successfully complete all the tasks in the book will be awarded a certificate of recognition. A teaching manual was produced to facilitate in-class teaching.

17. For the Secondary School Programme, a new round of school touring of the interactive drama “Fortune Cookies” commenced in September. The drama, which targets junior form students, educates them about the proper attitude towards money management, benefits of making early financial plans to meet personal financial goals and introduces basic concepts of the MPF System and MPF investment.

18. Moreover, the MPFA launched a youth-oriented smartphone application "MVP (Most Valuable Player) @ Workplace" (「職場 MVP」) which provides essential and practical information to young job seekers, like tips on dress code and job interview, financial planning, and points-to-note for MPF scheme members.

19. In addition, the MPFA participated in three career fairs organized by a non-government organization and two recruitment magazines.

20. A total of 12 MPF talks were delivered to civil servants, employers, employees, self-employed persons, academics, students and the community during the month.

21. On the media front, a total of 11 press releases were issued. One was on the MPFA's recommendations to the Government on the withdrawal of MPF benefits and another on the launch of the Trustee Service Comparative Platform. The rest were about the Authority's enforcement actions. In addition, 16 articles contributed by the MPFA on ECA and various aspects of the MPF System and MPF investment were carried in different publications.

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