

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – March 2013

#### 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 31.03.2013	As at 28.02.2013	Change**	As at 31.03.2013	As at 28.02.2013	Change**
<b>Employers</b>	259 100	260 500	-1 400	100%	100%	-
<b>Employees</b>	2 376 400	2 384 000	-7 600	98%	100%	-1%
<b>Self-employed persons (SEPs)</b>	219 000	219 500	-400	65%	65%	-1%

\* 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 employers remained stable. The enrolment rates of employees and SEPs dropped by one percentage point. As at the end of March 2013, 19 300 employers, 436 600 employees and 17 600 SEPs were registered under the Industry Schemes<sup>1</sup>.

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<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 March 2013, 423 complaints were received by the MPFA, of which 382 complaints were made against 262 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	6
➤ Non-enrolment in MPF Schemes	175
➤ Default contribution	351
➤ Others (e.g. no pay records)	59
(B) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	41

<sup>^</sup> Include multiple selections.

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

5. In March 2013, the LD received 10 MPF-related complaint cases. They were all related to alleged wrongful deduction of wages and default contribution.

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

- 4 cases were resolved after conciliation or advice given;
- 6 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication; and
- 21 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 March 2013	Number of Cases
<p>A. <u>Prosecution</u></p> <p>Number of summonses applied during the month</p> <ul style="list-style-type: none"> <li>- <i>Non-enrolment of employees</i> 3</li> <li>- <i>Non-enrolment (Employee / SEP dispute)</i> 1</li> <li>- <i>Default contribution</i> 52</li> <li>- <i>False statement</i> 9</li> </ul>	
<p>B. <u>Contribution Surcharge</u> (5% of the contributions in arrears)</p> <ul style="list-style-type: none"> <li>- Number of employers with notices issued</li> </ul>	23 600
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 18</li> <li>- Number of employees involved 78</li> </ul>	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 3</li> <li>- Number of employees involved 93</li> </ul>	
<p>E. <u>Submission to the High Court</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 0</li> <li>- Number of employees involved 0</li> </ul>	
<p>F. <u>Submission to liquidators / receivers</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 9</li> </ul>	
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> <li>- Number of employment establishments visited 185</li> </ul>	

## **Education and Publicity**

9. To further enhance public awareness of the Employee Choice Arrangement (ECA), the MPFA continued to carry out various publicity programmes. These include print advertisements in dailies, free tabloids and paper placemats in restaurants, messages in radio segments, TV and radio Announcements in the Public Interests, educational video and online advertisements on news websites.

10. The last of the ECA Fun Day series was held at Maritime Square in Tsing Yi on 9 and 10 March. Print advertisements were placed in three high-circulation newspapers while direct mailers with the event details and messages on ECA were sent to some 100 000 households in Kwai Tsing and Tsuen Wan to attract patronage.

11. A total of 140 talks on ECA and the regime for regulation of MPF intermediaries co-organised with various employers have been conducted since September 2012. About 9 000 employees attended the ECA briefings at various employers' premises through the arrangement of their employers. In the month, two seminars on MPF System and ECA were co-organised with Civil Service Bureau and a trade association for the Government's clerical staff and members of the public respectively, while two briefings on MPF System were conducted for non-governmental organizations serving ethnic minorities.

12. An exclusive event with the theme on retirement planning was held for "Friends of MPF" in order to enhance their MPF investment knowledge and facilitate more proactive management of their MPF accounts.

13. The 10th Issue of the MPFA Newsletter (March 2013) with the theme on the consolidation of MPF Personal Accounts was published. The newsletter was subsequently sent to more than 40 000 subscribers by mail and email, and made available for public collection in all MPFA offices.

14. For MPF investment education, a roving exhibition was held at a shopping mall in Lok Fu on 2 and 3 March. Apart from panel display, the exhibition comprised game booth, enquiry and MPF consultation service counters. Posters at public housing estates, direct mailers and advertisement on a free newspaper were arranged.

15. An MPF investment seminar was organized on 16 March with various topics on retirement planning, MPF funds and ECA. Promotion was arranged in newspapers, magazine, Internet and smartphone application.

16. To further remind scheme members of the proper attitude in managing

MPF investment, sharing by three celebrities with positive spirit in their career development was broadcast on three channels of a local radio station and published in newspapers and magazines from late March, thereby encouraging scheme members to be more proactive in managing their MPF investment.

17. For youth education, three parenting workshops on money management for kindergarten kids were conducted. A school-based workshop on money management for primary students and a seminar for their parents were organized. As part of the Secondary School Programme, 15 performances of the interactive drama “Fortune Cookies” were staged while three 2.5-hour life-planning workshops were organized. For the Tertiary Programme, finalists were selected for the multimedia competition on MPF. An on-campus promotion was also held in three tertiary institutions to promote the youth-oriented smartphone application of the MPFA to their students.

18. In addition, 22 talks on MPF were given to employees, employers, civil servants, tertiary students and the community. Three district carnivals and a tea gathering were also organized.

19. On the media front, 9 press releases on MPFA's enforcement actions were issued. In addition, the MPFA contributed 16 articles to different publications on various aspects of the MPF System and MPF investment.

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

Mandatory Provident Fund Schemes Authority  
9 April 2013