

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – March 2014

Purpose

This paper is a 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 31.3.2014	As at 28.2.2014	Change**	As at 31.3.2014	As at 28.2.2014	Change**
Employers	266 300	265 700	+500	99%	99%	-1% ^{##}
Employees	2 493 900	2 484 800 [#]	+9 100	100%	100%	-
Self-Employed Persons (SEPs)	211 700	212 000	-300	61%	62%	-1%

* rounded to the nearest 100

** Each figure presented in the "Change" column is derived by rounding the difference between the unrounded enrolment/enrolment rate figures of the two months. It is therefore not the simple difference between the two corresponding monthly figures presented in the table.

revised figure due to update from a trustee subsequent to the February 2014 report

There was a decrease of one percentage point in the enrolment rate of employers in March 2014. It was mainly attributed to the fact that in the month, while employer enrolments increased by 0.2% from 265 700 to 266 300, the number of employers increased by 0.8% from 267 700 to 269 800.

3. The enrolment rates of employers and SEPs dropped by one percentage point. The enrolment rate of employees remained stable. As at the end of March 2014, 20 000 employers, 461 100 employees and 17 000 SEPs were registered under the Industry Schemes.

Complaint Handling

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

4. In March 2014, 372 complaints were received by MPFA, of which 328 complaints were made against 261 employers. The nature of the complaints received is set out as follows:

	<u>Number of complaints[^]</u>
(A) Complaints concerning scheme members:	
- Involuntary change from “employee” status to “SEP” status	4
- Non-enrolment in MPF Schemes	136
- Default contribution	283
- Others (e.g. no pay records)	73
(B) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	44

[^] Include multiple selections

Complaints received by the Labour Department (LD)

5. In March 2014, the LD received 15 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 48 complaints received from 1 January 2014 to 31 March 2014:

- 12 cases were resolved after conciliation or advice given;
- 5 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 1 case where the employer was insolvent was referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- 30 cases where the employees had lodged claims with the LD were awaiting conciliation result.

Enforcement

7. The MPFA continued to enforce the Mandatory Provident Fund Schemes Ordinance 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. Enforcement actions taken by MPFA in March 2014 are summarized below:

A. Prosecution

Number of summonses applied	39
(- <i>Non-enrolment of employees</i>)	(4)
(- <i>Default contribution</i>)	(24)
(- <i>False statement</i>)	(11)

B. Contribution Surcharge

(5% of the contributions in arrears)

- Number of employers with notices issued	32 100
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C. Submission to the Small Claims Tribunal

- Number of cases submitted	31
- Number of employees involved	88

D. Submission to the District Court

- Number of cases submitted	1
- Number of employees involved	26

E. Submission to the High Court

- Number of cases submitted	0
- Number of employees involved	0

F. Submission to liquidators / receivers

- Number of cases submitted	17
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G. Proactive Inspections

- Number of employment establishments visited	196
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Education and Publicity

9. A short course on MPF investment and retirement planning was held on three consecutive Saturdays in March (15, 22 and 29 March) for members of MPFA's "Friends of MPF" programme. Financial experts were invited to conduct the lectures, covering a range of topics such as how to choose MPF funds and to compare fund fee and performance. A step-by-step demonstration of how to use the MPFA's various online tools such as Fee Comparative Platform, Service Comparative Platform, Low Fee Fund List and MPF calculators was also given during the lectures.

10. A seminar on MPF investment was co-organized with a university on 8 March to enhance scheme members' understanding on MPF investment. To promote the seminar, publicity in newspapers, magazine and websites was arranged.

11. To further educate scheme members on how to make informed decisions for their lifelong MPF investment and to encourage them to consolidate their MPF personal accounts (PAs), a roving exhibition, being the last one in the 2013/14 series, was held at a shopping mall in Yau Tong from 1 to 2 March. To assist scheme members in consolidating their PAs, on-site checking service was provided at the exhibition for checking the number and whereabouts of their PAs. Scheme members could also make use of the MPF consultation services where Certified Financial Planners (CFPs) provided independent, free and professional analysis on MPF investment and retirement planning.

12. To complement the Thematic Campaign on MPF Account Review launched in February, a series of six articles, presented in the form of case studies and analyses by a CFP on MPF investment encountered by scheme members at different age brackets and life stages, was published in one paid newspaper and two tabloids in March. The animated version of comic strips with popular comic character "Maggiology", covering topics on fund selection, scheme selection, transaction of MPF funds and review of MPF portfolio, were launched on two popular websites and two smartphone apps to publicize the messages.

13. A series of six videos from the Thematic Campaign on Fundamentals of MPF Investment was telecast at lift lobbies of commercial buildings and a popular website to educate scheme members on key fundamental MPF investment concepts and to encourage them to take good care of their MPF investment.

14. The March 2014 Issue of the MPFA Newsletter with the theme on the amendment of the maximum level of Relevant Income for MPF contributions was published. There was also an article on the offsetting mechanism to enhance the public's understanding of the arrangement. The newsletter was subsequently sent to about 40 000 subscribers by mail and email, and made available for collection by members of the public in all MPFA offices.

15. Youth programme for various levels of students proceeded in full steam. A school-based parenting workshop for kindergarten kids and their parents, a workshop for senior grade primary school students and two seminars for their parents, as well as performances of the interactive drama "Fortune Cookies" for junior form secondary school students were organized to educate them on the proper attitude towards money management and the basic concepts of MPF. For tertiary students, training workshops of the 3D animation training programme were held to equip participating students with knowledge on the MPF System and MPF investment, as well as practical skills of animation production. The MPFA also participated in a university's career fair on 5 March to disseminate MPF messages to students.

16. In the month, a total of 11 talks on MPF were given to employers, employees, civil servants, tertiary students and members of the public to educate them on the MPF System and MPF investment. An outreach activity and eight carnivals were organized to reach out to employees and members of the community in different districts.

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

Mandatory Provident Fund Schemes Authority
9 April 2014