

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – September 2013

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 30.09.2013	As at 31.08.2013	Change**	As at 30.09.2013	As at 31.08.2013	Change**
Employers	262 700	261 900	+900	99%	100%	-1%
Employees	2 440 200	2 414 000	+26 200	100%	100%	-
Self-Employed Persons (SEPs)	216 500	216 900	-400	64%	64%	-

* 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.

3. The enrolment rate of employers dropped by one percentage point. The enrolment rates of employees and SEPs remained stable. As at the end of September 2013, 19 700 employers, 453 700 employees and 17 300 SEPs were registered under the Industry Schemes.

Complaint Handling

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

4. In September 2013, 341 complaints were received by MPFA, of which 301 complaints were made against 231 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	5
➤ Non-enrolment in MPF Schemes	111
➤ Default contribution	268
➤ Others (e.g. no pay records)	65
(B) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	40

[^] *Include multiple selections*

Complaints received by the Labour Department (LD)

5. In September 2013, LD received 9 MPF-related complaint cases. They all involved alleged wrongful deduction of wages and default contribution.

6. Of the 101 complaint cases received from 1 January 2013 to 30 September 2013:

- 41 cases were resolved after conciliation or advice given;
- 39 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication; and
- 21 cases where the employees had lodged claims with 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 MPFA are summarized below:

Enforcement Action in September 2013	Number of Cases
<p>A. <u>Prosecution</u> Number of summonses applied during the month (- <i>Non-enrolment of employees</i>) (- <i>Non-enrolment (Employee / SEP dispute)</i>) (- <i>Default contribution</i>) (- <i>False statement</i>) (- <i>Failure to comply with court order</i>)</p>	<p>48 (5) (1) (34) (6) (2)</p>
<p>B. <u>Contribution Surcharge</u> (5% of the contributions in arrears) - Number of employers with notices issued</p>	<p>22 700</p>
<p>C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved</p>	<p>31 93</p>
<p>D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved</p>	<p>4 263</p>
<p>E. <u>Submission to the High Court</u> - Number of cases submitted - Number of employees involved</p>	<p>0 0</p>
<p>F. <u>Submission to liquidators / receivers</u> - Number of cases submitted</p>	<p>6</p>
<p>G. <u>Proactive Inspections</u> - Number of employment establishments visited</p>	<p>181</p>

Education and Publicity

9. The Consolidation of Personal Accounts (CPA) Project, launched in late September 2013, is being implemented by phases. Personalized letters are being sent by batches to scheme members with four or more personal accounts (PAs) until December 2013. A publicity campaign has been launched since end of September 2013 through various channels to further generate awareness and to call for scheme members' action to consolidate their multiple PAs for easy management.

10. To augment the education effect, a new booklet providing tips on managing PAs and the September 2013 issue of the MPFA Newsletter with the theme on the consolidation of PAs were published. Both were made available on the MPFA website as well as for public collection at offices of MPFA, Home Affairs Department or Labour Department. The MPFA Newsletter was also sent to more than 34 000 subscribers by mail and email.

11. A new flyer, featuring a comic strip of a popular cartoon character "Maggiology" and carrying a reminder message to scheme members about handling their MPF when changing jobs, was also published.

12. To complement the CPA publicity campaign, the thematic campaign on fund transfer was continued. A series of six drama segments to explain the points to note in making MPF fund transfer was broadcast on a local radio station from 2 to 27 September 2013.

13. The MPFA also continued to carry out various publicity programmes to further enhance the public's awareness of the amendment of the minimum level of relevant income for MPF contributions. These include the launch of TV and Radio Announcements of Public Interest and online advertisements at recruitment websites.

14. For youth education, over 50 000 copies of task books and 1 300 copies of teaching manuals were sent to some 140 primary schools to encourage primary school students to form the good habits of saving, proper allocation of money, and helping people in need. MPF messages were carried in the task books for students to share with their parents. A set of six posters were also sent to all local primary schools for wider dissemination of proper money management concepts. A school-based money management workshop for primary school students was held during the month.

15. Six performances of the interactive drama “Fortune Cookies” were staged as part of the Secondary School Programme to educate junior form secondary students on the proper attitude towards money management and basic concepts of MPF. Two life-planning workshops were organized to equip senior form secondary school students with knowledge of financial planning and MPF investment.

16. An Android version of the winning smartphone application of multimedia competition on MPF for tertiary students “The MPF Boss” was launched, giving assistance to scheme members in filling out the Employee Choice Arrangement (ECA) transfer election form and getting useful information about ECA.

17. During the month, a total of 21 talks on MPF were given to employers, employees, civil servants, tertiary students and the community to educate them on the MPF System and MPF investment. Three tea gatherings were organized with a political party to reach out to members of the public.

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

Mandatory Provident Fund Schemes Authority
21 October 2013