

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – June 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 30.6.2014	As at 31.5.2014	Change**	As at 30.6.2014	As at 31.5.2014	Change**
<b>Employers</b>	269 100	268 000	+1 100	99%	99%	-1%
<b>Employees</b>	2 493 200	2 494 100	-900	100%	100%	-
<b>Self-Employed Persons (SEPs)</b>	210 700	211 000	-300	63%	61%	+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.

3. As at the end of June 2014, 20 200 employers, 472 300 employees and 16 900 SEPs were registered under the Industry Schemes.

#### Complaint Handling

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

4. In June 2014, 329 complaints were received by MPFA, of which 292 complaints were made against 248 employers. A breakdown of these complaints by allegation is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning scheme members	292
<i>Breakdown by complaint allegation<sup>^</sup></i>	
<i>(- Involuntary change from “employee” status to “SEP” status)</i>	<i>(6)</i>
<i>(- Non-enrolment in MPF Schemes)</i>	<i>(130)</i>
<i>(- Default contribution)</i>	<i>(250)</i>
<i>(- Others (e.g. no pay records))</i>	<i>(58)</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	37

<sup>^</sup> Since a complaint may cover more than one allegation, the total number of allegations may exceed the number of complaints.

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

5. In June 2014, the LD received 22 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 101 complaints received from 1 January 2014 to 30 June 2014:
- 27 cases were resolved after conciliation or advice given;
  - 29 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
  - 5 cases where the employers were insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
  - 40 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 June 2014 are summarized below:

(a) Prosecution

Number of summonses applied	49
(- <i>Non-enrolment of employees</i> )	(4)
(- <i>Default contribution</i> )	(27)
(- <i>False statement</i> )	(15)
(- <i>Failure to comply with court order</i> )	(3)

(b) Contribution Surcharge

- Number of employers with notices issued	23 900
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	30
- Number of employees involved	281

(d) Submission to the District Court

- Number of cases submitted	7
- Number of employees involved	86

(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	18
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(g) Proactive Inspections

- Number of employment establishments visited	153
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## **Education and Publicity**

9. The Government and MPFA launched a public consultation on the proposal to enhance the regulation of default arrangements in MPF schemes by introducing a “core fund” as the standardized low fee default fund of all MPF schemes. MPFA held a press conference on 24 June 2014 to introduce the “core fund” proposal and invited interested parties to offer comments by 30 September 2014.

10. In order to further generate awareness of the public consultation, print advertisements were placed in 18 local newspapers in two batches on 26 and 27 June and online banners were placed on MPFA’s website and a number of Government websites. On these websites, members of the public may download the consultation paper and provide comments online. Hard copies of the consultation paper are also available for collection in all MPFA offices, Public Enquiry Service Centres of District Offices, Job Centres and Recruitment Centres of the Labour Department and Consumer Advice Centres of the Consumer Council.

11. A flyer was produced to remind employers to make MPF contributions together with remittance statement on time. The flyer was distributed to all employers via their respective trustees in June.

12. For the convenience of scheme members, MPFA launched a new enhanced transfer election form for the Employee Choice Arrangement on 12 June. A step-by-step user guide was published to assist scheme members in completing this form and remind them about the important points to note.

13. As an initiative to enhance the efficiency of the MPF System and reduce the operating costs of the System to benefit all scheme members, an MPF payment settlement system, E-Payment for MPF Transfer System, was introduced. The system makes use of the Hong Kong Monetary Authority’s Hong Kong dollar Real Time Gross Settlement system to automate payments for the transfer of MPF accrued benefits between trustees, thus shortening the time needed for the transfers and enhancing the accuracy and efficiency of the transfer process. A launch ceremony-cum-exhibition for the system was held on 12 June to mark its official debut. A number of MPF trustees demonstrated their electronic and online services for employers and scheme members during the exhibition. A supplement on a free newspaper was published on 17 June to further publicize the launch of the system and promote the use of electronic services to scheme members.

14. With a view to enhancing scheme members' understanding of key fundamental MPF investment concepts, a series of videos was launched on a new YouTube channel "MPFA TV" earlier this year. To further promote the messages in the community and to encourage scheme members to take good care of their MPF investment, those videos were re-run on a TV station from May to June. Print publicity had also been arranged in some magazines to augment the publicity impact.

15. During the month, a school-based parenting workshop for kindergarten kids and their parents, five workshops for senior grade primary school students, as well as a seminar for their parents were organized to educate them on the proper attitude towards money management and the basic concepts of MPF. Performances of the interactive drama "Fortune Cookies" and on-campus life-planning workshops went on as part of the Secondary School Programme to educate junior and senior form secondary students on the proper attitude towards money management and the basic concepts of MPF.

16. In the month, a total of five talks on MPF were given to employers, employees and members of the public to educate them on the MPF System and MPF investment. MPFA also participated in outreach activities to disseminate MPF messages and provide on-site personal accounts checking service to members of the community in different districts.

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

Mandatory Provident Fund Schemes Authority  
8 July 2014