

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – July 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 31.7.2014	As at 30.6.2014	Change**	As at 31.7.2014	As at 30.6.2014	Change**
<b>Employers</b>	270 300	269 100	+1 100	99%	99%	-
<b>Employees</b>	2 493 200	2 493 200	-	100%	100%	-
<b>Self-Employed Persons (SEPs)</b>	210 400	210 700	-300	62%	63%	-

\* 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 July 2014, 20 200 employers, 476 000 employees and 16 800 SEPs were registered under the Industry Schemes.

#### Complaint Handling

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

4. In July 2014, 335 complaints were received by MPFA, of which 287 complaints were made against 214 employers. A breakdown of these complaints by allegation is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning scheme members	287
<i>Breakdown by complaint allegation<sup>^</sup></i>	
<i>(- Involuntary change from “employee” status to “SEP” status)</i>	<i>(1)</i>
<i>(- Non-enrolment in MPF Schemes)</i>	<i>(111)</i>
<i>(- Default contribution)</i>	<i>(253)</i>
<i>(- Others (e.g. no pay records))</i>	<i>(55)</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	48

<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 July 2014, the LD received 12 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 113 complaints received from 1 January 2014 to 31 July 2014:

- 30 cases were resolved after conciliation or advice given;
- 38 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 July 2014 are summarized below:

(a) Prosecution

Number of summonses applied	62
(- <i>Non-enrolment of employees</i> )	(8)
(- <i>Default contribution</i> )	(46)
(- <i>False statement</i> )	(6)
(- <i>Failure to comply with court order</i> )	(2)

(b) Contribution Surcharge

- Number of employers with notices issued	24 900
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	13
- Number of employees involved	120

(d) Submission to the District Court

- Number of cases submitted	5
- Number of employees involved	113

(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	176
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## **Education and Publicity**

9. MPFA continued the effort to publicize the public consultation on the MPF “core fund” proposal. The MPFA attended a number of media interviews to introduce the key features of the proposal. In addition, the MPFA has been conducting briefings to various stakeholders including the LegCo Financial Affairs Panel, District Councils, major labour unions, political parties, think tanks, industry bodies, chambers of commerce, employer associations and professional bodies since early July. The MPFA Newsletter with the theme on the public consultation was published in the month. The Newsletter was uploaded onto the MPFA website and sent to more than 35 000 subscribers by mail and email, and available for public collection in all MPFA offices.

10. With a view to further educating scheme members on how to make informed decisions for their lifelong MPF investment and to encourage them to consolidate their MPF personal accounts, a roving exhibition, being the first one in the 2014/15 series, was held at a shopping mall in Lok Fu from 12 to 13 July. The exhibition comprised exhibits, quiz game and enquiry counter. Scheme members could also make use of the MPF consultation services where Certified Financial Planners (CFPs) provided professional analysis on MPF investment and retirement planning free of charge. To facilitate scheme members’ consolidation of their personal accounts, an on-site checking service was provided for members to check the number and whereabouts of their personal accounts. To promote the event, publicity in various media, including advertisements in a tabloid and Internet, posters at public housing estates and direct mailers to housing estates in the vicinity, was arranged.

11. To encourage scheme members to regularly review their MPF investment and actively manage their MPF accounts, a series of articles were published in popular magazines from June to July. The articles were presented in the form of case studies, with analyses by a CFP, on various scenarios encountered by scheme members in different age brackets and life stages.

12. To publicize MPF messages to the public, the comic booklets with the popular comic character “Maggiology” (「馬仔」), covering various topics on MPF investment, were distributed to the visitors at Hong Kong Book Fair from 16 to 22 July.

13. In order to generate public awareness on the simplified transfer election form for Employee Choice Arrangement, advertisements were placed in free tabloids, as well as an online portal and a smartphone application in July.

14. Separately, a press release was issued to remind the MPF intermediaries who were registered before the new statutory regulatory regime came into effect on 1 November 2012 to register again with the MPFA before the end of the two-year transition on 31 October 2014. The intermediaries were also reminded that if they fail to submit their registration applications on or before then, their registration will no longer be valid and they will be prohibited from conducting any MPF-related regulated activities starting from 1 November 2014.

15. In July, three school-based parenting workshops for kindergarten kids and their parents and four workshops for senior grade primary school students 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 continued to educate junior and senior form secondary students on the proper attitude towards money management and the basic concepts of MPF.

16. Moreover, a total of 14 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  
14 August 2014