

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – December 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 31.12.2013	As at 30.11.2013	Change**	As at 31.12.2013	As at 30.11.2013	Change**
<b>Employers</b>	264 400	264 600	-200	99%	100%	-1%
<b>Employees</b>	2 485 300	2 442 200	+43 100	100%	100%	-
<b>Self-Employed Persons (SEPs)</b>	212 400	216 200	-3 700	62%	64%	-2%

\* 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 rates of employers and SEPs dropped by one percentage point and two percentage points respectively. The enrolment rate of employees remained stable. As at the end of December 2013, 19 800 employers, 453 900 employees and 17 200 SEPs were registered under the Industry Schemes.

#### Complaint Handling

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

4. In December 2013, 335 complaints were received by MPFA, of which 296 complaints were made against 213 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	2
➤ Non-enrolment in MPF Schemes	114
➤ Default contribution	261
➤ Others (e.g. no pay records)	87
(B) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	39

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

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

5. In December 2013, the LD received 9 MPF-related complaints. They all involved alleged wrongful deduction of wages and default contribution.

6. Of the 129 complaints received from 1 January 2013 to 31 December 2013:

- 53 cases were resolved after conciliation or advice given;
- 57 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication; and
- 19 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 December 2013 are summarized below:

A. <u>Prosecution</u>	
Number of summonses applied	52
(- <i>Non-enrolment of employees</i> )	(6)
(- <i>Non-enrolment (Employee / SEP dispute)</i> )	(2)
(- <i>Default contribution</i> )	(31)
(- <i>False statement</i> )	(13)
B. <u>Contribution Surcharge</u>	
(5% of the contributions in arrears)	
- Number of employers with notices issued	24 200
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases submitted	27
- Number of employees involved	135
D. <u>Submission to the District Court</u>	
- Number of cases submitted	1
- Number of employees involved	7
E. <u>Submission to the High Court</u>	
- Number of cases submitted	1
- Number of employees involved	102
F. <u>Submission to liquidators / receivers</u>	
- Number of cases submitted	16
G. <u>Proactive Inspections</u>	
- Number of employment establishments visited	150

## **Education and Publicity**

9. With the launch of an online service in late December for MPF intermediaries to submit their annual returns to the MPFA, a press release was issued to publicize this latest initiative of the MPFA with a view to encouraging a wider use of online or electronic processing by MPF practitioners in order to make the MPF System more efficient and cost effective.

10. To generate awareness and call for scheme members' action to consolidate their multiple personal accounts for easy management, various publicity initiatives continued during the month. They included Announcements of Public Interest (APIs) on TV channels, radio stations as well as TV panels on RoadShow buses, online advertisements on smartphone applications, and newspaper advertisements. Since launching the campaign in late September, 40 outreach activities had been arranged to reach over 1 000 scheme members to assist them in going through the relevant procedures of account consolidation.

11. Publicity initiatives continued in the month to promulgate the legislative amendment to the minimum relevant income level for MPF contributions, including the TV and radio APIs broadcast on all local TV and radio channels and the online banner on a recruitment website.

12. During the month, six school-based money management workshops for kindergarten kids and one parenting workshop on money management were conducted.

13. Two school-based money management workshops were organized to educate senior grade primary school students and their parents on money management as well as MPF investment.

14. Performances of the interactive drama "Fortune Cookies" went on as part of the Secondary School Programme to educate junior form secondary students on the proper attitude towards money management and the basic concepts of MPF. The online learning platform "Manage Your MPF, Master Your Wealth" continued to teach senior form secondary school students the essence of financial planning and benefits of having an early start on retirement planning.

15. In the month, a total of eight talks on MPF were given to employees, employers, civil servants, tertiary students and members of the public to educate them on the MPF System and MPF investment. Eight outreach activities and three carnivals were organized to reach out to employees and members of the community.

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

Mandatory Provident Fund Schemes Authority  
9 January 2014