

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – June 2015

#### 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 30.6.2015	As at 31.5.2015	Change**	As at 30.6.2015	As at 31.5.2015	Change**
<b>Employers</b>	275 200	274 000	+1 200	99%	100%	-1%
<b>Employees</b>	2 561 400	2 564 000	-2 600	100%	100%	-
<b>Self-Employed Persons (SEPs)</b>	206 800	207 000	-200	67%	67%	-

\* 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 end June 2015, 20 800 employers, 501 300 employees and 16 400 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 2015, 415 complaints were received by MPFA, of which 375 complaints were made against 298 employers. A breakdown of these complaints by allegation is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning scheme members	375
<i>Breakdown by complaint allegation<sup>^</sup></i>	
<i>(Involuntary change from “employee” status to “SEP” status)</i>	<i>(3)</i>
<i>(Non-enrolment in MPF Schemes)</i>	<i>(143)</i>
<i>(Default contribution)</i>	<i>(330)</i>
<i>(Others (e.g. no pay records))</i>	<i>(76)</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	40

<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 2015, the LD received 11 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 73 complaints received from 1 January 2015 to 30 June 2015:

- (a) 20 cases were resolved after conciliation or advice given;
- (b) 20 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 3 cases where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 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 June 2015 are summarized below:

(a) Prosecution

Number of summonses applied	22
<i>(Non-enrolment of employees)</i>	<i>(1)</i>
<i>(Default contribution)</i>	<i>(3)</i>
<i>(False statement)</i>	<i>(17)</i>
<i>(Failure to comply with court order)</i>	<i>(1)</i>

(b) Contribution Surcharge

- Number of employers with notices issued	26 600
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	29
- Number of employees involved	129

(d) Submission to the District Court

- Number of cases submitted	3
- Number of employees involved	139

(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	11
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(g) Proactive Inspections

- Number of employment establishments visited	208
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## **Education and Publicity**

9. With a view to further deepening employers' understanding of their MPF obligations and fostering their compliance, a publicity and public education campaign was rolled out on 25 June. The campaign comprised three key initiatives: (1) a Good MPF Employer Award; (2) an Employers' Handbook; and (3) a video series on employers' MPF obligations.

10. The Good MPF Employer Award, an annual award, recognizes employers who are fully compliant with legislative requirements and have gone extra miles in providing retirement protection to their employees such as provision of voluntary contributions. The Award programme was supported by major employer associations and labour unions.

11. The Employers' Handbook and video series together present comprehensive information about the key MPF concepts and common fallacies in handling MPF matters. The Handbook is being distributed to employers through employer and HR associations, Labour Department, during MPFA seminars, and is available on the MPFA website for viewing and downloading. The video series have been made available on the MPFA website and YouTube. They would also be promoted to employers via trustees and shown at talks and seminars targeting employers which MPFA organizes or participates in.

12. Dedicated webpages on the campaign have been launched on the MPFA website to give easy access to the Handbook, video series and details about the Award.

13. With a view to enhancing public awareness of the importance of retirement planning and to educate scheme members on functions and merits of the MPF System, MPFA joined hands with RTHK again to produce a new TV series, entitled MPF Smart Tips II. The eight-episode series has been telecast on TVB-Jade, ATV Home and RTHK TV 31 channels, since 21 June for eight consecutive weeks. A dedicated Facebook fanpage (識法保積金 II) has been set up, with trailers and screenshots available for viewing.

14. Thematic programmes have been developed to remind scheme members about messages on risk management of MPF investment when the investment market fluctuates. In view of the recent market volatility, a series of six advertorials was published in a tabloid in June to reiterate the major types of risk in MPF investment and to remind scheme members about issues to note in order to better manage the risks that they may encounter in MPF investment.

15. To encourage scheme members to make use of MPFA's online tools to plan ahead for their retirement, a series of retirement planning workshops has been planned at workplaces for "keen-to-know" scheme members in 2015/16. In the workshops, a certified financial planner would introduce to participants the factors to consider when planning for retirement and the useful tools available on the MPFA website. The first two sessions were conducted for two companies on 16 and 22 June respectively.

16. 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 first one in the 2015/16 series, was held at a shopping mall in Diamond Hill from 6 to 7 June. The exhibition comprised display panels, a quiz game and an enquiry counter. To assist scheme members in consolidating their PAs, on-site checking service was provided for members to check the number and whereabouts of their PAs. In addition, Certified Financial Planners were present to provide participants with independent, free and professional analysis on MPF investment and retirement planning. Publicity was arranged in various media, including advertisements in a tabloid and on the Internet, posters at public housing estates, as well as direct mailers to residents in the vicinity to promote the event.

17. In June, a school-based parenting workshop for kindergarten kids and their parents, workshops for senior grade primary school students, as well as on-campus life-planning workshops for senior form secondary school students were organized to educate students and their parents on the proper attitudes towards money management and the basic concepts of MPF.

18. Workshops were organized for secondary school teachers to encourage them to participate in MPFA youth programmes, and to incorporate the messages of the importance of financial planning and MPF in their in-class teaching. At the workshops, they were introduced to the MPFA youth programmes, and provided with an opportunity to share the experience of how to motivate their students to take part in the programmes.

19. During the month, three seminars on MPF were given to employees and civil servants to educate them on the features of the MPF System and MPF investment. MPFA also participated in outreach activities to disseminate MPF messages and provide on-site PA checking service to members of the public in different districts.

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