

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – July 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 31.7.2015	As at 30.6.2015	Change**	As at 31.7.2015	As at 30.6.2015	Change**
Employers	276 800	275 200	+1 600	100%	99%	+1%
Employees	2 561 400	2 561 400	-	100%	100%	-
Self-Employed Persons (SEPs)	206 500	206 800	-300	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 July 2015, 20 900 employers, 501 700 employees and 16 300 SEPs were registered under the Industry Schemes.

Complaint Handling

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

4. In July 2015, 374 complaints were received by MPFA, of which 342 complaints were made against 246 employers. A breakdown of these complaints by allegation is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning scheme members	342
<i>Breakdown by complaint allegation[^]</i>	
<i>(Involuntary change from “employee” status to “SEP” status)</i>	<i>(1)</i>
<i>(Non-enrolment in MPF Schemes)</i>	<i>(124)</i>
<i>(Default contribution)</i>	<i>(303)</i>
<i>(Others (e.g. no pay records))</i>	<i>(70)</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	32

[^] 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 2015, the LD received 7 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.
6. Of the 80 complaints received from 1 January 2015 to 31 July 2015:
 - (a) 28 cases were resolved after conciliation or advice given;
 - (b) 31 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication (including 1 case where employees had decided not to pursue the claim items involving MPF-related complaint at the Labour Tribunal);
 - (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) 18 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 (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. Enforcement actions taken by MPFA in July 2015 are summarized below:

(a) Prosecution

Number of summonses applied	54
<i>(Non-enrolment of employees)</i>	<i>(1)</i>
<i>(Default contribution)</i>	<i>(40)</i>
<i>(False statement)</i>	<i>(11)</i>
<i>(Failure to comply with court order)</i>	<i>(2)</i>

(b) Contribution Surcharge

- Number of employers with notices issued	25 900
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	35
- Number of employees involved	153

(d) Submission to the District Court

- Number of cases submitted	2
- Number of employees involved	27

(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	24
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(g) Proactive Inspections

- Number of employment establishments visited	202
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Education and Publicity

9. With a view to generating public awareness of “terminal illness” as a new ground for early withdrawal of MPF benefits under the MPFSO, a publicity campaign has been rolled out since mid July. Three new publications, including a leaflet on early withdrawal of MPF benefits on various grounds, a flyer and an information sheet on the introduction of the new ground of “terminal illness” for scheme members and medical practitioners respectively, were produced and distributed to different target groups, such as patient groups, social service organizations, medical bodies and insurance associations. The publications are also distributed during the MPFA's publicity and education events, as well as through the MPFA offices and the service centres of Home Affairs Department and Labour Department. In addition, e-versions of the publications are available on the MPFA website for public viewing and download. A press release was also issued to remind the public of the commencement of this new arrangement on 1 August.

10. To encourage scheme members to review their MPF investment regularly and manage their MPF accounts proactively, a series of six advertorials were published in four tabloids in July. As people like reading real-life stories, the advertorials were presented in form of case studies, with analyses by a Certified Financial Planner, on a number of scenarios encountered by scheme members in different age groups and at different life stages.

11. A roving exhibition was held at a residential club house in Lam Tin on 4 and 5 July. It was organized in a new format aimed at further instilling MPF messages in the community and directly engaging scheme members. Participants could learn more about the MPF investment decision-making process through display panels and a quiz game. To assist scheme members in consolidating their personal accounts (PAs), an on-site checking service was provided for members to check the number and whereabouts of their PAs. In addition, a parenting workshop was organized on 5 July to complement the exhibition. The workshop aimed at educating children about proper attitudes towards money management and good saving habits, while encouraging parents to learn concepts of financial planning, including family budgeting and MPF investment.

12. During the month, five workshops for senior grade primary school students and a seminar for their parents, as well as five on-campus life-planning workshops for senior form secondary school students were organized to educate the students and their parents on the proper attitudes towards money management and the basic concepts of MPF. A new round of year-long Facebook monthly game continued to motivate young people to get to know the

importance of financial management, and learn more about the MPF System and MPF investment through an interesting approach.

13. In July, seminars and briefings were conducted for employer associations, labour unions and civil servants who handle MPF matters in various departments, to provide them with the basics of the MPF System as well as the latest amendments to the MPFSO. 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.

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

Mandatory Provident Fund Schemes Authority
August 2015