

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – December 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 31.12.2014	As at 30.11.2014	Change**	As at 31.12.2014	As at 30.11.2014	Change**
<b>Employers</b>	271 500	270 800	+700	99%	99%	-
<b>Employees</b>	2 506 600	2 500 800	+5 800	99%	100%	-1%
<b>Self-Employed Persons (SEPs)</b>	208 000	208 100	-100	66%	63%	+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. As at end December 2014, 20 500 employers, 485 000 employees and 16 700 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 2014, 270 complaints were received by MPFA, of which 249 complaints were made against 208 employers. A breakdown of these complaints by allegation is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning scheme members	249
<i>Breakdown by complaint allegation<sup>^</sup></i>	
<i>(Involuntary change from “employee” status to “SEP” status)</i>	<i>(2)</i>
<i>(Non-enrolment in MPF Schemes)</i>	<i>(97)</i>
<i>(Default contribution)</i>	<i>(228)</i>
<i>(Others (e.g. no pay records))</i>	<i>(39)</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	21

<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 December 2014, the LD received 14 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 169 complaints received from 1 January 2014 to 31 December 2014:

- (a) 73 cases were resolved after conciliation or advice given;
- (b) 61 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 7 cases where the employers were insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 28 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 2014 are summarized below:

(a) Prosecution

Number of summonses applied	63
<i>(Non-enrolment of employees)</i>	<i>(7)</i>
<i>(Default contribution)</i>	<i>(47)</i>
<i>(False statement)</i>	<i>(7)</i>
<i>(Failure to comply with court order)</i>	<i>(2)</i>

(b) Contribution Surcharge

- Number of employers with notices issued	25 800
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	44
- Number of employees involved	176

(d) Submission to the District Court

- Number of cases submitted	4
- Number of employees involved	48

(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	15
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(g) Proactive Inspections

- Number of employment establishments visited	160
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## **Education and Publicity**

9. Efforts on MPF investment education continued. “MPFA TV” (積金台) was launched in January 2014 to publicize MPF messages through a series of videos and a total of about 30 million audience had been reached via different media platforms so far. In view of the positive responses received, three additional videos presented in the form of a sports programme, weather report and leisure programme were launched since November 2014 to elaborate the role of MPF, concept of retirement investment and relevant income in a light-hearted manner. A logo to celebrate the first anniversary of “MPFA TV” was added to the videos to augment the publicity impact. To disseminate our messages in the community, the 30-second videos were telecast on a TV station, out-of-home media, popular websites and mobile phone apps from November to late December. Print advertisements were also carried in a magazine.

10. Three retirement planning workshops and a new retirement planning calculator were rolled out to encourage scheme members to actively manage their MPF and develop a plan for retirement. The new calculator will help scheme members estimate how much MPF benefits and other savings an employee will have accumulated at the age of 65 and assess if the amount meets his or her anticipated retirement needs. In the workshops, Certified Financial Planner (CFP) explained to participants on how to make early and proper preparation for retirement by introducing the basic principles and factors to consider in retirement planning, followed by an introduction to the new retirement planning calculator and some other useful tools available on the MPFA website.

11. To encourage scheme members to review their MPF investment regularly and manage their MPF accounts actively, a series of six articles were published in four popular magazines in November and December 2014. As people like to read life stories, the articles were presented in form of case studies, with analyses by a CFP, on various scenarios encountered by scheme members at different age brackets and life stages. The magazine selection, the content copy as well as the layout design were all tailored to suit the key messages of the articles.

12. The MPFA Newsletter which carried a cover story on the cumulative growth of MPF assets was published in the month. The Newsletter was uploaded onto the MPFA website and sent to more than 35 000 recipients, and available for public collection in all MPFA offices.

13. The 2015 “MPF Contribution Days” calendar has been developed and made available on the MPFA website as a handy tool to help employers and human resources practitioners make MPF contributions on time. The MPF contribution days of every month in 2015 are clearly highlighted in the calendar where responsible officers can easily check out the dates online or print the calendar out for their handy reference.

14. In December 2014, a workshop for senior grade primary school students was organized to educate them on the proper attitudes towards money management and the basic concepts of MPF.

15. The school-based money management drama-cum-workshop and on-campus life-planning workshop went on as part of the secondary school programme to educate junior and senior form secondary school students on the proper attitudes towards money management, the benefits of making early financial plans as well as the basic concepts of MPF. The online learning platform “Manage Your MPF, Master Your Wealth” held during October to December 2014 reached 7 449 senior form secondary school students, highlighting to them the essence of financial planning and benefits of having an early start on retirement planning.

16. To enhance tertiary students' understanding of the MPF System and MPF investment, as well as to help promote the benefits of making an early start on retirement planning, a competition entitled “Social Media Marketing Challenge” was organized. Online publicity was arranged to disseminate MPF messages, as well as to encourage students to join the competition and relay MPF messages to members of the public.

17. A total of nine seminars on MPF were given to employers, employees, civil servants 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 account checking service to members of the community in different districts.

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