

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – January 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 31.1.2015	As at 31.12.2014	Change**	As at 31.1.2015	As at 31.12.2014	Change**
Employers	272 100	271 500	+700	100%	99%	-
Employees	2 502 400	2 506 600	-4 200	99%	99%	-
Self-Employed Persons (SEPs)	207 700	208 000	-300	66%	66%	-

* 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 January 2015, 20 600 employers, 488 700 employees and 16 600 SEPs were registered under the Industry Schemes.

Complaint Handling

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

4. In January 2015, 361 complaints were received by MPFA, of which 335 complaints were made against 211 employers. A breakdown of these complaints by allegation is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning scheme members	335
<i>Breakdown by complaint allegation[^]</i>	
<i>(Involuntary change from “employee” status to “SEP” status)</i>	<i>(4)</i>
<i>(Non-enrolment in MPF Schemes)</i>	<i>(108)</i>
<i>(Default contribution)</i>	<i>(306)</i>
<i>(Others (e.g. no pay records))</i>	<i>(55)</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	26

[^] 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 January 2015, the LD received 14 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 14 complaints received in January 2015:

- (a) one case was referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication; and
- (b) 13 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 January 2015 are summarized below:

(a) <u>Prosecution</u>	
Number of summonses applied	32
<i>(Non-enrolment of employees)</i>	<i>(3)</i>
<i>(Default contribution)</i>	<i>(12)</i>
<i>(False statement)</i>	<i>(17)</i>
(b) <u>Contribution Surcharge</u>	
- Number of employers with notices issued	25 300
(c) <u>Submission to the Small Claims Tribunal</u>	
- Number of cases submitted	27
- Number of employees involved	118
(d) <u>Submission to the District Court</u>	
- Number of cases submitted	6
- Number of employees involved	95
(e) <u>Submission to the High Court</u>	
- Number of cases submitted	0
- Number of employees involved	0
(f) <u>Submission to Liquidators / Receivers</u>	
- Number of cases submitted	19
(g) <u>Proactive Inspections</u>	
- Number of employment establishments visited	140

Education and Publicity

9. The MPFA launched a public consultation on Introducing an Automatic Mechanism for Adjustment of Minimum and Maximum Levels of Relevant Income for MPF Contributions on 23 January 2015 and invited interested parties to offer comments by 5 March 2015. In order to generate greater awareness of the consultation, a press release was issued and an online banner was posted on the MPFA website. Briefings for relevant stakeholders were also arranged.

10. The MPFA also issued a press release on a circular to all MPF principal intermediaries reminding them to exercise caution when engaging marketing partners to promote their MPF services. Scheme members were also advised to be careful when they received cold calls promoting MPF services.

11. As part of the on-going efforts in promoting MPF investment education, an online game featuring JJ Five, the characters representing the five major types of MPF funds, was launched on our Facebook fanpage in mid-January. The objective is to educate scheme members on the fundamental concepts of retirement investment, as well as the features and risk levels of MPF funds in an interactive and entertaining manner. Publicity on tabloids, websites and smartphone applications was arranged. A press release was also issued.

12. 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 last one in the 2014/15 series, was held at a shopping mall in Kowloon Bay from 24 to 25 January. To assist scheme members in consolidating their PAs, on-site checking service was provided at the exhibition for them to check the number and whereabouts of their PAs. Scheme members could also make use of the MPF consultation services where Certified Financial Planners provided independent, free and professional analysis on MPF investment and retirement planning.

13. Youth programmes for various levels of students proceeded in full steam. School-based parenting workshops for kindergarten kids and their parents, workshops for senior grade primary school students and seminar for their parents, school-based money management drama-cum-workshops for junior form secondary school students, as well as an on-campus life-planning workshop for senior form secondary school students were organized to educate them on the proper attitudes towards money management and the basic concepts of MPF. Around 64 000 copies of MPF Youth Booklet entitled "MPF Sixteen" were sent to all secondary school graduates who may be entering the workforce soon.

14. For tertiary students, a competition entitled “Social Media Marketing Challenge” was organized to enhance their understanding of the MPF System, MPF investment and the importance of early planning for retirement. During the briefing session held on 10 January 2015, social media marketing experts and MPFA representatives were invited to equip the participating students with tactics of social media marketing, details of the competition as well as knowledge on the MPF System and MPF investment.

15. During the month, a total of 15 seminars on MPF were given to employers, employees, tertiary students, 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 PA checking service to members of the community in different districts.

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

Mandatory Provident Fund Schemes Authority
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