

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – May 2016

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 31.5.2016	As at 30.4.2016	Change**	As at 31.5.2016	As at 30.4.2016	Change**
Employers	276 300	276 400	-100	100%	100%	-
Employees	2 555 900	2 552 500	+3 500	99%	99%	-
Self-Employed Persons (SEPs)	204 000	204 300	-300	68%	68%	-

* 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 May 2016, 21 600 employers, 527 400 employees and 15 900 SEPs were registered under the Industry Schemes.

Complaint Handling

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

4. In May 2016, 328 complaints were received by MPFA, of which 288 complaints were made against 222 employers. A breakdown of these complaints by allegation is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning scheme members	288
<i>Breakdown by complaint allegation[^]</i>	
<i>(Involuntary change from “employee” status to “SEP” status)</i>	<i>(3)</i>
<i>(Non-enrolment in MPF Schemes)</i>	<i>(108)</i>
<i>(Default contribution)</i>	<i>(250)</i>
<i>(Others (e.g. no pay records))</i>	<i>(63)</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	40

[^] 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 May 2016, the LD received 18 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 71 complaints received from 1 January 2016 to 31 May 2016:

- (a) 19 cases were resolved after conciliation or advice given;
- (b) 17 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 1 case where the employer was insolvent was referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 34 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 May 2016 are summarized below:

(a) Prosecution

Number of summonses applied	48
<i>(Non-enrolment of employees)</i>	(6)
<i>(Default contribution)</i>	(37)
<i>(False statement)</i>	(3)
<i>(Failure to comply with court order)</i>	(2)

(b) Contribution Surcharge

- Number of employers with notices issued	22 600
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	56
- Number of employees involved	224

(d) Submission to the District Court

- Number of cases submitted	6
- Number of employees involved	227

(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	13
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(g) Proactive Inspections

- Number of employment establishments visited	193
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Education and Publicity

9. Efforts continued to be made in May to publicize the 2015-16 Good MPF Employer Award. It is an annual award programme to recognize employers who are compliant with MPF legislation and exemplary in enhancing the retirement benefits of their employees. Articles were published in trustees' newsletters and online banners were placed in their websites to promote the event. During the month, advertisements were also placed in publications of employers' associations and labour unions.

10. To further educate scheme members on fundamentals of MPF System and investment as well as to encourage them to consolidate their MPF personal accounts, MPFA started another series of roving exhibitions in 2016-17. The first of the current series was held at a high patronage shopping mall in Lam Tin from 14 to 15 May. Publicity was arranged in various media, including advertisements in a free newspaper, social media platform and the internet, posters at public housing estates, as well as direct mailers to residents in the vicinity.

11. With a view to further promoting the MPF investment education (IE) messages in the community, the IE comic strips with the popular character "Maggiology" are published on out-of-home platforms and smartphone applications from May to June.

12. In May, various educational activities were organized to educate students and their parents on the proper attitudes towards money management, financial planning for retirement and, more importantly, the fundamental concepts of MPF. These include school-based programmes such as on-campus life-planning workshops for senior form secondary school students, workshops for senior grade primary school students and seminars for their parents as well as a week-long money management programme for primary school students.

13. In the month, 21 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. The MPFA also participated in outreach activities to disseminate MPF messages and provide on-site personal account checking service to members of the community in a number of districts.

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