

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – June 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 30.6.2016	As at 31.5.2016	Change**	As at 30.6.2016	As at 31.5.2016	Change**
Employers	276 500	276 300	+200	100%	100%	-
Employees	2 568 800	2 555 900	+12 900	100%	99%	-
Self-Employed Persons (SEPs)	203 700	204 000	-300	68%	68%	+1%

* 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 2016, 21 700 employers, 531 700 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 June 2016, 330 complaints were received by MPFA, of which 284 complaints were made against 227 employers. A breakdown of these complaints by allegation is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning scheme members	284
<i>Breakdown by complaint allegation[^]</i>	
<i>(Involuntary change from “employee” status to “SEP” status)</i>	<i>(2)</i>
<i>(Non-enrolment in MPF Schemes)</i>	<i>(120)</i>
<i>(Default contribution)</i>	<i>(234)</i>
<i>(Others (e.g. no pay records))</i>	<i>(54)</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	46

[^] 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 2016, the LD received 16 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 87 complaints received from 1 January 2016 to 30 June 2016:

- (a) 29 cases were resolved after conciliation or advice given;
- (b) 27 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) 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 June 2016 are summarized below:

(a) Prosecution

Number of summonses applied	60
<i>(Non-enrolment of employees)</i>	<i>(2)</i>
<i>(Default contribution)</i>	<i>(50)</i>
<i>(False statement)</i>	<i>(7)</i>
<i>(Failure to comply with court order)</i>	<i>(1)</i>

(b) Contribution Surcharge

- Number of employers with notices issued	23 300
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	35
- Number of employees involved	116

(d) Submission to the District Court

- Number of cases submitted	9
- Number of employees involved	114

(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	203
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Education and Publicity

9. The MPFA made its submission on the public consultation on retirement protection to the Commission on Poverty on 8 June 2016. MPFA Chairman Dr David Wong and Managing Director Mrs Diana Chan hosted a media briefing on that day to elaborate on the key points of the submission.

10. Efforts continued to be made to publicize the 2015-16 Good MPF Employer Award with a view to encouraging applications and nominations before the deadline on 30 June. The Award aims at recognizing employers who are compliant with MPF legislation and exemplary in enhancing the retirement benefits of their employees. During the month, online banners were placed in the websites of various employers' associations, MPF trustees and the Government. A press release was issued and advertisements were placed in selected local newspapers.

11. To complement the communication, publicity and education activities for the Default Investment Strategy, a mini campaign to educate scheme members that MPF is a long-term investment and retirement investment should adopt the strategy of de-risking in terms of age was launched from June to July 2016. The campaign included comic strips on various out-of-home, online and mobile platforms; "MPFA TV" videos on various out-of-home, online and mobile platforms; and an advertorial in the form of case analysis in a number of free newspapers.

12. Three retirement planning workshops were conducted in June at the workplace of the participating companies. It enabled direct engagement with "keen-to-know" scheme members to ascertain their information needs as well as to provide them with practical tips for retirement planning and MPF investment. In the workshop, a certified financial planner explained to participants the factors to consider when doing retirement planning, and introduced the retirement planning mobile application "樂享退休 GPS" as well as some useful tools available on the MPFA website.

13. In view of the recent concern on potential market fluctuation, a series of advertorials was published in a free newspaper in June to reiterate the major types of risk in MPF investment and to remind scheme members of some issues to note to better manage the risks they may encounter in MPF investment.

14. In June, 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, a week-long money management programme for primary school students as well as parenting

workshops for kindergarten children and their parents were held. These sessions continued to educate students and their parents on the proper attitude towards money management, financial planning for retirement and, more importantly, the fundamental concepts of MPF.

15. In the month, 10 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.

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

Mandatory Provident Fund Schemes Authority
July 2016