

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – July 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 31.7.2016	As at 30.6.2016	Change**	As at 31.7.2016	As at 30.6.2016	Change**
<b>Employers</b>	276 600	276 500	+100	100%	100%	-
<b>Employees</b>	2 578 600	2 568 800	+9 800	100%	100%	-
<b>Self-Employed Persons (SEPs)</b>	203 500	203 700	-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 July 2016, 21 700 employers, 537 800 employees and 15 800 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 2016, 307 complaints were received by MPFA, of which 265 complaints were made against 214 employers. A breakdown of these complaints by allegation is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning scheme members	265
<i>Breakdown by complaint allegation<sup>^</sup></i>	
<i>(Involuntary change from “employee” status to “SEP” status)</i>	<i>(1)</i>
<i>(Non-enrolment in MPF Schemes)</i>	<i>(106)</i>
<i>(Default contribution)</i>	<i>(223)</i>
<i>(Others (e.g. no pay records))</i>	<i>(55)</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	42

<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 July 2016, the LD received 11 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 98 complaints received from 1 January 2016 to 31 July 2016:

- (a) 35 cases were resolved after conciliation or advice given;
- (b) 32 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 6 cases where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 25 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 July 2016 are summarized below:

(a) Prosecution

Number of summonses applied	20
<i>(Non-enrolment of employees)</i>	<i>(3)</i>
<i>(Default contribution)</i>	<i>(15)</i>
<i>(False statement)</i>	<i>(1)</i>
<i>(Failure to comply with court order)</i>	<i>(1)</i>

(b) Contribution Surcharge

- Number of employers with notices issued	23 700
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	51
- Number of employees involved	276

(d) Submission to the District Court

- Number of cases submitted	7
- Number of employees involved	287

(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	6
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(g) Proactive Inspections

- Number of employment establishments visited	166
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## **Education and Publicity**

9. MPFA representative gave a talk for the first time in Macao on 16 July organized by the Social Security Fund of Macao. Over 80 participants comprising Macao Government officials, academics, industry people, labour unions and members of the public were briefed on the features, developments, challenges and reform initiatives of the MPF System.

10. 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, a roving exhibition, being the second one in the 2016-17 series, was held at a high patronage shopping mall in Po Lam from 9 to 10 July. Publicity was arranged in various media, including advertisements in a free newspaper, on social media platform and the internet, posters at public housing estates, as well as direct mailers to residents in the vicinity to promote the event.

11. In July, 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.

12. In the month, seven talks on MPF were given to employers, employees and civil servants to educate them on the MPF System and MPF investment. The MPFA had also joined hands with the Hong Kong Journalists Association to organize a workshop for frontline reporters on MPF fund operations and investment regulation.

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