

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – August 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 31.8.2016	As at 31.7.2016	Change**	As at 31.8.2016	As at 31.7.2016	Change**
Employers	274 300	276 600	-2 200	99%	100%	-1%
Employees	2 566 300	2 578 600	-12 300	99%	100%	-
Self-Employed Persons (SEPs)	203 000	203 500	-500	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 August 2016, 21 800 employers, 539 300 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 August 2016, 362 complaints were received by MPFA, of which 328 complaints were made against 240 employers. A breakdown of these complaints by allegation is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning scheme members	328
<i>Breakdown by complaint allegation[^]</i>	
<i>(Involuntary change from “employee” status to “SEP” status)</i>	<i>(1)</i>
<i>(Non-enrolment in MPF Schemes)</i>	<i>(119)</i>
<i>(Default contribution)</i>	<i>(298)</i>
<i>(Others (e.g. no pay records))</i>	<i>(47)</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	34

[^] 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 August 2016, the LD received 15 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 113 complaints received from 1 January 2016 to 31 August 2016:

- (a) 40 cases were resolved after conciliation or advice given;
- (b) 36 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 7 cases where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 30 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 August 2016 are summarized below:

(a) Prosecution

Number of summonses applied	83
<i>(Non-enrolment of employees)</i>	<i>(4)</i>
<i>(Default contribution)</i>	<i>(65)</i>
<i>(False statement)</i>	<i>(12)</i>
<i>(Failure to comply with court order)</i>	<i>(2)</i>

(b) Contribution Surcharge

- Number of employers with notices issued	22 300
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	36
- Number of employees involved	202

(d) Submission to the District Court

- Number of cases submitted	7
- Number of employees involved	127

(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	11
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(g) Proactive Inspections

- Number of employment establishments visited	143
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Education and Publicity

9. To prepare scheme members for the launch of the Default Investment Strategy, a media briefing was held on 31 August on a publicity campaign to be launched by MPFA to encourage scheme members to manage their MPF accounts. The campaign would seek to educate scheme members about the importance of managing MPF accounts, in particular the need to update their contact details with their MPF trustees, so that the latter will be able to send them relevant information in a timely manner.

10. A retirement planning workshop was conducted in August at the workplace of a company. 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, introduced the retirement planning mobile application “樂享退休 GPS” as well as some useful tools available on the MPFA website. Such retirement planning workshop has so far been conducted at the workplace of five companies this financial year.

11. 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, as the third one in the 2016-17 series, was held at a high patronage shopping mall in Tin Shui Wai from 20 to 21 August. Publicity was arranged on various media platforms, including advertisements on social media platform and the internet, as well as direct mailers to residents in the vicinity, in order to further promote the event.

12. In the month, eight talks on MPF were given to employers, employees and civil servants to educate them on the MPF System and MPF investment.

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