

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – June 2017

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 30.6.2017 | As at 31.5.2017 | Change** | As at 30.6.2017 | As at 31.5.2017 | Change** |
| Employers | 278 700 | 277 500 | +1 200 | 100% | 100% | - |
| Employees | 2 579 800 | 2 572 200 | +7 600 | 100% | 100% | - |
| Self-Employed Persons (SEPs) | 201 600 | 201 700 | -100 | 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 June 2017, of the above estimated enrolment, 22 500 employers, 579 300 employees and 15 300 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 2017, 403 complaints were received by MPFA, of which 371 complaints were made against 249 employers. A breakdown of these complaints by subject matter is as follows:

| | <u>Number of complaints</u> |
|--|---------------------------------|
| (a) Complaints concerning scheme members | 371 |
| <i>Breakdown by subject matter of complaint ^</i> | |
| <i>(Involuntary change from “employee” status to “SEP” status)</i> | <i>(1)</i> |
| <i>(Non-enrolment in MPF Schemes)</i> | <i>(155)</i> |
| <i>(Default contribution)</i> | <i>(348)</i> |
| <i>(Others (e.g. no contribution records))</i> | <i>(13)</i> |
| (b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc | 32 |

[^] Since a complaint may cover more than one subject matter, the total number of the subject matters of complaints may exceed the number of complaints.

Complaints received by the Labour Department (LD)

5. In June 2017, the LD received 19 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 80 complaints received from 1 January 2017 to 30 June 2017:

- (a) 21 cases were resolved after conciliation or advice given;
- (b) 23 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication; and
- (c) 36 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 2017 are summarized below:

(a) Prosecution

| | |
|---|------|
| Number of summonses applied | 34 |
| <i>(Non-enrolment of employees)</i> | (5) |
| <i>(Default contribution)</i> | (21) |
| <i>(False statement)</i> | (5) |
| <i>(Failure to comply with court order)</i> | (3) |

(b) Contribution Surcharge

| | |
|---|--------|
| - Number of employers with notices issued | 24 200 |
|---|--------|

(c) Submission to the Small Claims Tribunal

| | |
|--------------------------------|-----|
| - Number of cases submitted | 59 |
| - Number of employees involved | 244 |

(d) Submission to the District Court

| | |
|--------------------------------|----|
| - Number of cases submitted | 7 |
| - Number of employees involved | 85 |

(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 | 16 |
|-----------------------------|----|

(g) Proactive Inspections

| | |
|---|-----|
| - Number of employment establishments visited | 138 |
|---|-----|

Education and Publicity

9. Advertisements on the Default Investment Strategy (DIS) continued in June in various mass media channels including TV, radio, print, online social media and out-of-home media to augment the publicity impact. The MPFA also continued its collaboration with the offices of District Council Members

for conducting DIS talks at the district level. Since June 2016, a total of more than 190 talks and briefings on the DIS have been conducted.

10. With a view to generating awareness and encouraging usage of the e-Enquiry of Personal Account service, a search engine marketing programme as well as advertisements on popular mobile applications and recruitment-related Facebook fanpages continued this month.

11. Efforts continued to be made in June to publicize the Good MPF Employer Award 2016-17 (the Award). It is an annual programme to recognize employers who are compliant with MPF legislation and provide their employees with extra retirement benefits. Two new awards, namely the e-Contribution Award and the Support for MPF Management Award, have been added to the 2016-17 programme to commend respectively awardees who have adopted electronic means for handling MPF administration and who have striven to encourage employees to actively manage their MPF. Print advertisements were placed in local newspapers and publications of major human resources and employer associations to reach out to the target audience. Articles were published in trustees' newsletters while online banners were placed in trustees' websites and a high traffic online portal to promote the Award.

12. To encourage active usage of the retirement planning mobile application “樂享退休 GPS” (the App) by current users and to attract new users, the third phase of a nine-month loyalty programme was launched in late June. The App helps MPF scheme members better manage their MPF and other investments. It also encourages them to make use of the MPFA's online tools to make plans for their retirement.

13. With a view to disseminating MPF messages to young adults in an approach which dovetails their habits and lifestyle, the mobile application “職場 MVP” was revamped with more practical information as well as interactive and experiential features. For instance, the “MPF Application Interactive Walkthrough” function provides users with practical experience and tips in filling out an MPF enrolment form.

14. A full array of educational activities and school-based programmes were also organized during the month to educate various levels of students and the parents of younger students on the key features of the MPF System, MPF investment as well as the concept of retirement investment, with a view to enhancing their compliance with the legislative requirements in the long run.

15. Members are invited to note the content of this paper.