

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – July 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 31.7.2017	As at 30.6.2017	Change**	As at 31.7.2017	As at 30.6.2017	Change**
Employers	279 500	278 700	+ 800	100%	100%	-
Employees	2 579 600	2 579 800	- 200	100%	100%	-
Self-Employed Persons (SEPs)	201 700	201 600	-	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 2017, of the above estimated enrolment, 22 600 employers, 585 200 employees and 15 200 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 2017, 383 complaints were received by MPFA, of which 348 complaints were made against 218 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning scheme members	348
<i>Breakdown by subject matter of complaint ^</i>	
<i>(Involuntary change from “employee” status to “SEP” status)</i>	<i>(7)</i>
<i>(Non-enrolment in MPF Schemes)</i>	<i>(123)</i>
<i>(Default contribution)</i>	<i>(324)</i>
<i>(Others (e.g. no contribution records))</i>	<i>(12)</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	35

[^] 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 July 2017, the LD received 12 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 92 complaints received from 1 January 2017 to 31 July 2017:

- (a) 29 cases were resolved after conciliation or advice given;
- (b) 32 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication; and
- (c) 31 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 (MPFSO) 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 2017 are summarized below:

(a) Prosecution

Number of summonses applied	73
<i>(Non-enrolment of employees)</i>	<i>(5)</i>
<i>(Default contribution)</i>	<i>(60)</i>
<i>(False statement)</i>	<i>(5)</i>
<i>(Failure to comply with court order)</i>	<i>(3)</i>

(b) Contribution Surcharge

- Number of employers with notices issued	21 000
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	46
- Number of employees involved	182

(d) Submission to the District Court

- Number of cases submitted	5
- Number of employees involved	326

(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	9
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(g) Proactive Inspections

- Number of employment establishments visited	174
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Education and Publicity

9. Advertisements on the Default Investment Strategy (DIS) continued in July in various mass media channels including TV, radio and online social media to draw public attention to the new product and the legislative change. The MPFA also continued to give talks to different stakeholders on the DIS. Since June 2016, more than 200 talks and briefings on the DIS have been held.

10. To tie in with the communication, publicity and education activities on DIS, a publication entitled “Five Keys to Retirement Investment” was published earlier this year to educate scheme members the importance of having an early start on retirement planning and to enrich their knowledge on retirement investment as well as MPF investment. An enhanced version of the publication was released in July to explain the circumstances that scheme members may consider choosing the DIS or the funds under the DIS.

11. To meet the information needs of scheme members from all walks of life, an abridged version of the aforementioned publication in the form of an infographic leaflet entitled “A Simple Guide to Retirement Investment” has been developed to highlight the key messages for scheme members’ quick reference.

12. Moreover, a series of three infographic videos on the key messages of “Five Keys to Retirement Investment” has been arranged to telecast on various online platforms from July to August.

13. With a view to generating awareness and encouraging usage of the e-Enquiry of Personal Account service, a search engine marketing programme continued this month.

14. With an aim to further educating scheme members on the fundamentals of the MPF System and MPF investment as well as encouraging them to consolidate their MPF personal accounts, MPFA started another series of four roving exhibitions in 2017-18. The first event of the series was held at a high patronage shopping mall in Wong Tai Sin from 15 to 16 July.

15. Fifteen sessions of the retirement planning workshop have been planned for 2017-18, of which three workshops were conducted at the workplace of the participating companies this month. The workshop enables direct engagement with “keen-to-know” scheme members, providing them with practical tips for retirement planning and MPF investment.

16. The brand new Financial Education Online Resources Centre that provides users with a one-stop access to the e-versions of MPFA's educational materials for prospective scheme members was launched in July with publicity including press release and promotional emails or letters to various stakeholders.

17. To further promote the retirement planning mobile application “樂享退休 GPS” and the messages on retirement investment, a burst of publicity has been rolled out on various online platforms from July to September.

18. A full array of educational activities and school-based programmes were also organized during the month to educate various levels of 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.

19. A press release was issued in July on a court case in which a company director was sentenced to 21 days' imprisonment for failing to comply with court orders to pay MPF contributions in arrears and surcharges for the company's employers. This is the first case in which a company director was sentenced to imprisonment for defaulting on MPF contributions and breaching the MPFSO.

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

Mandatory Provident Fund Schemes Authority
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