

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – September 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 30.9.2016	As at 31.8.2016	Change**	As at 30.9.2016	As at 31.8.2016	Change**
Employers	275 100	274 300	800	99%	99%	-
Employees	2 576 900	2 566 300	10 600	100%	99%	-
Self-Employed Persons (SEPs)	202 900	203 000	-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 September 2016, 21 900 employers, 542 100 employees and 15 700 SEPs were registered under the Industry Schemes.

Complaint Handling

Complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) on system operation

4. In September 2016, 307 complaints were received by MPFA, of which 273 complaints were made against 208 employers. A breakdown of these complaints by allegation is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning scheme members	273
<i>Breakdown by complaint allegation[^]</i>	
<i>(Non-enrolment in MPF Schemes)</i>	<i>(115)</i>
<i>(Default contribution)</i>	<i>(238)</i>
<i>(Others (e.g. no pay records))</i>	<i>(54)</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 September 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 128 complaints received from 1 January 2016 to 30 September 2016:

- (a) 47 cases were resolved after conciliation or advice given;
- (b) 45 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) 29 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 September 2016 are summarized below:

(a) Prosecution

Number of summonses applied	22
<i>(Non-enrolment of employees)</i>	<i>(4)</i>
<i>(Default contribution)</i>	<i>(11)</i>
<i>(False statement)</i>	<i>(7)</i>

(b) Contribution Surcharge

- Number of employers with notices issued	23 600
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	49
- Number of employees involved	220

(d) Submission to the District Court

- Number of cases submitted	3
- Number of employees involved	75

(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	182
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Education and Publicity

9. A publicity campaign was launched in early September to encourage MPF scheme members to update their correspondence address and/or other personal particulars with their trustees as soon as possible. The campaign aimed at getting all scheme members geared up for receiving information from trustees about the Default Investment Strategy (“DIS”) that would be sent to them by mail starting end 2016.

10. For casual employees in the construction and catering industries in particular, they were encouraged to open casual employee accounts with each of the two Industry Scheme trustees in advance so that they would be able to receive important MPF information such as that about the DIS from the trustees in a timely manner.

11. Publicity initiatives including advertisements in newspapers, during horse racing radio programme, on popular websites and search engines as well as Facebook had been rolled out progressively from early September. In addition, a new webpage had been launched on the MPFA website to facilitate scheme members to update their personal particulars. Support had also been sought from our working partners such as labour unions and Construction Industry Council to disseminate the key messages and distribute a newly-produced flyer to casual employees direct.

12. To tie in with the communication, publicity and education activities for the DIS, a series of four advertorials, presented in the form of case study analysis by a Certified Financial Planner (“CFP”), was produced to educate scheme members on the importance of early planning for retirement and that retirement investment should de-risk with age. The advertorials were published in two free newspapers and various online media platforms from the last week of September to October 2016.

13. Three retirement planning workshops were conducted in September at the workplace of three companies. The workshops enabled direct engagement with “keen-to-know” scheme members to provide them with practical tips for retirement planning and MPF investment as well as to ascertain their information needs. In the workshops, a CFP explained to participants the factors to consider when doing retirement planning, introduced the retirement planning mobile application “樂享退休 GPS” (“the App”) as well as some useful tools available on the MPFA website.

14. To encourage active usage of the App, the second phase of a nine-month reward programme was launched on 1 September while a new phase of publicity was rolled out on various online platforms to further promote the App and the key messages on retirement investment.

15. 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 fourth and last one in the 2016-17 series, was held at a high patronage shopping mall in Shau Kei Wan from 17 to 18 September. Publicity was arranged on various media platforms, including social media platform and the internet, as well as direct mailers to residents in the vicinity, in order to further promote the event.

16. In September, various educational activities were organized to educate students and their parents on the proper attitudes towards money management, early planning for retirement and, more importantly, the fundamental concepts of MPF. These include school-based programmes such as an on-campus life-planning workshop for senior form secondary school students and a week-long money management programme for primary school students.

17. A training workshop co-organized with the Hong Kong Teachers' Centre of the Education Bureau was conducted on 24 September on the topics of money management teaching application, related activities for youth education organized by the MPFA, personal financial planning and MPF investment information to the teachers.

18. Another issue of the MPFA Newsletter was published in September and had the cover story on the publicity campaign to encourage scheme members to update their correspondence addresses with their trustees to prepare for the launch of the DIS. Widely distributed to our stakeholders, this issue also had a feature on a media workshop held by the MPFA on the operation of and investment restrictions on MPF funds, as well as a story on MPFA's disciplinary action against an MPF intermediary.

19. In the month, nine talks on MPF were given to employees, in particular members of the MPF Industry Schemes and civil servants, to educate them on the MPF System and MPF investment. MPFA also participated in a job fair to disseminate MPF messages to job-seekers.

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