

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report - February 2009

Purpose

This paper is the monthly update on the Mandatory Provident Fund (MPF) System.

Enrolment

2. The enrolment position, at the end of February 2009 was as follows:

	Number of Participants*			Enrolment Rate		
	As at 28.2.2009	As at 31.1.2009	Change	As at 28.2.2009	As at 31.1.2009	Change
Employers	237 800	237 400	+400	99.9%	99.8%	+0.1%
Employees	2 160 100	2 169 400	-9 300	97.3%	97.7%	-0.4%
Self-employed persons (SEPs)	266 100	266 500	-400	73.6%	73.7%	-0.1%

* to the nearest 100

3. The enrolment rate of employers increased slightly by 0.1%. The enrolment rates of employees and SEPs dropped by 0.4% and 0.1% respectively. As at the end of February 2009, 16 200 employers, 321 500 employees and 19 600 SEPs were registered under the Industry Schemes¹.

Complaint Handling

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

4. In February 2009, 607 complaints were received by the MPFA, of which 555 were complaints against 385 employers. The nature of the complaints received was as follows:

¹ Double registration with the two Industry Schemes trustees has been eliminated.

	<u>Number of complaints*</u>
(A) Complaints concerning Scheme members:	
➤ Wrongful reduction of wages / benefits	15
➤ Involuntary change from employee to SEP	1
➤ Non-enrolment in MPF Schemes	185
➤ Default contribution	521
➤ Others (e.g. dismissal; no pay records)	56
(B) Complaints concerning Trustees, Intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	52

* *Multiple selections included.*

Complaints received by the Labour Department (“LD”)

5. In February 2009, the LD received 47 MPF-related complaints, all of which were related to alleged wrongful deduction of wages, default contribution and non-enrolment of employees.

6. Of the 96 complaints received in 2009 (until the end of February):
- 8 case was resolved after conciliation or advice given;
 - 13 cases were referred to the Labour Tribunal/ Minor Employment Claims Adjudication Board of adjudication;
 - 6 cases where the employers were insolvent were referred to the Legal Aid Department, the Official Receiver’s Office and/ or the Protection of Wages on Insolvency Fund; and
 - 69 cases where the employees had lodged claims with the LD were awaiting conciliation results.

Enforcement

7. The MPFA continued to enforce the MPF Schemes Ordinance by investigating complaints, inspecting employment premises, making claims at law courts on behalf of employees to recover outstanding default contributions, and prosecuting offending employers.

8. Recent enforcement action taken by the MPFA is summarized below:

Enforcement action in February 2009	Number of Cases
<p>A. <u>Prosecution</u></p> <p>Number of summonses applied during the month</p> <ul style="list-style-type: none"> - <i>Non-enrolment of employees</i> 1 - <i>Non-enrolment (Employee / SEP dispute)</i> 1 - <i>Default contribution</i> 75 - <i>False statement</i> 1 - <i>Failing to comply with a lawful requirement made by the Authority in the course of exercising or performing its functions</i> 0 	
<p>B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears)</p> <p>Number of Notices issued to employers</p>	26 100
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 107 - Number of employees involved 403 	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 11 - Number of employees involved 370 	
<p>E. <u>Submission to the High Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 0 - Number of employees involved 0 	
<p>F. <u>Submission to liquidators / receivers</u></p> <p>Number of cases submitted</p>	28
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 161 	

Education and Publicity

9. Publicity for the MPF Schemes (Amendment) (No.2) Ordinance 2008 (Bill No.2) continued in February 2009. The flyer containing details of the amendments continued to be sent with payment notices to employers as a reminder. In addition, an advertisement on Bill No.2 was published in a labour union newsletter.

10. Subsequent to the launch of a thematic campaign on risk management for MPF investments and the broadcast of a new six-episode radio series (積金投資事務課) in January 2009, the radio series has been uploaded onto the MPFA's website to further disseminate the messages to the general public.

11. The MPFA participated in the "Education and Careers Expo 2009" ("the Expo") organized by the Hong Kong Trade Development Council from 19 to 22 February 2009. An exhibition booth was staged to enhance the workforce's understanding of the MPF System and MPF investment. A seminar on how to handle MPF investment when changing jobs was also conducted during the Expo.

12. A number of activities on youth education were held during the month. To promulgate the benefits of starting retirement planning early to university students and to enhance their knowledge of the MPF System and MPF investment, an Inter-University Competition for Creating a Radio Programme (《積金新人王創意擂台陣》大學聯校電台廣播創作比賽) was launched in partnership with a radio station in February 2009. Roving exhibitions and recruitment briefings to promote the competition and disseminate MPF messages will be staged at the nine local universities in February and March and the first one was held in end-February. In addition, a thematic webpage on the competition has been developed to facilitate public access.

13. For the Skit Programme at secondary schools, seven schools were visited during the month and messages including the benefits of early retirement planning, the merits of MPF and the compounding effect were promulgated to the senior form students.

14. To wrap-up the "Saving Plan Writing Competition for Primary School Students" and the "Book Report Competition for Kindergarten Kids", a Day Camp and a Fun Event were held on 7 February and 28 February respectively. Both events comprised various games, a seminar and a prize presentation ceremony and the winning entries of the competitions were displayed. Money management concepts and MPF messages were disseminated to children and their parents in the events.

15. During the month under review, community outreach activities continued. Two MPF district carnivals, being part of a series of partnership programmes with political parties, were organized for the residents in the districts concerned. In addition, six MPF seminars were arranged for civil servants, labour relations officers, participants of re-training programmes and members of the general public.

16. On the media front, 21 press releases were issued concerning the MPFA's enforcement actions, the arrangements to inject \$6,000 into MPF accounts of eligible MPF/ORSO scheme members and the school programmes for primary school students and kindergarten kids. In addition, 14 contribution articles on various MPF topics were published through different channels in the media, focusing mainly on the GIC Project and MPF investment.

17. Following the approval of the Government's funding application on the injection of \$6,000 into the MPF accounts of eligible MPF/ORSO scheme members (GIC Project) by the Legislative Council on 20 February 2009, an extensive publicity and communication programme was rolled out through the media and various channels to widely publicize various aspects of the GIC Project.

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

Mandatory Provident Fund Schemes Authority
5 March 2009