

## LegCo Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report - March 2009

#### Purpose

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

#### Enrolment

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

	Number of Participants*			Enrolment Rate		
	As at 31.3.2009	As at 28.2.2009	Change	As at 31.3.2009	As at 28.2.2009	Change
<b>Employers</b>	236 700	237 800	-1 100	99.3%	99.9%	-0.6%
<b>Employees</b>	2 201 500	2 160 100	+41 400	97.3%	97.3%	-
<b>Self-employed persons (SEPs)</b>	266 000	266 100	- 100	74.1%	73.6%	+0.5%

\* to the nearest 100

3. The enrolment rate of employers decreased by 0.6%. The enrolment rate of employees remained stable. The enrolment rate of SEPs increased by 0.5%. As at the end of March 2009, 16 300 employers, 325 500 employees and 19 500 SEPs were registered under the Industry Schemes<sup>1</sup>.

#### Complaint Handling

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

4. In March 2009, 938 complaints were received by the MPFA, of which 883 were complaints against 524 employers. The nature of the complaints received was as follows:

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<sup>1</sup> 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	27
➤ Involuntary change from employee to SEP	7
➤ Non-enrolment in MPF Schemes	237
➤ Default contribution	793
➤ Others (e.g. dismissal; no pay records)	89
(B) Complaints concerning Trustees, Intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	55

\* *Multiple selections included.*

#### Complaints received by the Labour Department (“LD”)

5. In March 2009, the LD received 54 MPF-related complaints, all of which were related to alleged wrongful deduction of wages, default contribution and non-enrolment of employees.

6. Of the 150 complaints received in 2009 (until the end of March):

- 20 cases was resolved after conciliation or advice given;
- 38 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
- 86 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:

<b>Enforcement action in March 2009</b>	<b>Number of Cases</b>
<p>A. <u>Prosecution</u></p> <p>Number of summonses applied during the month</p> <ul style="list-style-type: none"> <li>- <i>Non-enrolment of employees</i> 8</li> <li>- <i>Non-enrolment (Employee / SEP dispute)</i> 3</li> <li>- <i>Default contribution</i> 97</li> <li>- <i>False statement</i> 0</li> <li>- <i>Failing to comply with a lawful requirement made by the Authority in the course of exercising or performing its functions</i> 0</li> </ul>	
<p>B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears)</p> <p>Number of Notices issued to employers</p>	26 800
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 148</li> <li>- Number of employees involved 611</li> </ul>	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 18</li> <li>- Number of employees involved 550</li> </ul>	
<p>E. <u>Submission to the High Court</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 0</li> <li>- Number of employees involved 0</li> </ul>	
<p>F. <u>Submission to liquidators / receivers</u></p> <p>Number of cases submitted</p>	65
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> <li>- Number of employment establishments visited 95</li> </ul>	

## **Education and Publicity**

9. To sustain the education efforts in the thematic campaign on risk management for MPF investments, a series of 30-second sound bites was broadcast in two radio stations starting from end-March 2009. To augment the overall impact, episodes of the TV series “Smart Employees, Smart MPF Tips” (打工仔積金有計) and the TV Announcements in the Public Interest (API), each featuring one type of MPF fund, had also been re-run at RoadShow buses and MTR respectively to disseminate the MPF investment education messages to the general public.

10. For publicity of the MPF Schemes (Amendment) (No.2) Ordinance 2008, the flyer containing details of the amendments continued to be sent with payment notices to employers as a reminder.

11. Youth education activities continued. For the Inter-University Competition for Creating a Radio Programme, roving exhibitions and recruitment briefings to promote the competition and disseminate MPF messages were held at eight universities and tertiary institutions in March. Besides, three MPF talks were conducted to educate tertiary institution students about the MPF System and MPF investment. The MPFA was also invited to participate in a careers fair held by a university to promote MPF messages to their students.

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

13. Moreover, three advertorials were published in March to recapitulate the “Saving Plan Writing Competition and Day Camp for Primary School Students” and the “Book Report Competition and Fun Event for Kindergarten Kids”. In addition, selected winning entries of the above-mentioned competition for kindergarten kids were displayed at the Community Art Gallery of two MTR stations to further disseminate messages to encourage youngsters to cultivate the good habit of saving for the future.

14. During the month under review, community outreach activities continued. Nine MPF district carnivals, being part of a series of partnership programmes with political parties, were organized for the residents in various districts. In addition, five MPF seminars were arranged for civil servants, labour unions and members of the general public.

15. Publicity and communication programme for the injection of \$6,000 into the MPF accounts of eligible MPF/ORSO scheme members (GIC Project) continued in March. Various aspects of the Project were publicized through various channels, including leaflets, print announcements and seminars.

16. On the media front, 20 press releases and 11 contribution articles on various MPF topics were issued and published in March respectively, which include the MPFA's enforcement actions, the GIC Project and the commencement of the Injection Hotline.

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

Mandatory Provident Fund Schemes Authority  
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