

LegCo Panel on Manpower

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

Purpose

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

Enrolment

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

	Number of Participants*			Enrolment Rate		
	As at 30.4.2009	As at 31.3.2009	Change	As at 30.4.2009	As at 31.3.2009	Change
Employers	237 100	236 700	+ 400	99.5%	99.3%	+0.2%
Employees	2 192 100	2 201 500	-9 400	96.9%	97.3%	-0.4%
Self-employed persons (SEPs)	265 900	266 000	- 100	74.1%	74.1%	-

* to the nearest 100

3. The enrolment rate of employers increased by 0.2%. The enrolment rate of employees decreased by 0.4%. The enrolment rate of SEPs remained stable. As at the end of April 2009, 16 300 employers, 327 000 employees and 19 500 SEPs were registered under the Industry Schemes¹.

Complaint Handling

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

4. In April 2009, 792 complaints were received by the MPFA, of which 701 were complaints against 459 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	18
➤ Involuntary change from employee to SEP	3
➤ Non-enrolment in MPF Schemes	265
➤ Default contribution	642
➤ Others (e.g. dismissal; no pay records)	67
(B) Complaints concerning Trustees, Intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	91

* *Multiple selections included.*

Complaints received by the Labour Department (“LD”)

5. In April 2009, the LD received 45 MPF-related complaints, all of which were related to alleged wrongful deduction of wages, default contribution and non-enrolment of employees.

6. Of the 195 complaints received in 2009 (until the end of April):

- 50 cases was resolved after conciliation or advice given;
- 64 cases were referred to the Labour Tribunal/ Minor Employment Claims Adjudication Board of adjudication;
- 11 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;
- 69 cases where the employees had lodged claims with the LD were awaiting conciliation results; and
- 1 case was awaiting the employee’s decision on whether to lodge claim with the LD for conciliation.

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 April 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> 8 - <i>Non-enrolment (Employee / SEP dispute)</i> 6 - <i>Default contribution</i> 161 - <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>	23 300
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 122 - Number of employees involved 620 	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 7 - Number of employees involved 405 	
<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>	57
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 90 	

Education and Publicity

9. To sustain the education efforts in the thematic campaign on risk management for MPF investments, messages for a new round of campaign were published in the form of small advertisement boxes in a free tabloid newspaper for three weeks from 20 April. Besides, the 30-second sound bites, which are extracted from the radio programme launched in January, were randomly broadcast on two radio channels from late March for two weeks. In addition, selected 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 (APIs), each featuring one type of MPF fund, continued to be re-run at RoadShow buses and MTR respectively in April 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 notice to employers as a reminder.

11. Youth education activities continued. For the Inter-University Competition for Creating a Radio Programme, a prize presentation ceremony was held and the winning entries were produced as a radio drama and broadcast on a radio station in end April. Besides, eight MPF talks were conducted to educate tertiary institution students about the MPF System and MPF investment.

12. For the “Book Report Competition for Kindergarten Kids”, selected winning entries continued to be displayed at the Community Art Gallery of MTR stations to encourage youngsters to cultivate the good habit of saving for the future.

13. During the month, community outreach activities continued. Seven MPF district carnivals and gatherings, being part of a series of partnership programmes with political parties, were organized for the residents in various districts. In addition, six MPF seminars were arranged for employees, labour relations officers, professionals and participants of a re-training programme.

14. Publicity and communication programme for the injection of \$6,000 into the MPF accounts of eligible MPF/ORSO scheme members (GIC Project) continued in April. Various aspects of the Project were publicized through a variety of channels, including print announcement, API, poster, online flash banner, briefing sessions and seminars.

15. On the media front, 14 press releases were issued concerning the MPFA's enforcement actions. In addition, 14 contribution articles on various MPF topics were published through different channels in the media, focusing mainly on the GIC Project.

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

Mandatory Provident Fund Schemes Authority
11 May 2009