

LegCo Panel on Manpower

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

Purpose

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

Enrolment

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

	Number of Participants*			Enrolment Rate		
	As at 31.5.2009	As at 30.4.2009	Change	As at 31.5.2009	As at 30.4.2009	Change
Employers	237 900	237 100	+ 800	99.8%	99.5%	+0.3%
Employees	2 189 000	2 192 100	-3 100	96.8%	96.9%	-0.1%
Self-employed persons (SEPs)	265 600	265 900	- 300	74.0%	74.1%	-0.1%

* to the nearest 100

3. The enrolment rate of employers increased by 0.3%. Both the enrolment rates of employees and SEPs decreased by 0.1%. As at the end of May 2009, 16 400 employers, 327 800 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 May 2009, 715 complaints were received by the MPFA, of which 618 were complaints against 431 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:	
➤ Involuntary change from employee to SEP	1
➤ Non-enrolment in MPF Schemes	206
➤ Default contribution	577
➤ Others (e.g. dismissal; no pay records)	81
(B) Complaints concerning Trustees, Intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	97

* *Multiple selections included.*

Complaints received by the Labour Department (“LD”)

5. In May 2009, the LD received 40 MPF-related complaints, all of which were related to alleged wrongful deduction of wages, default contribution and non-enrolment of employees.

6. Of the 235 complaints received in 2009 (until the end of May):

- 65 cases were resolved after conciliation or advice given;
- 79 cases were referred to the Labour Tribunal/ Minor Employment Claims Adjudication Board of adjudication;
- 18 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;
- 72 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 May 2009	Number of Cases
A. <u>Prosecution</u> Number of summonses applied during the month - <i>Non-enrolment of employees</i> - <i>Non-enrolment (Employee / SEP dispute)</i> - <i>Default contribution</i> - <i>False statement</i> - <i>Failing to comply with a lawful requirement made by the Authority in the course of exercising or performing its functions</i>	54 3 0 49 2 0
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers	22 900
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved	116 422
D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved	21 471
E. <u>Submission to the High Court</u> - Number of cases submitted - Number of employees involved	0 0
F. <u>Submission to liquidators / receivers</u> Number of cases submitted	32
G. <u>Proactive Inspections</u> - Number of employment establishments visited	45

Education and Publicity

9. Publicity for the thematic campaign on risk management for MPF investments continued in May 2009. The messages were disseminated in the

form of small advertisement boxes in a free tabloid newspaper from 20 April to 8 May. Subsequently, the messages were produced in the form of seat-back advertisement in 30 buses from 22 May to 18 June.

10. To enhance the scheme members' understanding on how to handle their MPF preserved accounts and accrued benefits when changing jobs, the MPFA participated in a careers fair organized by Hong Kong Employment Development Service on 13 May. Exhibition panels were displayed and MPF publications were distributed to the participants.

11. Youth education activities continued. For the Skit Programme at secondary schools, nine schools were visited during the month and messages including the benefits of early retirement planning, the merits of MPF and compounding effect continued to be promulgated to the senior form students.

12. For the "Book Report Competition for Kindergarten Kids", selected winning entries were 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. Three MPF district carnivals, being part of a series of partnership programmes with political parties, were organized for the residents in various districts. Besides, the MPFA participated in a fun day organized by the branch of a labour union in Tung Chung and MPF messages were promoted to the local residents. In addition, nine MPF seminars were arranged for civil servants, intermediaries, self-employed persons, staff of LegCo Secretariat and the general public.

14. Publicity and communication programmes for the injection of \$6,000 into the MPF accounts of eligible MPF/ORSO scheme members (GIC Project) continued in May. In addition to the telecasting of the Announcements in the Public Interest (API) on the electronic media, the TV API was also telecast on the TV panels on buses to promote the Injection Hotline number and publicize the deadline for lodging a request for review of eligibility.

15. On the media front, 13 press releases were issued concerning the MPFA's enforcement actions. Meanwhile, 15 contribution articles on various MPF topics were published through different channels in the media, focusing mainly on the MPF System and GIC Project.

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