

LegCo Panel on Manpower

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

Purpose

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

Enrolment

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

	Number of Participants*			Enrolment Rate		
	As at 30.6.2009	As at 31.5.2009	Change	As at 30.6.2009	As at 31.5.2009	Change
Employers	238 700	237 900	+ 800	99.9%	99.8%	+0.1%
Employees	2 191 400	2 189 000	+2 400	97.3%	96.8%	+0.5%
Self-employed persons (SEPs)	265 000	265 600	- 600	75.3%	74.0%	+1.3%

* to the nearest 100

3. The enrolment rates of employers, employees and SEPs increased by 0.1%, 0.5% and 1.3% respectively. The increase in the enrolment rate of SEPs was due to the decrease of the universe of SEPs by 7 100. As at the end of June 2009, 16 400 employers, 329 800 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 June 2009, 844 complaints were received by the MPFA, of which 738 were complaints against 469 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	6
➤ Non-enrolment in MPF Schemes	224
➤ Default contribution	682
➤ Others (e.g. dismissal; no pay records)	102
(B) Complaints concerning Trustees, Intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	106

* *Multiple selections included.*

Complaints received by the Labour Department (“LD”)

5. In June 2009, the LD received 51 MPF-related complaints, all of which were related to alleged wrongful deduction of wages, default contribution and non-enrolment of employees.

6. Of the 286 complaints received in 2009 (until the end of June):
- 76 cases were resolved after conciliation or advice given;
 - 97 cases were referred to the Labour Tribunal/ Minor Employment Claims Adjudication Board of adjudication;
 - 20 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;
 - 92 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 actions taken by the MPFA are summarized below:

Enforcement action in June 2009	Number of Cases
A. <u>Prosecution</u>	
Number of summonses applied during the month	45
- <i>Non-enrolment of employees</i>	2
- <i>Non-enrolment (Employee / SEP dispute)</i>	1
- <i>Default contribution</i>	41
- <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
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears)	
Number of Notices issued to employers	24 000
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases submitted	86
- Number of employees involved	356
D. <u>Submission to the District Court</u>	
- Number of cases submitted	14
- Number of employees involved	591
E. <u>Submission to the High Court</u>	
- Number of cases submitted	0
- Number of employees involved	0
F. <u>Submission to liquidators / receivers</u>	
Number of cases submitted	47
G. <u>Proactive Inspections</u>	
- Number of employment establishments visited	74

Education and Publicity

9. Publicity for the thematic campaign on risk management for MPF investments continued in June 2009. The messages were produced in the form of seat-back advertisement in 30 buses for four weeks until 18 June 2009.

10. To enhance the scheme members' understanding on how to handle their MPF preserved accounts and accrued benefits when changing jobs, a series of free advertorials on this subject was published weekly in a free recruitment magazine ("Jiu Jik") from 26 June to 17 July 2009.

11. With an aim to incorporate the concept of financial planning and MPF knowledge into the curriculum of the New Senior Secondary Liberal Studies, a training workshop, namely "Financial Planning and Personal Development", for the teachers of Liberal Studies was co-organized with the Education Bureau and the Institute of Financial Planners of Hong Kong on 9 June 2009, to introduce to the Liberal Studies teachers the application of the topics to their teaching. The importance of financial management skills and early planning for MPF investment to adolescents' personal development was presented and a teaching kit was introduced to the teachers.

12. Youth education activities continued. For the Skit Programme for secondary schools, one more school was visited this month and messages including the benefits of early retirement planning, the merits and compounding effects of MPF continued to be disseminated to the senior form students. The entire programme for the 2008/09 academic year has completed with a total of 60 skit performances.

13. 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.

14. During the month, 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. Representatives of the MPFA attended the dinner gatherings organized by two labour unions and MPF messages were disseminated to their members. In addition, four MPF seminars were arranged for MPF intermediaries, persons participating in re-training courses and the general public.

15. On the media front, 18 press releases concerning the MPFA's enforcement actions were issued. Meanwhile, 22 contribution articles on various MPF topics were published through different media channels, focusing mainly on the protection for MPF scheme members.

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

Mandatory Provident Fund Schemes Authority
8 July 2009