

LegCo Panel on Manpower

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

Purpose

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

Enrolment

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

	Number of Participants*			Enrolment Rate		
	As at 31.7.2009	As at 30.6.2009	Change	As at 31.7.2009	As at 30.6.2009	Change
Employers	238 700	238 700	-	99.9%	99.9%	-
Employees	2 194 100	2 191 400	+2 700	97.4%	97.3%	+0.1%
Self-employed persons (SEPs)	264 800	265 000	-200	75.2%	75.3%	-0.1%

* to the nearest 100

3. The enrolment rate of employees increased by 0.1%. The enrolment rate of SEPs decreased by 0.1%. The enrolment rate of employers remained stable. As at the end of July 2009, 16 500 employers, 332 200 employees and 19 400 SEPs were registered under the Industry Schemes¹.

Complaint Handling

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

4. In July 2009, 740 complaints were received by the MPFA, of which 695 were complaints against 438 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	5
➤ Non-enrolment in MPF Schemes	230
➤ Default contribution	631
➤ Others (e.g. dismissal; no pay records)	81
(B) Complaints concerning Trustees, Intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	45

* *Multiple selections included.*

Complaints received by the Labour Department (“LD”)

5. In July 2009, the LD received 31 MPF-related complaints, all of which were related to alleged wrongful deduction of wages, default contribution and non-enrolment of employees.

6. Of the 317 complaints received in 2009 (until the end of July):

- 99 cases were resolved after conciliation or advice given;
- 125 cases were referred to the Labour Tribunal/ Minor Employment Claims Adjudication Board of adjudication;
- 23 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 July 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> 5 - <i>Non-enrolment (Employee / SEP dispute)</i> 2 - <i>Default contribution</i> 40 - <i>False statement</i> 2 - <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>	23 600
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 62 - Number of employees involved 612 	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 18 - Number of employees involved 514 	
<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>	42
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 169 	

Education and Publicity

9. To enhance 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 3 July to 17 July.

10. 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.

11. During the month, community outreach activities continued. 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 conducted for civil servants, labour relations officers and the general public.

12. A print announcement was published in all local newspaper in July 2009 to remind scheme members, inter alia, the deadline to lodge request for review of eligibility on 30 September 2009.

13. On the media front, 17 press releases concerning the MPFA's enforcement actions were issued. Meanwhile, 15 contribution articles on various MPF topics were published through different media channels, focusing mainly on MPF investment and MPF System.

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

Mandatory Provident Fund Schemes Authority
11 August 2009