

LegCo Panel on Manpower

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

Purpose

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

Enrolment

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

	Number of Participants*			Enrolment Rate		
	As at 31.8.2009	As at 31.7.2009	Change	As at 31.8.2009	As at 31.7.2009	Change
Employers	238 700	238 700	-	99.9%	99.9%	-
Employees	2 191 900	2 194 100	-2 200	97.3%	97.4%	-0.1%
Self-employed persons (SEPs)	264 600	264 800	-200	75.2%	75.2%	-

* to the nearest 100

3. The enrolment rates of employers and SEPs remained stable. The enrolment rate of employees decreased by 0.1%. As at the end of August 2009, 16 600 employers, 333 400 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 August 2009, 563 complaints were received by the MPFA, of which 525 were complaints against 358 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	175
➤ Default contribution	472
➤ Others (e.g. dismissal; no pay records)	71
(B) Complaints concerning Trustees, Intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	38

* *Multiple selections included.*

Complaints received by the Labour Department (“LD”)

5. In August 2009, the LD received 33 MPF-related complaints, all of which were related to alleged wrongful deduction of wages, default contribution and non-enrolment of employees.

6. Of the 350 complaints received in 2009 (until the end of August):
- 111 cases were resolved after conciliation or advice given;
 - 147 cases were referred to the Labour Tribunal/ Minor Employment Claims Adjudication Board of adjudication;
 - 24 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;
 - 67 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 August 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> 1 - <i>Non-enrolment (Employee / SEP dispute)</i> 1 - <i>Default contribution</i> 56 - <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>	24 300
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 78 - Number of employees involved 498 	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 6 - Number of employees involved 258 	
<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>	29
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 202 	

Education and Publicity

9. With an aim of educating and equipping scheme members with the knowledge to make informed choices in their MPF investment decision-making process, communication activities for the MPF Investment Education Campaign 2009/10 are being rolled out from August 2009. To facilitate the understanding of MPF trustees and MPF intermediaries of the key messages of the Campaign so that they can help disseminate the related messages to the scheme members or their peers, a total of nine briefing sessions had been conducted for these target groups from 17 to 20 August 2009. More than 2,000 participants attended the briefing sessions.

10. The MPF Preserved Account leaflet was distributed to around 160 youth and employment centres in order to enhance scheme members' understanding on how to handle their MPF preserved accounts and accrued benefits when changing jobs.

11. Youth education activities continued. An MPF talk was conducted to educate students of the Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme about the MPF System and MPF investment. Besides, a contribution article on the same topic was published in August 2009 in the Prospect Guide of Hok Yau Club which was distributed to this year's Form Five graduates.

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 a good habit of saving for the future.

13. During the month, community outreach activities continued. The MPFA attended a seminar cum dinner organized by a labour association and MPF messages were disseminated to their members. Besides, two MPF district carnivals and one tea gathering, being part of a series of partnership programmes with political parties, were organized for residents in various districts. In addition, three MPF seminars were conducted for some service contractors, employers and the general public.

14. On the media front, 16 press releases concerning the MPFA's enforcement actions were issued. In addition, 13 contribution articles on several MPF topics were published through different media channels, focusing mainly on MPF investment and the MPF System.

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