

LegCo Panel on Manpower

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

Purpose

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

Enrolment

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

	Number of Participants*			Enrolment Rate		
	As at 31.1.2009	As at 31.12.2008	Change	As at 31.1.2009	As at 31.12.2008	Change
Employers	237 400	237 500	- 100	99.8%	99.8%	-
Employees	2 169 400	2 174 700	- 5 300	97.7%	98.0%	-0.3%
Self-employed persons (SEPs)	266 500	266 700	- 200	73.7%	73.7%	-

* to the nearest 100

3. The enrolment rates of employers and SEPs remained stable. The enrolment rate of employees decreased slightly by 0.3%. As at the end of January 2009, 16 200 employers, 320 400 employees and 19 600 SEPs were registered under the Industry Schemes¹.

¹ Double registration with the two Industry Schemes trustees has been eliminated.

Complaint Handling

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

4. In January 2009, 441 complaints were received by the MPFA, of which 405 were complaints against 277 employers. The nature of the complaints received was as follows:

	<u>Number of complaints*</u>
(A) Complaints concerning Scheme members:	
➤ Wrongful reduction of wages / benefits	10
➤ Involuntary change from employee to SEP	4
➤ Non-enrolment in MPF Schemes	118
➤ Default contribution	372
➤ Others (e.g. dismissal; no pay records)	38
(B) Complaints concerning Trustees, Intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	36

* Multiple selections included.

Complaints received by the Labour Department (“LD”)

5. In January 2009, the LD received 49 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the 49 complaints received from in January 2009:

- 1 case was resolved after conciliation or advice given; and
- 48 cases where the employees had lodged claims with the LD were awaiting conciliation results.

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 January 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> 2 - <i>Default contribution</i> 23 - <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>28</p>
<p>B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears)</p> <p>Number of Notices issued to employers</p>	<p>19 000</p>
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 77 - Number of employees involved 315 	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 12 - Number of employees involved 269 	
<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>	<p>18</p>
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 150 	

Education and Publicity

9. Publicity for the MPF Schemes (Amendment) (No.2) Ordinance 2008 continued in January 2009. The TV Announcements in the Public Interest (API) was broadcast on outdoor TV wall and TV panels on buses. A flyer containing details of the amendments continued to be sent with payment notices as a reminder to employers.

10. In order to educate scheme members on how to look after their MPF investments in a volatile market and how the existing MPF regime safeguards their interests, a thematic campaign on risk management for MPF investments was rolled out in January 2009. A new six-episode radio series (積金投資事務課) was broadcast in the Commercial Radio in mid-January. Besides, a new section “FAQs on MPF Investments” has been uploaded on MPFA’s website for the public’s easy access.

11. To take the opportunity of the festive occasion of Chinese New Year to express our goodwill and to increase the public awareness of the “JJ Five Band” characters, each representing one type of MPF fund, a specially designed Fai Chun (積金是福 金銀滿屋) was distributed to the public through a popular newspaper on 19 January 2009. In addition, in order to gently remind the public to look after their MPF investments, educational decorations with a set of five figurines of the “JJ Five Band”, were produced and widely distributed via labour unions and community organizations to target scheme members and stakeholders. Scheme members can learn more about the characteristics of the five major types of MPF funds by reading the information attached with each figurine and acquiring further knowledge on MPFA’s website.

12. Youth education activities continued. For the Skit Programme at secondary schools, two schools were visited during the month and messages including the benefits of early planning for retirement, the merits of MPF and compounding effect were promulgated to their senior form students. Moreover, an advertorial publicizing the “Saving Plan Writing Competition for Primary School Students” was published in a children’s magazine in January.

13. Various community outreach activities were carried out in January. Two MPF seminars were arranged for the employees of the affiliated units of a labour union and participants of re-training programmes. Besides, a new round of MPF district carnivals, being part of a series of partnership programmes with political parties, was rolled out and the first carnival was held in January. Moreover, MPFA participated in a carnival arranged by a community organization in Yuen Long and MPF messages were disseminated to the participants.

14. On the media front, 12 press releases were issued concerning the MPFA's enforcement actions. In addition, 10 contribution articles on various MPF topics were published through different channels in the media, focusing mainly on MPF investments (including those messages conveyed in the thematic campaign on risk management mentioned in paragraph 10 above), self-employed persons' rights and obligations and other general MPF topics.

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

Mandatory Provident Fund Schemes Authority
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