

## LegCo Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report - February 2010

#### Purpose

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

#### Enrolment

2. The enrolment position, at the end of February 2010 was as follows:

	Enrolment*			Enrolment Rate		
	As at 28.2.2010	As at 31.1.2010	Change	As at 28.2.2010	As at 31.1.2010	Change
<b>Employers</b>	238 500	238 500	-	99.9%	99.9%	-
<b>Employees</b>	2 208 200	2 208 100	+100	99.8%	99.8%	-
<b>Self-employed persons (SEPs)</b>	262 800	263 000	-200	75.4%	75.5%	-0.1%

\* to the nearest 100

3. The enrolment rate of employers and employees remained stable. The enrolment rate of SEPs decreased by 0.1 percentage point. As at the end of February 2010, 17 000 employers, 347 900 employees and 19 200 SEPs were registered under the Industry Schemes<sup>1</sup>.

#### Complaint Handling

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

4. In February 2010, 367 complaints were received by the MPFA, of which 338 were complaints against 251 employers. The nature of the complaints received was as follows:

<sup>1</sup> These figures have excluded double registration between the two Industry Schemes trustees.

	<u>Number of complaints<sup>^</sup></u>
(A) Complaints concerning Scheme members:	
➤ Involuntary change from “employee” status to “SEP” status	2
➤ Non-enrolment in MPF Schemes	100
➤ Default contribution	307
➤ Others (e.g. dismissal; no pay records)	50
(B) Complaints concerning Trustees, Intermediaries, schemes under the Occupational Retirement Schemes Ordinance (“ORSO”), etc	29

<sup>^</sup> *Included multiple selections.*

### Complaints received by the Labour Department (“LD”)

5. In February 2010, the LD received 24 MPF-related complaints, all of which were related to alleged wrongful deduction of wages, default contribution and non-enrolment of employees.

6. Of the 48 complaints received in 2010 (until the end of February):

- 4 cases were resolved after conciliation or advice given;
- 9 cases were referred to the Labour Tribunal/ Minor Employment Claims Adjudication Board for adjudication;
- 1 case where the employers were insolvent were referred to the Legal Aid Department, the Official Receiver’s Office and the Protection of Wages on Insolvency Fund;
- 31 cases where the employees had lodged claims with the LD were awaiting conciliation result; and
- 3 cases were 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:

<b>Enforcement action in February 2010</b>	<b>Number of Cases</b>
<p>A. <u>Prosecution</u></p> <p>Number of summonses applied during the month</p> <ul style="list-style-type: none"> <li>- <i>Non-enrolment of employees</i> 5</li> <li>- <i>Non-enrolment (Employee / SEP dispute)</i> 3</li> <li>- <i>Default contribution</i> 77</li> <li>- <i>False statement</i> 30</li> <li>- <i>Failing to comply with a lawful requirement made by the Authority in the course of exercising or performing its functions</i> 0</li> </ul>	<p>115</p>
<p>B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears)</p> <p>Number of Notices issued to employers</p>	<p>22 700</p>
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 43</li> <li>- Number of employees involved 190</li> </ul>	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 10</li> <li>- Number of employees involved 331</li> </ul>	
<p>E. <u>Submission to the High Court</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 0</li> <li>- Number of employees involved 0</li> </ul>	
<p>F. <u>Submission to liquidators / receivers</u></p> <p>Number of cases submitted</p>	<p>33</p>
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> <li>- Number of employment establishments visited 395</li> </ul>	

## **Education and Publicity**

9. The MPF Investment Education Campaign 2009/10 continued in February 2010 to educate and equip scheme members with the knowledge to make informed choices for their MPF investments. A series of three publications and a multi-media kit on MPF investment decision-making targeting scheme members with different information needs were produced and distributed to various stakeholders and members of the public. A PowerPoint presentation with narration carrying the theme of “Making Informed Decisions for Your MPF Life” together with the above-mentioned publications were also uploaded on the MPFA website for public access.

10. Moreover, communication activities continued and three briefing sessions were conducted during the month for large employers with 2,000 or above employees holding MPF accounts. Besides, the TV Announcements in the Public Interest (APIs) featuring the five major types of MPF funds continued to broadcast on all local free and paid TV channels to sustain the publicity on MPF fund features.

11. To express our goodwill and make use of the festive occasion of Chinese New Year to publicize slogans of the six major decision points in a member’s lifelong MPF investment process, a series of specially designed Fai Chun cum paper figurine of the “JJ Five Band”, each representing one type of MPF fund, was widely distributed to the public through a popular newspaper on 8 February 2010. A “fortune bag” together with a tips card were also distributed via labour unions and community organizations to targeted scheme members and stakeholders. Scheme members can learn more about the characteristics of the five major types of MPF funds and the six decision points in their MPF investments by reading the information printed on the above-mentioned souvenirs.

12. The MPFA participated in the “Education and Careers Expo 2010” organized by the Hong Kong Trade Development Council from 4 to 7 February 2010. An exhibition booth was staged to enhance the understanding of the workforce and students on the MPF System and MPF investment. A seminar on how to handle MPF accrued benefits when changing jobs was also conducted during the Expo.

13. Youth education activities continued. Selected winning entries of the “Parenting Creative Drawing Competition for Kindergarten Kids” were displayed at the Community Art Gallery of an MTR station in February 2010 to encourage youngsters to cultivate a good habit of saving for the future.

14. The Skit Programme continued in secondary schools, with a total of 10 schools visited and messages including the benefits of early planning for retirement as well as the merits of MPF and compounding effect of MPF investment disseminated to the senior form students. Meanwhile, 120,000 copies of the MPF youth booklet were distributed to all F.5 and F.7 school leavers through the Careers Section of local secondary schools.

15. Roving exhibitions and recruitment briefings for the Inter-University Competition for Creating a Radio Programme were staged to promote the competition and disseminate MPF messages at the campus of all local universities since January 2010 and five briefings were held in February. The objective of this programme is to enhance the knowledge of university students on the MPF System and MPF investment and to prepare them for joining the MPF System when taking part-time jobs or working full-time after graduation. In addition, an MPF talk was conducted to disseminate the MPF messages to some post-secondary students of an institution.

16. To reach out to members of the community and to educate them on the knowledge of MPF investment, three MPF talks were conducted for union members and MPF intermediaries.

17. In February 2010, a total of 17 press releases concerning MPFA's enforcement actions were issued to the media. Furthermore, 16 contribution articles were published through different media channels, focusing mainly on MPF investment, MPFA's enforcement actions and the MPF System.

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