## LegCo Panel on Manpower

# Implementation of the Mandatory Provident Fund System Progress Report - September 2009

### **Purpose**

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

#### **Enrolment**

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

	Number of Participants*			Enrolment Rate		
	As at 30.9.2009	As at 31.8.2009	Change	As at 30.9.2009	As at 31.8.2009	Change
Employers	238 700	238 700	-	99.9%	99.9%	-
Employees	2 195 900	2 191 900	+4 000	98.7%	97.3%	+1.4%
Self-employed persons (SEPs)	264 500	264 600	-100	76.3%	75.2%	+1.1%

<sup>\*</sup> to the nearest 100

3. The enrolment rate of employers remained stable. The enrolment rates of employees and SEPs increased by 1.4% and 1.1% respectively. As at the end of September 2009, 16 600 employers, 334 900 employees and 19 400 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 September 2009, 584 complaints were received by the MPFA, of which 536 were complaints against 402 employers. The nature of the complaints received was as follows:

<sup>&</sup>lt;sup>1</sup> Double registration with the two Industry Schemes trustees has been eliminated.

		Number of complaints*
(A)	Complaints concerning Scheme members:	
	➤ Involuntary change from employee to SEP	7
	Non-enrolment in MPF Schemes	211
	Default contribution	475
	Others (e.g. dismissal; no pay records)	81
(B)	Complaints concerning Trustees, Intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	48

<sup>\*</sup> Multiple selections included.

### Complaints received by the Labour Department ("LD")

- 5. In September 2009, the LD received 27 MPF-related complaints, all of which were related to alleged wrongful deduction of wages, default contribution and non-enrolment of employees.
- 6. Of the 377 complaints received from 1 January 2009 (until the end of September):
  - 127 cases were resolved after conciliation or advice given;
  - 165 cases were referred to the Labour Tribunal/ Minor Employment Claims Adjudication Board of adjudication;
  - 28 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;
  - 56 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 September 2009	Number of Cases
A.	Prosecution	
	Number of summonses applied during the month	140
	- Non-enrolment of employees	5
	- Non-enrolment (Employee / SEP dispute)	1
	- Default contribution	124
	- False statement	10
	- Failing to comply with a lawful requirement made by the Authority in the course of exercising or performing its functions	0
B.	Contribution Surcharge	
	(@5% of the contributions in arrears)	
	Number of Notices issued to employers	23 700
C.	Submission to the Small Claims Tribunal	
	- Number of cases submitted	51
	- Number of employees involved	186
D.	Submission to the District Court	
	- Number of cases submitted	11
	- Number of employees involved	571
E.	Submission to the High Court	
	- Number of cases submitted	1
	- Number of employees involved	1 255
F.	Submission to liquidators / receivers	
	Number of cases submitted	19
G.	Proactive Inspections	
	- Number of employment establishments visited	87

#### **Education and Publicity**

- 9. Communication activities for the MPF Investment Education Campaign 2009/10 continued in September 2009 to educate and equip scheme members with the knowledge to make informed choices in their MPF investment decision-making process. A total of 11 briefing sessions were conducted for various stakeholder groups like District Council committees /sub-committees and trustee representatives. A separate briefing session was organized for media representatives.
- 10. To wrap up the publicity and communication programmes for the injection of \$6,000 into the MPF accounts of eligible MPF/ORSO scheme members (GIC Project), a print announcement was published in all local newspapers and a press release was issued in September to remind scheme members the deadline of 30 September 2009 for lodging request for review of eligibility. The TV API was also broadcast on Yahoo!HK homepage and in MTRC trains and stations.
- 11. For youth education activities, an MPF talk was conducted to educate students of a university about the MPF System and MPF investment. Furthermore, selected winning entries of the "Book Report Competition for Kindergarten Kids" continued to be displayed at the Community Art Gallery of an MTR station to encourage youngsters to cultivate a good habit of saving for the future.
- 12. To reach out to the community, MPFA representatives attended five seminar cum dinners organized by different labour unions, during which MPF messages were disseminated to their members. Three 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, six MPF seminars were conducted for civil servants, labour relations officers, officials from the Mainland and the general public.
- 13. On the media front, 17 press releases concerning the MPFA's enforcement actions were issued to the media. In addition, 15 contribution articles on a number of MPF topics were published through different media channels, focusing mainly on MPF investment, the MPF System and MPF preserved accounts.
- 14. Members are invited to note the contents of this paper.

Mandatory Provident Fund Schemes Authority 14 October 2009