

## LegCo Panel on Manpower

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

#### Purpose

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

#### Enrolment

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

|                                     | Enrolment*         |                    |        | Enrolment Rate     |                    |        |
|-------------------------------------|--------------------|--------------------|--------|--------------------|--------------------|--------|
|                                     | As at<br>31.3.2010 | As at<br>28.2.2010 | Change | As at<br>31.3.2010 | As at<br>28.2.2010 | Change |
| <b>Employers</b>                    | 239 000            | 238 500            | +500   | 99.6%              | 99.9%              | -0.3%  |
| <b>Employees</b>                    | 2 207 000          | 2 208 200          | -1 200 | 99.9%              | 99.8%              | +0.1%  |
| <b>Self-employed persons (SEPs)</b> | 262 600            | 262 800            | -200   | 74.0%              | 75.4%              | -1.4%  |

\* to the nearest 100

3. The enrolment rate of employees increased by 0.1 percentage point. The enrolment rates of employers and SEPs decreased by 0.3 and 1.4 percentage points respectively. As at the end of March 2010, 17 000 employers, 349 500 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 March 2010, 607 complaints were received by the MPFA, of which 574 were complaints against 354 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   | 6                                       |
| ➤ Non-enrolment in MPF Schemes  | 169                                     |
| ➤ Default contribution  | 539                                     |
| ➤ Others (e.g. dismissal; no pay records)   | 90                                      |
| (B) Complaints concerning Trustees, Intermediaries, schemes under the Occupational Retirement Schemes Ordinance (“ORSO”), etc | 33                                      |

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

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

5. In March 2010, 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 81 complaints received in 2010 (until the end of March):

- 5 cases were resolved after conciliation or advice given;
- 22 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;
- 50 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 March 2010</b>  | <b>Number of Cases</b> |
|--|------------------------|
| <p>A. <u>Prosecution</u><br/>           Number of summonses applied during the month</p> <ul style="list-style-type: none"> <li>- <i>Non-enrolment of employees</i> 7</li> <li>- <i>Non-enrolment (Employee / SEP dispute)</i> 0</li> <li>- <i>Default contribution</i> 117</li> <li>- <i>False statement</i> 5</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>B. <u>Contribution Surcharge</u><br/>           (@5% of the contributions in arrears)<br/>           Number of Notices issued to employers</p>  | 25 000                 |
| <p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 68</li> <li>- Number of employees involved 139</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 183</li> </ul>   |                        |
| <p>E. <u>Submission to the High Court</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 1</li> <li>- Number of employees involved 1152</li> </ul>   |                        |
| <p>F. <u>Submission to liquidators / receivers</u><br/>           Number of cases submitted</p>  | 45                     |
| <p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> <li>- Number of employment establishments visited 360</li> </ul>   |                        |

## **Education and Publicity**

9. Communication activities for the MPF Investment Education Campaign 2009/10 continued in March 2010. Three briefing sessions were conducted for a non-governmental organization and two labour unions to educate and equip scheme members with the knowledge to make informed choices for their MPF investments. Besides, the TV Announcements in the Public Interest (APIs) featuring the five major types of MPF funds were aired on all local free and paid TV channels to publicize the MPF fund features.

10. For youth education activities, the Skit Programme was performed in 18 secondary schools in March 2010 to disseminate messages regarding the benefits of early planning for retirement as well as the merits of MPF and compounding effect of MPF investment to the senior form students. The entire programme for the 2009/10 academic year had been completed with skit performances staged at a total of 60 schools.

11. Moreover, three MPF talks were conducted in this month to educate tertiary students about the MPF System and MPF investment. The MPFA had also participated in a career fair of a university to disseminate MPF messages to the students.

12. To outreach to the community, six MPF talks were conducted for civil servants, labour relations officers and members of a training institution. While six district carnivals and four tea gatherings were jointly organized with a political party for the working public in various districts, MPFA representatives also attended dinner gatherings organized by two labour unions to disseminate MPF messages.

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

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

Mandatory Provident Fund Schemes Authority  
13 April 2010