

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report - April 2010

Purpose

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

Enrolment

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

	Enrolment*			Enrolment Rate		
	As at 30.4.2010	As at 31.3.2010	Change	As at 30.4.2010	As at 31.3.2010	Change
Employers	239 700	239 000	+700	99.9%	99.6%	+0.3%
Employees	2 207 400	2 207 000	+400	99.9%	99.9%	-
Self-employed persons (SEPs)	262 400	262 600	-200	73.9%	74.0%	-0.1%

* to the nearest 100

3. The enrolment rate of employers increased by 0.3 percentage point. While the enrolment rate of SEPs dropped by 0.1 percentage point, that of employees remained stable. As at the end of April 2010, 17 100 employers, 351 700 employees and 19 100 SEPs were registered under the Industry Schemes¹.

Complaint Handling

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

4. In April 2010, 419 complaints were received by the MPFA, of which 391 were complaints against 283 employers. The nature of the complaints received was as follows:

¹ These figures have excluded double registration between the two Industry Schemes trustees.

	<u>Number of complaints[^]</u>
(A) Complaints concerning Scheme members:	
➤ Involuntary change from “employee” status to “SEP” status	1
➤ Non-enrolment in MPF Schemes	137
➤ Default contribution	342
➤ Others (e.g. dismissal; no pay records)	75
(B) Complaints concerning Trustees, Intermediaries, schemes under the Occupational Retirement Schemes Ordinance (“ORSO”), etc	28

[^] *Included multiple selections.*

Complaints received by the Labour Department (“LD”)

5. In April 2010, the LD received 13 MPF-related complaints, all of which were related to alleged wrongful deduction of wages, default contribution and non-enrolment of employees.

6. Of the 94 complaints received in 2010 (until the end of April):

- 17 cases were resolved after conciliation or advice given;
- 31 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;
- 42 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:

Enforcement action in April 2010	Number of Cases
A. <u>Prosecution</u> Number of summonses applied during the month - <i>Non-enrolment of employees</i> - <i>Non-enrolment (Employee / SEP dispute)</i> - <i>Default contribution</i> - <i>False statement</i> - <i>Failing to comply with a lawful requirement made by the Authority in the course of exercising or performing its functions</i>	296 12 2 237 45 0
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) - Number of employers with notices issued	20 428
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved	75 268
D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved	7 398
E. <u>Submission to the High Court</u> - Number of cases submitted - Number of employees involved	0 0
F. <u>Submission to liquidators / receivers</u> Number of cases submitted	59
G. <u>Proactive Inspections</u> - Number of employment establishments visited	284

Education and Publicity

9. Communication activities for the MPF Investment Education Campaign 2009/10 continued to educate and equip scheme members with the knowledge to make informed decisions in their lifelong MPF investment process. In April 2010, five briefing sessions were conducted for a public organization, private corporations and tertiary institutions. Besides, a series of ten quarter-page columns was published in a free newspaper from 19 to 30 April to publicize the six major decision points of a scheme member's MPF investment journey.

10. Moreover, to sustain the publicity on MPF fund features, the TV Announcements in the Public Interest (APIs) featuring the five major types of MPF funds were broadcast on all local free and paid TV channels. Print advertisements were also published in two local newspapers, one free newspaper and one magazine in the month.

11. In order to enhance scheme members' understanding on how to handle their MPF accrued benefits when changing jobs, a thematic campaign on MPF preserved accounts was launched in April 2010. Information box and advertorials were placed in two newspapers and two magazines. Meanwhile, a total of 300,000 pieces of electronic direct mailers with preserved account messages were sent to the working population and a web banner was placed on a recruitment website. Contribution articles were also published in three newspapers to disseminate the messages to the general public.

12. Youth education activities continued. A prize presentation ceremony was held on 26 April 2010 to wrap up the Inter-University Competition for Creating a Radio Programme. The three winning entries selected by public online-voting were posted on the thematic webpage of the programme until 30 April 2010 for public access. In addition, four MPF talks were conducted in this month to educate students of tertiary institutions about the MPF System and MPF investment. Furthermore, selected winning entries of the "Parenting Creative Drawing Competition for Kindergarten Kids" were displayed at the Community Art Gallery of an MTR station to encourage youngsters to cultivate a good habit of saving for the future.

13. During the month, a number of outreach activities were carried out to promote MPF messages to local communities. Apart from one district carnival and one tea gathering jointly organized with a political party for the working public, the MPFA also participated in a fun day organized by the branch of a labour union in Tung Chung. Representatives of the MPFA attended four dinner gatherings and one tea gathering organized by three labour unions to disseminate MPF messages. Besides, four MPF talks were conducted for union members, employers and employees of some industries.

14. In April 2010, 12 press releases concerning MPFA's enforcement actions were issued to the media. In addition, 15 contribution articles were published through different media channels, focusing mainly on management of MPF preserved accounts, MPF investment and MPF System.

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

Mandatory Provident Fund Schemes Authority
May 2010