

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – May 2010

Purpose

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

Enrolment

2. The estimated enrolment statistics are as follows:

	Enrolment*			Enrolment Rate		
	As at 31.5.2010	As at 30.4.2010	Change	As at 31.5.2010	As at 30.4.2010	Change
Employers	239 800	239 700	+100	99.9%	99.9%	-
Employees	2 208 300	2 207 400	+900	99.9%	99.9%	-
Self-employed persons (SEPs)	262 200	262 400	-200	73.9%	73.9%	-

* to the nearest 100

3. The enrolment rates of employers, employees and SEPs remained stable. As at the end of May 2010, 17 200 employers, 353 700 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 May 2010, 507 complaints were received by the MPFA, of which 483 were complaints against 341 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	12
➤ Non-enrolment in MPF Schemes	183
➤ Default contribution	429
➤ Others (e.g. dismissal; no pay records)	80
(B) Complaints concerning Trustees, Intermediaries, schemes under the Occupational Retirement Schemes Ordinance (“ORSO”), etc	24

[^] *Included multiple selections.*

Complaints received by the Labour Department (“LD”)

5. In May 2010, the LD received 19 MPF-related complaints, all of which were related to alleged wrongful deduction of wages, default contribution and non-enrolment of employees.

6. Of the 113 complaints received in 2010 (until the end of May):

- 34 cases were resolved after conciliation or advice given;
- 39 cases were referred to the Labour Tribunal/ Minor Employment Claims Adjudication Board for adjudication;
- 2 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;
- 35 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 May 2010	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> 6 - <i>Non-enrolment (Employee / SEP dispute)</i> 1 - <i>Default contribution</i> 166 - <i>False statement</i> 5 - <i>Failing to comply with a lawful requirement made by the Authority in the course of exercising or performing its functions</i> 1 	<p>179</p>
<p>B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears)</p> <ul style="list-style-type: none"> - Number of employers with notices issued 	<p>20 700</p>
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 73 - Number of employees involved 162 	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 11 - Number of employees involved 138 	
<p>E. <u>Submission to the High Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 1 - Number of employees involved 758 	
<p>F. <u>Submission to liquidators / receivers</u></p> <p>Number of cases submitted</p>	<p>51</p>
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 	<p>268</p>

Education and Publicity

9. In order to publicize the messages on the six major decision points of a scheme member's MPF investment to the general public, a wide range of public programmes has been launched since May 2010 in the MPF Investment Education Campaign. To mark the commencement of these programmes, a launch ceremony officiated by the Chief Executive of the Hong Kong Special Administrative Region and MPFA Chairman and board members was held on 21 May. Guests from different sectors of the community were also invited to signify their support to the MPFA's MPF investment education activities on stage. The ceremony marked a prelude to a three-day launch event held at the same venue from 21 to 23 May for the participation by members of the public. It comprised MPF seminars, exhibitions, game booths and MPF counters providing free and professional MPF consultation services by Certified Financial Planners.

10. Apart from the above-mentioned event, radio programmes including radio drama series (積金投資怎決定星級版) with casting of well-known DJs and artistes and time-check messages were broadcast in a radio station in May. To draw public interest to the radio drama, which is adapted from an MPF educational publication with detailed concepts of MPF investment, an on-line game was run on two websites of the radio station prior to the launch of the drama.

11. In addition, publicity through the print media on the messages on the six major decision points was arranged in four newspapers and one magazine. An educational column was also started in a popular financial magazine. Meanwhile, 500,000 copies of the pictorial leaflet that illustrates the decision-making process in simple text and massive graphics were also distributed to the public through a popular newspaper on 25 May. Furthermore, while a thematic website for investment education was introduced in this month, a number of online advertising including flash banner and keyword search marketing on a popular web portal, as well as electronic direct mailers were arranged to promote the website and the launch event.

12. The on-going communication activities on MPF investment continued in May 2010. During the month, seven briefing sessions were conducted for various organizations 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) highlighting the five major types of MPF funds were telecast on all local free and paid TV channels to publicize the MPF fund features.

13. For youth education, display of selected winning entries of the “Parenting Creative Drawing Competition for Kindergarten Kids” continued at the Community Art Gallery of an MTR station to encourage youngsters to form a good habit of saving for the future.

14. To reach out to members of the community, nine MPF seminars were organized for civil servants, union members, MPF intermediaries, members of a professional institute and the general public. The MPFA also gave a talk at a dinner gathering organized by a labour union.

15. On the media front, 15 press releases regarding MPFA’s enforcement actions and launch ceremony of the MPF Investment Education Campaign were issued. Besides, 12 contribution articles were published through different media channels, focusing mainly on MPF investment, management of MPF preserved accounts and withdrawal of MPF accrued benefits on the ground of permanent departure.

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

Mandatory Provident Fund Schemes Authority
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