

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – June 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 30.6.2010	As at 31.5.2010	Change	As at 30.6.2010	As at 31.5.2010	Change
Employers	238 500	239 800	-1 300	98%	100%	-2%
Employees	2 195 900	2 208 300	-12 400	99%	100%	-1%
Self-employed persons (SEPs)	261 500	262 200	-700	74%	74%	-

* to the nearest 100

3. The enrolment rates of employers and employees dropped by 2 and 1 percentage points respectively. The enrolment rate of SEPs remained stable. As at the end of June 2010, 17 100 employers, 356 600 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 June 2010, 514 complaints were received by the MPFA, of which 482 complaints were made against 356 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	159
➤ Default contribution	421
➤ Others (e.g. dismissal; no pay records)	95
(B) Complaints concerning Trustees, Intermediaries, schemes under the Occupational Retirement Schemes Ordinance (“ORSO”), etc	32

[^] *Included multiple selections.*

Complaints received by the Labour Department (“LD”)

5. In June 2010, the LD received 20 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 133 complaints received in 2010 (until the end of June):

- 41 cases were resolved after conciliation or advice given;
- 49 cases were referred to the Labour Tribunal/ Minor Employment Claims Adjudication Board for adjudication;
- 2 cases 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;
- 38 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 Mandatory Provident Fund 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 June 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>	229 11 3 208 7 0
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) - Number of employers with notices issued	20 700
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved	72 446
D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved	11 212
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	31
G. <u>Proactive Inspections</u> - Number of employment establishments visited	229

Education and Publicity

9. The MPF Investment Education Campaign continued in June 2010 to publicize the messages of the six major decision points of a scheme member's MPF investment journey to the general public. Ten-episode interview segments (積金登陸名人聚) hosted by a famous financial expert to chit chat with celebrities were broadcast on a radio station in June 2010. To tie in with the launch of the interview segment, a quarter-page educational column was published in a free newspaper from 7 to 21 June 2010 to highlight the key messages carried in the radio programme. In addition, to sustain the publicity impact of the radio programmes launched in May 2010, a re-run of the radio drama series (積金投資怎決定星級版) and time-check messages were also arranged.

10. To equip scheme members with the knowledge to make informed choices for the MPF investments, 10 MPF briefing sessions, including one co-organized with a group of District Council members, were conducted for union members, MPF intermediaries, employers and the general public.

11. 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 June 2010 to encourage youngsters to cultivate a good habit of saving for the future. In addition, an MPF talk was conducted to disseminate the MPF messages to some post-secondary students of an institution.

12. For communication at the community level, five MPF talks were conducted for human resources professionals, labour relations officers, participants of an employment scheme and the general public.

13. On the media front, 18 press releases regarding MPFA's enforcement actions were issued. Besides, different print media carried 19 articles contributed by the MPFA on MPF investment.

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