

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – July 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 31.7.2010	As at 30.6.2010	Change	As at 31.7.2010	As at 30.6.2010	Change
Employers	239 600	238 500	+1 100	98%	98%	-
Employees	2 210 800	2 195 900	+14 900	100%	99%	+1%
Self-employed persons (SEPs)	261 300	261 500	-200	74%	74%	-

* to the nearest 100

3. The enrolment rates of employers and SEPs remained stable. The enrolment rate of employees increased by 1 percentage point. As at the end of July 2010, 17 200 employers, 359 500 employees and 19 000 SEPs were registered under the Industry Schemes¹.

Complaint Handling

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

4. In July 2010, 439 complaints were received by the MPFA, of which 405 complaints were made against 327 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	5
➤ Non-enrolment in MPF Schemes	181
➤ Default contribution	360
➤ Others (e.g. dismissal; no pay records)	74
(B) Complaints concerning Trustees, Intermediaries, schemes under the Occupational Retirement Schemes Ordinance (“ORSO”), etc	34

[^] *Included multiple selections.*

Complaints received by the Labour Department (“LD”)

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

6. Of the 146 complaints received in 2010 (until the end of July):

- 49 cases were resolved after conciliation or advice given;
- 60 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;
- 32 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 actions taken by the MPFA are summarized below:

Enforcement action in July 2010	Number of Cases
<p>A. <u>Prosecution</u> 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> 3 - <i>Default contribution</i> 251 - <i>False statement</i> 9 - <i>Failing to comply with a lawful requirement made by the Authority in the course of exercising or performing its functions</i> 1 	
<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 	21 100
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 51 - Number of employees involved 165 	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 6 - Number of employees involved 225 	
<p>E. <u>Submission to the High Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 0 - Number of employees involved 0 	
<p>F. <u>Submission to liquidators / receivers</u> Number of cases submitted</p>	24
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 	211

Education and Publicity

9. In order to publicize the messages on the six major decision points of a scheme member's MPF investment journey, a roving exhibition was held at a shopping mall in Eastern Kowloon from 9 to 11 July. It comprised exhibitions, game booths, and MPF counters with Certified Financial Planners providing independent and professional MPF consultation services free of charge. Furthermore, pre-event advertising including an online flash banner on a popular web portal and an advertisement in a free newspaper were arranged to promote the event. Moreover, upon completion of the airing of joint educational programmes in a radio station, the respective sound clips are made available on the MPFA website and the thematic MPF investment education website.

10. 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.

11. During the month, a number of outreach activities were carried out to educate and equip scheme members with the knowledge to make informed choices for their MPF investments. Apart from three tea gatherings jointly organized with a political party for the working public, 29 MPF talks were conducted for civil servants, MPF intermediaries, participants of a training programme on building management, employees, employers, union members and the general public. Besides, MPFA representatives also attended four dinner gatherings organized by a political party and labour unions to disseminate MPF messages.

12. In July, 18 press releases concerning MPFA's enforcement actions were issued. In addition, 23 articles focusing mainly on MPF investments were published through different media channels.

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