

## LegCo Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – August 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 31.8.2010	As at 31.7.2010	Change	As at 31.8.2010	As at 31.7.2010	Change
<b>Employers</b>	240 300	239 600	+700	98%	98%	-
<b>Employees</b>	2 218 800	2 210 800	+8 000	100%	100%	-
<b>Self-employed persons (SEPs)</b>	261 200	261 300	-100	74%	74%	-

\* to the nearest 100

3. The enrolment rates of employers, employees and SEPs remained stable. As at the end of August 2010, 17 300 employers, 361 400 employees and 19 000 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 August 2010, 410 complaints were received by the MPFA, of which 375 complaints were made against 291 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	5
➤ Non-enrolment in MPF Schemes	156
➤ Default contribution	343
➤ Others (e.g. dismissal; no pay records)	81
(B) Complaints concerning Trustees, Intermediaries, schemes under the Occupational Retirement Schemes Ordinance (“ORSO”), etc	35

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

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

5. In August 2010, the LD received 26 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 172 complaints received in 2010 (until the end of August):

- 59 cases were resolved after conciliation or advice given;
- 68 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;
- 40 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 (“MPFSO”) by investigating complaints, inspecting employment premises, making claims at law courts on behalf of employees to recover outstanding default contributions, and prosecuting employers who are in breach of MPFSO.

8. Recent enforcement actions taken by the MPFA are summarized below:

<b>Enforcement action in August 2010</b>	<b>Number of Cases</b>
<b>A. <u>Prosecution</u></b> 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>	252  4 6 236 5 1
<b>B. <u>Contribution Surcharge</u></b> (@5% of the contributions in arrears) - Number of employers with notices issued	19 300
<b>C. <u>Submission to the Small Claims Tribunal</u></b> - Number of cases submitted - Number of employees involved	59 185
<b>D. <u>Submission to the District Court</u></b> - Number of cases submitted - Number of employees involved	10 160
<b>E. <u>Submission to the High Court</u></b> - Number of cases submitted - Number of employees involved	0 0
<b>F. <u>Submission to liquidators / receivers</u></b> Number of cases submitted	19
<b>G. <u>Proactive Inspections</u></b> - Number of employment establishments visited	201

## **Education and Publicity**

9. The MPF Investment Education Campaign continued in August 2010 to publicize the messages of the six major decision points of a scheme member's MPF investment journey to the general public. A series of 60-second messages entitled “通識 60 秒” was broadcast on a radio station. To tie in with the launch of the radio segments, key messages carried in the radio segments were published weekly in a free newspaper.

10. With a view to promoting part-time employees' rights and responsibilities under the MPF System, a thematic campaign was rolled out. A leaflet was produced and distributed to the targeted scheme members and the public via labour unions, government departments and other distribution channels. In addition, eight contribution articles on the subject were published in different media channels including newspapers, a magazine and a recruitment website.

11. Youth education activities continued. A contribution article on the MPF System and MPF investment was published in August in the Prospect Guide of Hok Yau Club which was distributed to this year's Form Five graduates. Selected winning entries of the “Parenting Creative Drawing Competition for Kindergarten Kids” were displayed at the Community Art Gallery of an MTR station in August to encourage youngsters to cultivate a good habit of saving for the future.

12. To equip scheme members with the knowledge to make informed choices for MPF investment, 16 MPF briefing sessions were conducted for civil servants, members of a professional body, union members, employees and the general public. Moreover, MPFA representatives also attended two dinner gatherings organized by labour unions to disseminate MPF messages

13. On the media front, the MPFA issued 17 press releases regarding its enforcement actions. Furthermore, 18 articles contributed by the MPFA on the MPF System and MPF investment were carried in different media.

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