

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report - November 2009

Purpose

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

Enrolment

2. The enrolment position, at the end of November 2009 was as follows:

	Number of Participants*			Enrolment Rate		
	As at 30.11.2009	As at 31.10.2009	Change	As at 30.11.2009	As at 31.10.2009	Change
Employers	237 600	237 500	+100	99.9%	99.9%	-
Employees	2 209 100	2 199 800	+9 300	99.3%	98.9%	+0.4%
Self-employed persons (SEPs)	264 000	264 400	-400	76.2%	76.3%	-0.1%

* to the nearest 100

3. The enrolment rate of employers remained stable. The enrolment rate of employees increased by 0.4%. The enrolment rate of SEPs decreased slightly by 0.1%. As at the end of November 2009, 16 800 employers, 339 700 employees and 19 300 SEPs were registered under the Industry Schemes¹.

Complaint Handling

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

4. In November 2009, 472 complaints were received by the MPFA, of which 450 were complaints against 289 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	6
➤ Non-enrolment in MPF Schemes	148
➤ Default contribution	414
➤ Others (e.g. dismissal; no pay records)	69
(B) Complaints concerning Trustees, Intermediaries, schemes under the Occupational Retirement Schemes Ordinance (“ORSO”), etc	22

* *Multiple selections included.*

Complaints received by the Labour Department (“LD”)

5. In November 2009, the LD received 24 MPF-related complaints, all of which were related to alleged wrongful deduction of wages, default contribution and non-enrolment of employees.

6. Of the 420 complaints received in 2009 (until the end of November):

- 146 cases were resolved after conciliation or advice given;
- 193 cases were referred to the Labour Tribunal/ Minor Employment Claims Adjudication Board for adjudication;
- 30 cases where the employers were insolvent were referred to the Legal Aid Department, the Official Receiver’s Office and/ or the Protection of Wages on Insolvency Fund; and
- 51 cases where the employees had lodged claims with the LD were awaiting conciliation results.

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:

<p style="text-align: center;">Enforcement action in November 2009</p>	<p style="text-align: center;">Number of Cases</p>
<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> 5 - <i>Non-enrolment (Employee / SEP dispute)</i> 0 - <i>Default contribution</i> 67 - <i>False statement</i> 22 - <i>Failing to comply with a lawful requirement made by the Authority in the course of exercising or performing its functions</i> 0 	<p style="text-align: right;">94</p>
<p>B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers</p>	<p style="text-align: right;">23 000</p>
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 28 - Number of employees involved 69 	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 7 - Number of employees involved 167 	
<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>	<p style="text-align: right;">39</p>
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 128 	

Education and Publicity

9. Communication activities for the MPF Investment Education Campaign 2009/10 continued in November to educate and equip scheme members with the knowledge to make informed choices in their MPF investment decision-making process. A total of 21 briefing sessions, including two in the form of tea gatherings, were conducted for various stakeholders like District Council members and their assistants, labour unions, political parties and professional bodies.

10. In order to remind scheme members to regularly check their employers' MPF contributions, a focused publicity campaign was launched including initiatives such as advertising boxes in a free tabloid newspaper, banner advertisement on Yahoo.com homepage, a calendar card bearing the number of Contribution Enquiry Line, etc. Separately, a flyer was published to facilitate members to understand the differences between ORSO and MPF Schemes.

11. The TV Announcements in the Public Interest (APIs) featuring the five types of MPF funds continued to be broadcast on all local free and paid TV channels and out-of-home media like outdoor TV wall and TV panels in RoadShow buses. New print advertisements featuring the five major types of MPF funds and proper MPF portfolio management concepts were developed and published in a free tabloid newspaper and a magazine in the week of 16 November. In addition, seat-back advertisement that promulgates MPF portfolio management messages was carried in 30 buses for four weeks from 13 November.

12. A series of youth education activities were carried out in this month. A Parenting Creative Drawing Competition for Kindergarten Kids was launched and a storybook was developed and distributed to 435 kindergartens for some 80,000 pupils. A teaching kit was also provided to each kindergarten. The objective was to educate kindergarten kids about the proper concept of saving and encourage them to form the good habit of saving for the future. MPF messages were included in the storybook for parents and teachers. To launch the programme, a media event was held on 13 November.

13. Furthermore, a Recognition Programme for Primary School Students was kicked off in November. A book was published to educate children about money management skills and help them develop proper attitudes on money management.

14. The third phase of the Skit Programme, a youth education activity for secondary school students, commenced in November and the first performance was held on 30 November. Messages including the benefits of early planning for retirement, the merits of MPF and compounding effect were disseminated to

the senior form students. Skit performances would be rolled out to 60 secondary schools in the 2009/10 academic year. Moreover, four MPF talks were also conducted to educate students of tertiary institutions about the MPF System and MPF investment.

15. For communication at the community level, eight MPF seminars were conducted for civil servants, assistant labour officers, professionals of different industries and union members. An outreaching activity for taxi drivers was carried out on 10 November. While three tea gatherings were jointly organized with the political parties for the working public, MPFA representatives also attended a dinner gathering of a trade union to disseminate MPF messages.

16. On the media front, 12 press releases concerning the MPFA's enforcement actions were issued to the media. Seventeen contribution articles on a number of MPF topics were also published through different media channels, focusing mainly on MPF investment and MPF System.

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

Mandatory Provident Fund Schemes Authority
4 December 2009