

LegCo Panel on Manpower

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

Purpose

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

Enrolment

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

	Number of Participants*			Enrolment Rate		
	As at 31.12.2009	As at 30.11.2009	Change	As at 31.12.2009	As at 30.11.2009	Change
Employers	238 400	237 600	+800	99.9%	99.9%	-
Employees	2 209 000	2 209 100	-100	99.9%	99.3%	+0.6%
Self-employed persons (SEPs)	263 200	264 000	-800	75.5%	76.2%	-0.7%

* to the nearest 100

3. The enrolment rate of employers remained stable. The enrolment rate of employees increased by 0.6%. The enrolment rate of SEPs decreased by 0.7%. As at the end of December 2009, 16 800 employers, 342 300 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 December 2009, 490 complaints were received by the MPFA, of which 454 were complaints against 305 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	2
➤ Non-enrolment in MPF Schemes	162
➤ Default contribution	403
➤ Others (e.g. dismissal; no pay records)	88
(B) Complaints concerning Trustees, Intermediaries, schemes under the Occupational Retirement Schemes Ordinance (“ORSO”), etc	36

[^] *Included multiple selections.*

Complaints received by the Labour Department (“LD”)

5. In December 2009, the LD received 27 MPF-related complaints, all of which were related to alleged wrongful deduction of wages, default contribution and non-enrolment of employees.

6. Of the 447 complaints received in 2009 (until the end of December):
- 157 cases were resolved after conciliation or advice given;
 - 214 cases were referred to the Labour Tribunal/ Minor Employment Claims Adjudication Board for adjudication;
 - 34 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
 - 42 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:

Enforcement action in December 2009	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> 8 - <i>Non-enrolment (Employee / SEP dispute)</i> 0 - <i>Default contribution</i> 124 - <i>False statement</i> 15 - <i>Failing to comply with a lawful requirement made by the Authority in the course of exercising or performing its functions</i> 0 	
<p>B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears)</p> <p>Number of Notices issued to employers</p>	22 800
<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 111 	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 9 - Number of employees involved 464 	
<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></p> <p>Number of cases submitted</p>	34
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 206 	

Education and Publicity

9. In December 2009, publicity on MPF fund features continued. While the TV Announcements in the Public Interest (APIs) featuring the five major types of MPF funds were still on air on all local free and paid TV channels and out-of-home media, a new series of print advertisements highlighting the characteristics of these MPF funds and proper MPF portfolio management concepts were published in a local newspaper from 7 to 12 December 2009. Moreover, a banner advertisement was put on the homepage of a popular web portal and promotional stickers were posted inside train compartments in early December 2009.

10. On youth education activities continued, over 4,300 entries from 108 kindergartens were received for the Parenting Creative Drawing Competition for Kindergarten Kids. The objective of this Competition was to educate kindergarten kids about the proper concept of saving and to encourage them to form the good habit of saving for the future. A fun event cum prize presentation ceremony was held on 9 January 2010.

11. On the Recognition Programme for Primary School Students, a task book was distributed to 108 primary schools for some 38,000 pupils. Through their participation in this programme, children would learn the proper attitudes and basic skills on money management. The pupils were also invited to join a competition to share in writing the merits of saving for the future or their experience in money management. A wrap up event comprising a game day cum prize presentation ceremony will be organized in late January 2010.

12. In addition, the Skit Programme continued at secondary schools. A total of 11 schools were visited during the month and messages including the benefits of early retirement planning, and the merits of MPF and compounding effect of MPF investment were disseminated to the senior form students. Besides, an MPF talk was conducted to educate students of tertiary institutions about the MPF System and MPF investment.

13. To reach out to the community and to equip scheme members with the knowledge to make informed choices for their MPF investments, eight MPF seminars including three in the form of tea gathering, were conducted for labour relations officers, political parties, MPF intermediaries, professionals, teachers and employees.

14. Outreaching activities were organized for the catering and construction industries on 14 and 23 December 2009 respectively to remind Industry Schemes employees their MPF rights and duties. MPFA representatives also attended dinner gatherings organized by the trade unions of these two industries to disseminate MPF messages. Furthermore, an SEP outreaching activity for mini-bus drivers was carried out in early December.

15. On the media front, 16 press releases concerning MPFA's enforcement actions, SEP outreaching activities and joint inspection conducted by the MPFA and Labour Department were issued to the media in December 2009. Besides, 15 contribution articles on a number of MPF topics were published through different media channels, focusing mainly on MPFA's enforcement actions, MPF investment and the MPF System.

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

Mandatory Provident Fund Schemes Authority
January 2010