

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report - January 2010

Purpose

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

Enrolment

2. The enrolment position, at the end of January 2010 was as follows:

	Enrolment*			Enrolment Rate		
	As at 31.1.2010	As at 31.12.2009	Change	As at 31.1.2010	As at 31.12.2009	Change
Employers	238 500	238 400	+100	99.9%	99.9%	-
Employees	2 208 100	2 209 000	-900	99.8%	99.9%	-0.1%
Self-employed persons (SEPs)	263 000	263 200	-200	75.5%	75.5%	-

* to the nearest 100

3. The enrolment rate of employers and SEPs remained stable. The enrolment rate of employees decreased by 0.1 percentage point. As at the end of January 2010, 16 900 employers, 345 200 employees and 19 200 SEPs were registered under the Industry Schemes¹.

Complaint Handling

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

4. In January 2010, 458 complaints were received by the MPFA, of which 437 were complaints against 313 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	8
➤ Non-enrolment in MPF Schemes	150
➤ Default contribution	405
➤ Others (e.g. dismissal; no pay records)	64
(B) Complaints concerning Trustees, Intermediaries, schemes under the Occupational Retirement Schemes Ordinance (“ORSO”), etc	21

[^] *Included multiple selections.*

Complaints received by the Labour Department (“LD”)

5. In January 2010, 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 24 complaints received in January 2010:

- 2 cases were referred to the Labour Tribunal/ Minor Employment Claims Adjudication Board for adjudication;
- 19 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 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 January 2010	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> 84 - <i>False statement</i> 6 - <i>Failing to comply with a lawful requirement made by the Authority in the course of exercising or performing its functions</i> 0 	<p>98</p>
<p>B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears)</p> <p>Number of Notices issued to employers</p>	<p>24 200</p>
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 37 - Number of employees involved 123 	
<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 429 	
<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>	<p>38</p>
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 341 	<p>341</p>

Education and Publicity

9. To sustain the publicity on MPF fund features, the TV Announcements in the Public Interest (APIs) featuring the five major types of MPF funds continued to be broadcast on all local free and paid TV channels in January 2010. Besides, another round of print advertisements highlighting the characteristics of these MPF funds and proper MPF portfolio management concepts was placed in one newspaper and two magazines, while a banner advertisement was also put on the homepage of a popular web portal in early January.

10. Communication activities for the MPF Investment Education Campaign 2009/10 continued to educate and equip scheme members with the knowledge to make informed choices for their MPF investments. In January 2010, two briefing sessions were conducted for District Council members and a professional body.

11. A series of youth education activities were carried out in this month. To wrap up the “Parenting Creative Drawing Competition for Kindergarten Kids” and the “Recognition Programme for Primary School Students”, a Fun Event and a Game Day were held on 9 and 30 January 2010 respectively. Both events comprised a variety of games, a seminar and a prize presentation ceremony. Money management concepts were disseminated to children and their parents through the games and seminar. The winning entries of the competitions and MPF messages were also displayed at the events.

12. For the Skit Programme at secondary schools, a total of 20 schools were visited during the month and messages including the benefits of early planning for retirement, as well as the merits of MPF and compounding effect of MPF investment were promoted to the senior form students.

13. With an aim to incorporate the concept of financial planning and MPF knowledge into the curriculum of the New Senior Secondary Liberal Studies and provide training on related knowledge to teachers, a training workshop, namely “Financial Planning and Personal Development” was co-organized with Hong Kong Teachers’ Centre and Institute of Financial Planners of Hong Kong on 23 January 2010. The importance of financial management skills and early planning for MPF investment to the adolescents’ personal development was explained in the workshop and a teaching kit was presented to the teachers to facilitate their in-class teaching.

14. In order to enhance the knowledge of university students on the MPF System and MPF investment and to prepare them for joining the MPF System when taking part-time jobs or after graduation, an Inter-University Competition for Creating a Radio Programme (《積金人生 創意+劇》大學聯校廣播創作大賽) was launched in partnership with a radio station in January 2010.

Roving exhibitions and recruitment briefings to promote the competition and disseminate MPF messages are being staged at the nine local universities from January to February 2010 and a total of four briefings were held in January. In addition, a thematic webpage on the programme and a fan page on a popular online social networking platform had been developed to augment the publicity effect. Moreover, an MPF talk was conducted in this month to educate students of a tertiary institution about the MPF System and MPF investment.

15. For communication at the community level, nine MPF seminars including one in the form of a tea gathering were conducted for civil servants, human resources professionals, MPF intermediaries, union members and employees, to educate them on the MPF investment knowledge.

16. For media activities, 14 press releases concerning MPFA's enforcement actions and youth education initiatives were issued to the media. In addition, 13 contribution articles on a number of MPF topics were published through different media channels, focusing mainly on MPF investment, MPFA's enforcement actions and the MPF System. A media event for the reporters and editors of education pages was also held in this month to promote the University Programme mentioned above.

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

Mandatory Provident Fund Schemes Authority
February 2010