

LegCo Panel on Manpower

**Implementation of the Mandatory Provident Fund System
Progress Report – February 2011**

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 28.02.2011	As at 31.01.2011	Change	As at 28.02.2011	As at 31.01.2011	Change
Employers	245 800	244 700	+ 1 100	100%	99%	-
Employees	2 270 100	2 266 000	+4 100	99%	99%	-
Self-employed persons (SEPs)	259 900	260 400	-500	80%	80%	-

* to the nearest 100

** percentage change figures are derived from unrounded figures

3. The enrolment rate of employers was very close to 100% while the enrolment rates of employees and SEPs remained unchanged. As at the end of February 2011, 17 700 employers, 376 100 employees and 18 700 SEPs were registered under the Industry Schemes¹.

¹ These figures have excluded double registration between the two Industry Schemes trustees.

Complaint Handling

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

4. In February 2011, 299 complaints were received by the MPFA, of which 275 complaints were made against 222 employers. The nature of the complaints received was as follows:

	<u>Number of complaints[^]</u>
(A) Complaints concerning Scheme members:	
➤ Involuntary change from “employee” status to “SEP” status	8
➤ Non-enrolment in MPF Schemes	133
➤ Default contribution	250
➤ Others (e.g. dismissal; no pay records)	47
(B) Complaints concerning Trustees, Intermediaries, Schemes under the Occupational Retirement Schemes Ordinance (“ORSO”), etc	24

[^] *Included multiple selections.*

Complaints received by the Labour Department (“LD”)

5. In February 2011, the LD received 19 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 38 complaints received from January to February 2011:

- 2 cases were resolved after conciliation or advice given;
- 8 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication; and
- 28 cases where the employees had lodged claims with the LD were awaiting conciliation result.

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 non-compliant employers.

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

Enforcement action in February 2011	Number of Cases
A. <u>Prosecution</u> 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>	215 20 1 186 8
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) - Number of employers with notices issued	20 000
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved	50 213
D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved	7 92
E. <u>Submission to the High Court</u> - Number of cases submitted - Number of employees involved	0 0
F. <u>Submission to liquidators / receivers</u> Number of cases submitted	11
G. <u>Proactive Inspections</u> - Number of employment establishments visited	153

Education and Publicity

9. Publicity for the MPF Investment Education Campaign continued with the aim of equipping scheme members with the basic knowledge for making informed decisions in their lifelong MPF investment journey. Broadcast of a series of 10-episode 1-minute radio segments, entitled “Life Journey of MPF Investment” 「積金生活之旅」, was arranged on a Cantonese radio station from 14 February to 4 March 2011. A phone-in quiz game was arranged to promote the radio segments. Furthermore, two leaflets were produced to help scheme members grasp an understanding of Annual Benefit Statement and Fund Fact Sheet.

10. With a view to facilitating scheme members to manage their MPF accrued benefits and reminding them the rights to choose MPF schemes when changing jobs, a thematic campaign on preserved accounts was launched in February 2011. A number of initiatives were rolled out or arranged, including a leaflet, a thematic issue in a recruitment magazine, banner advertisements on a popular online portal and a recruitment website, electronic direct mailing, and contribution articles in newspapers and magazines.

11. To encourage employers to offer more MPF scheme choices for their employees, contribution articles on related messages were published in the newsletters of two chambers of commerce.

12. The MPFA participated in the “Education and Careers Expo 2011” organized by the Hong Kong Trade Development Council from 17 to 20 February 2011. An exhibition booth was staged to enhance the understanding of the workforce and students on the MPF System and MPF investment. A seminar on how to handle MPF accrued benefits when changing jobs was also conducted during the Expo.

13. Youth education activities continued. The Skit performance was conducted in 16 secondary schools to educate the students on the proper attitudes and basic concepts of financial planning, as well as to disseminate MPF messages to them. Ten creative videos have entered into the final stage of the Inter-University Multimedia Creative Competition on MPF (「積金人生多面睇」大學聯校多媒體創作大賽). Roving shows cum exhibitions were being staged at two universities to promote the competition and disseminate MPF messages. In addition, two talks were conducted to educate students of tertiary institutions on the MPF System and MPF investment.

14. To reach out to members of the community and to educate them on knowledge of MPF investment, six MPF talks were conducted for civil servants, assistant labour relations officers, university students from the Mainland, union members and the general public in February 2011. Moreover, two MPF district carnivals were also organized for the community.

15. On the media front, 15 press releases were issued regarding MPFA's policies and enforcement actions, and fund fees in February 2011. Furthermore, different publications carried 20 articles contributed by the MPFA on various aspects of the MPF System and MPF investment.

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

Mandatory Provident Fund Schemes Authority
8 April 2011