

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – March 2011

Purpose

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

Enrolment

2. The estimated enrolment statistics are as follows:

	Enrolment*			Enrolment Rate		
	As at 31.03.2011	As at 28.02.2011	Change	As at 31.03.2011	As at 28.02.2011	Change
Employers	246 300	245 800	+ 500	100%	100%	-
Employees	2 271 700	2 270 100	+1 600	98%	99%	-1%
Self-employed persons (SEPs)	241 100	259 900	-18 800	77%	80%	-3%

* to the nearest 100

3. The enrolment rates of employees and SEPs dropped by 1 and 3 percentage points respectively. The enrolment rate of employers remained stable. As at the end of March 2011, 17 800 employers, 377 400 employees and 18 600 SEPs were registered under the Industry Schemes¹.

Complaint Handling

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

4. In March 2011, 469 complaints were received by the MPFA, of which 432 complaints were made against 314 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	9
➤ Non-enrolment in MPF Schemes	176
➤ Default contribution	409
➤ Others (e.g. dismissal; no pay records)	67
(B) Complaints concerning Trustees, Intermediaries, Schemes under the Occupational Retirement Schemes Ordinance (“ORSO”), etc	37

[^] Included multiple selections.

Complaints received by the Labour Department (“LD”)

5. In March 2011, the LD received 23 MPF-related complaint cases, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 61 complaint cases received from January to March 2011:

- 8 cases were resolved after conciliation or advice given;
- 23 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication; and
- 30 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 March 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>	251 12 1 222 16
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) - Number of employers with notices issued	23 800
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved	34 143
D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved	8 284
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	19
G. <u>Proactive Inspections</u> - Number of employment establishments visited	244

Education and Publicity

9. The MPF Investment Education Campaign continued in March 2011 to publicize the six major decision points of a scheme member's MPF investment journey. A seminar on MPF investment co-organized with a university was held on 19 March to disseminate MPF investment messages to the public. In addition, MPF counters which offered free and professional MPF information services by Certified Financial Planners were also arranged on the seminar day.

10. Telecasting of a series of 20-second TV Announcements in the Public Interest (APIs) and 3-minute video clips entitled “Making Informed Decisions for your MPF Life”「積金人生 決策審慎」 was arranged on two free local TV channels and two paid local TV channels respectively. Furthermore, a publication has been produced to give guidance to scheme members on where they can get more information about their MPF.

11. The MPFA started a thematic campaign to enhance scheme member’s understanding on how to handle their MPF accrued benefits and to remind them the right to choose MPF schemes when changing jobs. A total of 300 000 pieces of electronic direct mailers with preserved account messages were sent to the working population and a web banner was placed on a recruitment website.

12. With a view to enhancing communication with stakeholders and their understanding of the work of the MPFA and the MPF System, the second issue of the MPFA Newsletter was issued in March with a focus on MPFA’s enforcement work.

13. A series of youth education activities were carried out this month. To wrap up the “Recognition Programme for Primary School Students”, a Game Day cum Prize Presentation Ceremony were held on 26 March. Money management concepts and MPF messages were disseminated to students and their parents through a variety of games, seminars and exhibitions. For the Skit Programme, 21 skit performances were presented at secondary schools to encourage youngsters to cultivate a good habit of saving for the future. Roving shows cum exhibitions for 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) were staged at seven universities to disseminate MPF messages to university students. A number of initiatives, including online voting on popular social media platforms and an advertorial article published in a magazine, were arranged to promote the competition. Moreover, three MPF talks were conducted to disseminate MPF messages to students of tertiary institutions.

14. In view of the rising popularity of online social media amongst the younger generation, a new fan page on a social media platform was launched on 18 March to disseminate messages on money management, MPF System and MPF investment to young people. Advertisements on a social media platform and a quiz game were arranged to promote the fan page. Updated information on MPF and MPFA youth education programmes would be posted on the fan page.

15. To educate members of the community on MPF investment, eight MPF district carnivals and four tea gatherings were co-organized with political parties for the community. In addition, 13 MPF talks were conducted for representatives from construction industry, members of a chamber of commerce, civil servants, employers and the general public.

16. During the reporting period, 16 press releases regarding MPFA's enforcement actions and publicity initiatives were issued. Furthermore, different publications carried 17 articles contributed by the MPFA on various aspects of the MPF System and MPF investment.

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

Mandatory Provident Fund Schemes Authority
20 April 2011