

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – April 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 30.04.2011	As at 31.03.2011	Change**	As at 30.04.2011	As at 31.03.2011	Change**
Employers	247 500	246 300	+1 100	100%	100%	-
Employees	2 278 300	2 271 700	+6 600	99%	98%	-
Self-employed persons (SEPs)	241 300	241 100	+300	77%	77%	-

* to the nearest 100

** changes are derived from unrounded figures

3. The enrolment rates of employers, employees and SEPs remained stable. As at the end of April 2011, 17 800 employers, 380 800 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 April 2011, 374 complaints were received by the MPFA, of which 356 complaints were made against 268 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	4
➤ Non-enrolment in MPF Schemes	124
➤ Default contribution	323
➤ Others (e.g. dismissal; no pay records)	73
(B) Complaints concerning Trustees, Intermediaries, Schemes under the Occupational Retirement Schemes Ordinance (“ORSO”), etc	18

[^] *Included multiple selections.*

Complaints received by the Labour Department (“LD”)

5. In April 2011, the LD received 13 MPF-related complaint cases, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 74 complaint cases received from January 2011 to April 2011:

- 23 cases were resolved after conciliation or advice given;
- 27 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication; and
- 24 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 April 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> - <i>Failure to comply with a lawful requirement made by MPFA in the course of exercising or performing its functions</i>	142 5 1 132 3 1
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) - Number of employers with notices issued	19 000
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved	29 81
D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved	4 160
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	17
G. <u>Proactive Inspections</u> - Number of employment establishments visited	226

Education and Publicity

9. Promotion activities for the MPF Investment Education Campaign continued during the month to equip members of the public with the basic knowledge for making informed decisions in their lifelong MPF investment journey. 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」 continued to be telecast on two free local TV channels and two paid local TV channels respectively. Moreover, the 2nd issue of the Summary of Fee Comparative Platform on MPF Funds, a quarterly publication, was produced to provide simplified fee information on MPF funds to scheme members.

10. In order to enhance stakeholders’ understanding of the work of the MPFA and the MPF System, a Special Issue of MPFA Newsletter was issued in April. The Special Issue delved into the implications of the 10-year investment performance review of the MPF System and gave an account of the role and operation of the MPF System.

11. Youth education activities continued. A prize presentation ceremony was held on 11 April to wrap up 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). The winning entries were posted on the intranets of universities and webpages of supporting organizations of the programme for further dissemination of MPF messages to university students. In addition, seven talks were conducted to educate students of tertiary institutions on the MPF System and MPF investment. Furthermore, selected winning entries of the “Parenting Creative Drawing Competition for Kindergarten Kids” were displayed at the Community Art Gallery of an MTR station to encourage youngsters to cultivate a good habit of saving for the future.

12. With a view to equipping scheme members with the knowledge to make informed choices for MPF investment, three MPF district carnivals and 12 MPF talks were conducted for civil servants, labour relations officers, human resources practitioners, union members, employees and the general public.

13. On the media front, 13 press releases were issued. They covered the 10-year Investment Performance Review of the MPF System, appointments to the MPF Schemes Advisory Committee, MPFA’s enforcement actions and publicity initiatives. Furthermore, different publications carried 18 articles contributed by the MPFA on various aspects of the MPF System and MPF investment.

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