

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – June 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 30.06.2011	As at 31.05.2011	Change	As at 30.06.2011	As at 31.05.2011	Change
Employers	248 600	247 400	+1 200	98%	100%	-2%
Employees	2 299 900	2 281 700	+18 200	99%	99%	-
Self-employed persons (SEPs)	241 000	241 200	-200	77%	77%	-

* to the nearest 100

3. The enrolment rate of employers dropped by 2 percentage points. The enrolment rates of employees and SEPs remained stable. As at the end of June 2011, 18 000 employers, 386 100 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 June 2011, 388 complaints were received by the MPFA, of which 361 complaints were made against 309 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	133
➤ Default contribution	320
➤ Others (e.g. dismissal; no pay records)	67
(B) Complaints concerning Trustees, Intermediaries, Schemes under the Occupational Retirement Schemes Ordinance, etc	27

[^] *Included multiple selections.*

Complaints received by the Labour Department (“LD”)

5. In June 2011, the LD received 29 MPF-related complaint cases, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 125 complaint cases received from 1 January 2011 to end-June 2011:

- 31 cases were resolved after conciliation or advice given;
- 1 case where the employer was insolvent was referred to the Legal Aid Department, the Official Receiver’s Office and the Protection of Wages on Insolvency Fund;
- 50 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication; and
- 43 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 June 2011	Number of Cases
<p>A. <u>Prosecution</u> Number of summonses applied during the month</p> <ul style="list-style-type: none"> - <i>Non-enrolment of employees</i> 7 - <i>Non-enrolment (Employee / SEP dispute)</i> 2 - <i>Default contribution</i> 132 - <i>False statement</i> 2 	<p>143</p>
<p>B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears)</p> <ul style="list-style-type: none"> - Number of employers with notices issued 	<p>18 700</p>
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 23 - Number of employees involved 87 	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 2 - Number of employees involved 73 	
<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> Number of cases submitted</p>	<p>20</p>
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 	<p>234</p>

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. A series of radio drama 「積金大學精讀班」 was broadcast on a Cantonese radio station during 13 - 24 June. A phone-in quiz game was launched in the radio programme to promote the MPF messages in the radio drama. Furthermore, an online flash banner on a popular web portal was arranged to publicize the video series entitled “Making Informed Decisions for Your MPF Life” 「積金人生 決策審慎」 from 13 to 19 June.

10. Youth education activities continued. A contribution article on the MPF System and MPF investment was published in June in the “Prospect Guide” of Hok Yau Club which was distributed to this year’s Form Seven graduates. In order to further disseminate messages on money management, the MPF System and MPF investment to young people, new initiatives including a blog, a series of creative videos and an online competition on rewriting the ending of the winning video of the Inter-University Multimedia Creative Competition on MPF were launched via the fan page for MPFA youth programme on a social media platform.

11. To educate members of the community on MPF investment, 12 MPF talks, four MPF district carnivals and two tea gatherings were conducted for civil servants, labour relations officers, union members, employees and the general public. Moreover, MPF consultation services were also provided to the community through an enquiry counter co-organized with a District Council member.

12. In this month, 15 press releases were issued on MPFA’s enforcement actions. Different publications also carried a total of 20 articles contributed by the MPFA on various issues including the recently-launched “Non-Compliant Employer and Officer Records”.

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