

## LegCo Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – July 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<br>31.07.2011 | As at<br>30.06.2011 | Change  | As at<br>31.07.2011 | As at<br>30.06.2011 | Change |
| <b>Employers</b>                    | 249 900             | 248 600             | +1 300  | 99%                 | 98%                 | +1%    |
| <b>Employees</b>                    | 2 315 900           | 2 299 900           | +16 000 | 100%                | 99%                 | +1%    |
| <b>Self-employed persons (SEPs)</b> | 240 900             | 241 000             | -100    | 77%                 | 77%                 | -      |

\* to the nearest 100

3. The enrolment rates of employers and employees increased by 1 percentage point. The enrolment rate of SEPs remained stable. As at the end of July 2011, 18 100 employers, 389 200 employees and 18 500 SEPs were registered under the Industry Schemes<sup>1</sup>.

#### Complaint Handling

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

4. In July 2011, 392 complaints were received by the MPFA, of which 356 complaints were made against 287 employers. The nature of the complaints received was as follows:

<sup>1</sup> These figures have excluded double registration between the two Industry Schemes trustees.

|                                                                                          | <u>Number of complaints<sup>^</sup></u> |
|------------------------------------------------------------------------------------------|-----------------------------------------|
| (A) Complaints concerning scheme members:                                                |                                         |
| ➤ Involuntary change from “employee” status to “SEP” status                              | 2                                       |
| ➤ Non-enrolment in MPF Schemes                                                           | 156                                     |
| ➤ Default contribution                                                                   | 301                                     |
| ➤ Others (e.g. dismissal; no pay records)                                                | 75                                      |
| (B) Complaints concerning Trustees, Intermediaries, Occupational Retirement schemes, etc | 36                                      |

<sup>^</sup> Included multiple selections.

### Complaints received by the Labour Department (“LD”)

5. In July 2011, the LD received 16 MPF-related complaint cases, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 141 complaint cases received from 1 January 2011 to 31 July 2011:

- 41 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;
- 58 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication; and
- 41 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:

| <b>Enforcement action in July 2011</b>                                                                                                                                                                                              | <b>Number of Cases</b>    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| <b>A. <u>Prosecution</u></b><br>Number of summonses applied during the month<br>- <i>Non-enrolment of employees</i><br>- <i>Non-enrolment (Employee / SEP dispute)</i><br>- <i>Default contribution</i><br>- <i>False statement</i> | 113<br>5<br>2<br>101<br>5 |
| <b>B. <u>Contribution Surcharge</u></b><br>(5% of the contributions in arrears)<br>- Number of employers with notices issued                                                                                                        | 29 100                    |
| <b>C. <u>Submission to the Small Claims Tribunal</u></b><br>- Number of cases submitted<br>- Number of employees involved                                                                                                           | 41<br>178                 |
| <b>D. <u>Submission to the District Court</u></b><br>- Number of cases submitted<br>- Number of employees involved                                                                                                                  | 8<br>429                  |
| <b>E. <u>Submission to the High Court</u></b><br>- Number of cases submitted<br>- Number of employees involved                                                                                                                      | 1<br>63                   |
| <b>F. <u>Submission to liquidators / receivers</u></b><br>Number of cases submitted                                                                                                                                                 | 3                         |
| <b>G. <u>Proactive Inspections</u></b><br>- Number of employment establishments visited                                                                                                                                             | 249                       |

## **Education and Publicity**

9. The MPF Investment Education Campaign continued in July to publicize the six major decision points of a scheme member's MPF investment journey. A roving exhibition was held at a shopping mall in the New Territories from 23 to 24 July. The exhibition comprised exhibits, game booths, and MPF consultation services where Certified Financial Planners provided participants with free and professional analysis of MPF and retirement planning. To promote the event, publicity in various media, including newspapers, posters, Internet, plus direct mailers in hardcopy and electronic form to target participants, was arranged. Moreover, four-episode interview-cum-quiz segments「人生自選影院」hosted by a famous financial expert were broadcast in four consecutive weeks on a radio station from 8 to 29 July. Advertorials carrying the key messages of the segments were also published on a free tabloid to achieve cross-media promotional effect. Furthermore, telecast of 20-second video series entitled「積金人生 決策審慎」was arranged on two free local TV channels.

10. The MPFA launched a thematic campaign to publicize the amendment of the minimum level of relevant income for MPF contributions. Publicity initiatives included print advertisements in all local newspapers on 13 and 14 July, and banner advertisements on a popular online portal and a recruitment website from mid to end of July as well as publication of a leaflet. In order to inform the employers about the amendment and to remind them to adjust the arrangement for MPF contributions accordingly, a letter containing the relevant information and the leaflet were arranged to be sent to around 230,000 employers. With a view to enhancing communication with stakeholders, the third issue of the MPFA Newsletter was issued in July with a focus on the latest review of the minimum and maximum levels of relevant income.

11. For youth education, the MPFA participated in the Youth Career Expo organized by the Hong Kong Federation of Youth Groups on 7 July. A counter was set up to provide MPF enquiry services to the participants. Moreover, a talk on MPF was conducted to disseminate the MPF messages to students of a tertiary institution.

12. To reach out to members of the community and to educate them on MPF investment, two MPF district carnivals and seven tea gatherings were co-organized with political parties and a labour union. In addition, 11 MPF talks were delivered to union members, civil servants, employers, employees and the general public.

13. On the media front, the MPFA held a press conference on 20 July on the progress of the review on the operation of the MPF System. A press release was subsequently issued. Apart from this, 18 press releases were issued on MPFA's enforcement actions and investment education initiatives. Besides, different publications carried 20 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.

Mandatory Provident Fund Schemes Authority  
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