

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – August 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 31.08.2011	As at 31.07.2011	Change	As at 31.08.2011	As at 31.07.2011	Change
Employers	251 000	249 900	+1 100	99%	99%	-
Employees	2 324 800	2 315 900	+8 900	100%	100%	-
Self-employed persons (SEPs)	240 700	240 900	-200	77%	77%	-

* to the nearest 100

3. The enrolment rates of employers, employees and SEPs remained stable. As at the end of August 2011, 18 200 employers, 391 500 employees and 18 500 SEPs were registered under the Industry Schemes¹.

Complaint Handling

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

4. In August 2011, 486 complaints were received by the MPFA, of which 439 complaints were made against 338 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	11
➤ Non-enrolment in MPF Schemes	187
➤ Default contribution	389
➤ Others (e.g. dismissal; no pay records)	91
(B) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	47

[^] *Included multiple selections.*

Complaints received by the Labour Department (“LD”)

5. In August 2011, the LD received 26 MPF-related complaint cases, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 167 complaint cases received from 1 January 2011 to 31 August 2011:

- 54 cases were resolved after conciliation or advice given;
- 68 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 2 cases 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; 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 August 2011	Number of Cases
<p>A. <u>Prosecution</u></p> <p>Number of summonses applied during the month</p> <ul style="list-style-type: none"> - <i>Non-enrolment of employees</i> 5 - <i>Non-enrolment (Employee / SEP dispute)</i> 1 - <i>Default contribution</i> 90 - <i>False statement</i> 6 	<p>102</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>21 200</p>
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted - Number of employees involved 	<p>28 65</p>
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted - Number of employees involved 	<p>9 205</p>
<p>E. <u>Submission to the High Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted - Number of employees involved 	<p>0 0</p>
<p>F. <u>Submission to liquidators / receivers</u></p> <p>Number of cases submitted</p>	<p>18</p>
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 	<p>241</p>

Education and Publicity

9. The MPFA continued publicity for the MPF Investment Education Campaign during the month to equip members of the public with the basic knowledge for making informed decisions in their lifelong MPF investment journey. The video series “Making Informed Decisions for Your MPF Life” 「積金人生 決策審慎」 was telecast on an outdoor video wall in Tsim Sha Tsui from 1 August for two weeks and two local free TV channels from 7 August for four weeks.

10. The MPFA continued the thematic campaign to publicize the amendment of the minimum level of relevant income for MPF contributions in August. TV Announcements in the Public Interest (APIs) in Cantonese and English were broadcast on 39 local free and paid TV channels. Furthermore, radio APIs in Cantonese, Putonghua and English were aired on 12 radio channels. In addition, the MPFA organized six outreaching activities for catering establishments in six districts to remind the employers and employees about the details of the amendment as well as the commencement date.

11. Regarding youth education, MPFA launched a new flash game 「滾起來」 in its Facebook fan page on 29 August to motivate young people to learn more about money management, MPF, financial and retirement planning in an attractive and interesting approach.

12. To educate members of the community on MPF investment, 23 MPF talks, three MPF district carnivals and one tea gathering were conducted for civil servants, union members, human resources practitioners, self-employed persons, employers, employees and the general public. Moreover, MPF consultation services were also provided to the community through seven enquiry counters co-organized with District Council members.

13. During the reporting period, 17 press releases were issued on MPFA's enforcement actions. Furthermore, different publications carried 17 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.