

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – October 2010

Purpose

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

Enrolment

2. The estimated enrolment statistics are as follows:

	Enrolment*			Enrolment Rate**		
	As at 31.10.2010	As at 30.9.2010	Change	As at 31.10.2010	As at 30.9.2010	Change
Employers	242 400	241 400	+1 000	98%	97%	-
Employees	2 240 500	2 229 400	+11 100	100%	99%	+1%
Self-employed persons (SEPs)	261 000	261 100	-100	78%	78%	-

* to the nearest 100

** percentage change figures are derived from unrounded figures

3. The enrolment rate of employees increased by one percentage point. The enrolment rates of employers and SEPs remained unchanged. As at the end of October 2010, 17 500 employers, 365 600 employees and 18 900 SEPs were registered under the Industry Schemes¹.

Complaint Handling

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

4. In October 2010, 347 complaints were received by the MPFA, of which 324 complaints were made against 270 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	142
➤ Default contribution	277
➤ Others (e.g. dismissal; no pay records)	71
(B) Complaints concerning Trustees, Intermediaries, schemes under the Occupational Retirement Schemes Ordinance (“ORSO”), etc	23

[^] *Included multiple selections.*

Complaints received by the Labour Department (“LD”)

5. In October 2010, the LD received 20 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 209 complaints received in 2010 (until the end of October):

- 77 cases were resolved after conciliation or advice given;
- 88 cases were referred to the Labour Tribunal/ Minor Employment Claims Adjudication Board for adjudication;
- 8 cases where the employers were insolvent were referred to the Legal Aid Department, the Official Receiver’s Office and the Protection of Wages on Insolvency Fund; and
- 36 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 October 2010	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> 17 - <i>Non-enrolment (Employee / SEP dispute)</i> 2 - <i>Default contribution</i> 161 - <i>False statement</i> 9 - <i>Failing to comply with a lawful requirement made by the Authority in the course of exercising or performing its functions</i> 0 	<p>189</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>20 400</p>
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 48 - Number of employees involved 191 	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 7 - Number of employees involved 99 	
<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>16</p>
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 	<p>154</p>

Education and Publicity

9. In order to publicize the messages on the six major decision points of a scheme member's MPF investment journey, a new video series entitled "Making Informed Decisions for Your MPF Life" 「積金人生 決策審慎」 was produced. A series of 20-second TV Announcements in the Public Interest (API) were telecast on a free local TV channel and the respective one-minute video clips were broadcast on out-of-home media platforms including RoadShow on buses and TV panels on MTR trains at the East Rail, West Rail, and Ma On Shan Line. Moreover, all the video clips are made available on the MPFA website. Broadcast of a series of 60-second messages entitled 「通識 60 秒」 continued on a radio station and key messages broadcast in radio segments were also published weekly in a free newspaper.

10. A publicity campaign was rolled out to encourage employers to offer more MPF scheme choices for their employees. A letter containing information on factors to be considered when choosing an MPF scheme and a list of approved trustees and schemes was arranged to be sent to some 210 000 employers, each of whom has been identified to have offered only one MPF scheme for their staff.

11. Youth education activities continued. To wrap up the "Parenting Creative Drawing Competition for Kindergarten Kids", a Fun Event was held on 30 October. The event comprised a variety of games, a seminar and a prize presentation ceremony. The games and the seminar disseminated money management concepts to the children and their parents. The winning entries of the competition and MPF messages were also displayed at the event.

12. For the Skit Programme at secondary schools, a total of 17 schools were visited during the month and messages including the benefits of early planning for retirement, as well as the merits of MPF and the compounding effect of MPF investment were promoted to the senior form students.

13. With the aim of incorporating the concept of financial planning and knowledge on MPF into the curriculum of the New Senior Secondary Liberal Studies and offering guidance on related issues to teachers, a training workshop entitled "Financial Planning and Personal Development" was co-organized with the Hong Kong Teachers' Centre of the Education Bureau on 9 October. The importance of financial management skills and early planning for MPF investment to the adolescents' personal development were canvassed in the workshop and a teaching kit was presented to over 100 participating teachers to facilitate their in-class teaching.

14. Furthermore, three MPF talks and a promotion counter at a career fair of a university were organized to educate students of tertiary institutions on the MPF System and MPF investment.

15. For community outreaching activities, 27 MPF briefing sessions were conducted for civil servants, HR practitioners, teachers, SME professionals, union members, employees and the general public. Moreover, MPF consultation services were also provided to the community through enquiry counters co-organized with a District Council member.

16. On the media front, 14 press releases were issued covering different areas including MPFA's enforcement actions, proposal to reinforce the regulatory regime for MPF intermediaries (which was announced on 30 September 2010) and education programmes. Besides, different media carried 15 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
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