

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – December 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 31.12.2010	As at 30.11.2010	Change	As at 31.12.2010	As at 30.11.2010	Change
Employers	244 000	243 200	+ 800	99%	98%	+1%
Employees	2 261 600	2 248 000	+13 600	99%	100%	-1%
Self-employed persons (SEPs)	260 500	260 900	-400	80%	78%	+3%

* to the nearest 100

** percentage change figures are derived from unrounded figures

3. The enrolment rates of employers and SEPs increased by 1 and 3 percentage points respectively. The enrolment rate of employees dropped by 1 percentage point. As at the end of December 2010, 17 600 employers, 370 700 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 December 2010, 340 complaints were received by the MPFA, of which 314 complaints were made against 263 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	3
➤ Non-enrolment in MPF Schemes	137
➤ Default contribution	275
➤ Others (e.g. dismissal; no pay records)	60
(B) Complaints concerning Trustees, Intermediaries, Schemes under the Occupational Retirement Schemes Ordinance (“ORSO”), etc	26

[^] *Included multiple selections.*

Complaints received by the Labour Department (“LD”)

5. In December 2010, the LD received 17 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 252 complaints received in the period from January to December 2010:

- 100 cases were resolved after conciliation or advice given;
- 109 cases were referred to the Labour Tribunal/ Minor Employment Claims Adjudication Board for adjudication;
- 9 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
- 34 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 December 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> 6 - <i>Non-enrolment (Employee / SEP dispute)</i> 1 - <i>Default contribution</i> 153 - <i>False statement</i> 14 - <i>Failure to comply with a lawful requirement made by the Authority in the course of exercising or performing its functions</i> 1 	<p>175</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>20 200</p>
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 33 - Number of employees involved 202 	
<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 91 	
<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>24</p>
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 	<p>167</p>

Education and Publicity

9. Public communication activities for the MPF Investment Education Campaign continued to equip scheme members with the basic knowledge for making informed decisions in their lifelong MPF investment journey. TV Announcements in the Public Interest (APIs) entitled “Making Informed Decisions for your MPF Life” 「積金人生 決策審慎」 were still being aired on various media and related time-check messages were still being broadcast on an English radio station. Print advertisements highlighting the slogans of the six major decision points were published on two English newspapers on 9 and 16 December.

10. With a view to enhancing communication with stakeholders, the MPFA issued the inaugural issue of the MPFA Newsletter on 1 December. The inaugural issue focused on introducing MPF investment education messages and MPFA’s work at the community level. It would be published quarterly.

11. To correct some common fallacies and misunderstandings about MPF regulations, so as to enhance compliance as well as to deter breaches of law, the MPFA enhanced the contents of the “Enforcement Webpage” on its corporate website. A section explaining MPF regulations in a Q&A format was added. 14,000 copies of a leaflet containing similar messages had been produced for sending to labour unions, government departments, etc. for wide distribution to their members and the general public. In addition, MPFA’s enforcement actions and relevant legal and regulatory requirements of some landmark enforcement cases were also uploaded onto the webpage to illustrate the MPF regulations.

12. For the catering industry, an outreach activity was organized on 10 December to remind employees their rights and responsibilities under the Industry Schemes.

13. A series of youth education activities, including the launch of a Parenting Programme for some 50 000 primary school students and the continuation of the Skit Programme at 12 secondary schools, were carried out in December to educate the students on the proper attitudes and basic skills on money management. In order to enhance the knowledge of university students on the MPF System and MPF investment with a view to preparing them for joining the MPF System when they have been taking part-time jobs or after their graduation, an 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) was launched in partnership with a radio station in December. During the month, two MPF talks were also conducted to educate students of tertiary institutions on the MPF System and MPF investment.

14. With an aim to equip scheme members with the knowledge to make informed choices for MPF investment, 11 MPF briefing sessions were conducted for civil servants, labour relations officers, union members, employees and for the general public.

15. On the media front, 12 press releases related to MPFA's enforcement proceedings were issued. Besides, different publications carried 19 articles contributed by the MPFA on various aspects of the MPF System.

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

Mandatory Provident Fund Schemes Authority
1 February 2011