

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – May 2012

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 31.05.2012	As at 30.04.2012	Change**	As at 31.05.2012	As at 30.04.2012	Change**
Employers	256 300	255 400	+900	99%	99%	-
Employees	2 357 100	2 350 900	+6 200	99%	99%	-
Self-employed persons (SEPs)	228 400	228 600	-300	69%	69%	-

* rounded to the nearest 100

** changes are derived from unrounded figures and are then rounded off to the nearest integer

3. The enrolment rates of employees, employers and SEPs remained stable. As at the end of May 2012, 18 700 employers, 407 800 employees and 18 100 SEPs were registered under the Industry Schemes¹.

Complaint Handling

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

4. In May 2012, 470 complaints were received by the MPFA, of which 432 complaints were made against 333 employers. The nature of the complaints received is set out 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	18
➤ Non-enrolment in MPF Schemes	178
➤ Default contribution	377
➤ Others (e.g. dismissal; no pay records)	81
(B) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	38

[^] *Included multiple selections.*

Complaints received by the Labour Department (“LD”)

5. In May 2012, the LD received 10 MPF-related complaint cases. They were all related to alleged wrongful deduction of wages and default contributions.

6. Of the 67 complaint cases received from 1 January 2012 to 31 May 2012:

- 17 cases were resolved after conciliation or advice given;
- 27 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 3 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
- 20 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 May 2012	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> 7 - <i>Non-enrolment (Employee / SEP dispute)</i> 1 - <i>Default contribution</i> 131 - <i>False statement</i> 7 	<p>146</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>22 200</p>
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 22 - Number of employees involved 176 	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 4 - Number of employees involved 84 	
<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></p> <ul style="list-style-type: none"> - Number of cases submitted 7 	
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 255 	

Education and Publicity

9. Promotion activities for the MPF Investment Education Campaign continued during the month with the aim of equipping scheme members with the basic knowledge for making informed decisions in their lifelong MPF investment journey. With a view to enhancing the public's understanding of the MPF System, MPF investment and the role of the MPFA, a five-episode TV game show was launched on a free local TV channel from 2 to 30 May 2012. Through short dramas and quiz games participated by celebrities and artistes in each episode, the audience can learn MPF information in an easy-to-understand and lively manner. Financial experts were also present to explain the messages and give their professional views. Publicity on the show including advertorials in a magazine was arranged.

10. In order to further promulgate the legislative amendments to the maximum level of relevant income for mandatory MPF contributions and the actions required of scheme members, which became effective on 1 June 2012, the second burst of publicity on the amendment was arranged in late May to early June 2012. Print advertisements were placed in all local newspapers, both free and paid, on 22 and 23 May 2012. Online banners were launched in a popular portal and on a number of Chinese and English news websites. TV and radio APIs continued to be broadcast in all local TV and radio channels. Since MTR is one of the major transportation means for the working population, bilingual poster advertisements were arranged inside MTR stations. The TV API was also arranged to be broadcast on MTR's platform TV panels to attract the attention of employees.

11. For youth education, school-based Other Learning Experience activities were organized in two secondary schools.

12. To reach out to the community, four district carnivals, two outreaching activities and a briefing were carried out. In addition, 14 MPF talks were conducted for civil servants, labour union representatives, employers, employees, students and the community in order to educate them on the MPF System and MPF investment.

13. On the media front, 12 press releases were issued. One of them was on the adjustment of the maximum relevant income level for mandatory MPF contributions on 1 June 2012 and the others were on the MPFA's enforcement actions. Moreover, 21 articles contributed by the MPFA on various aspects of the MPF System and MPF investment were carried in different publications.

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

Mandatory Provident Fund Schemes Authority
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