

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – July 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 31.07.2012	As at 30.06.2012	Change**	As at 31.07.2012	As at 30.06.2012	Change**
Employers	258 400	257 300	+1 000	100%	99%	-
Employees	2 352 000	2 352 400	- 400	100%	100%	-
Self-employed persons (SEPs)	228 000	228 100	-100	68%	68%	-

* 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 employers, employees and SEPs remained stable. As at the end of July 2012, 18 800 employers, 416 400 employees and 18 000 SEPs were registered under the Industry Schemes¹.

Complaint Handling

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

4. In July 2012, 384 complaints were received by the MPFA, of which 362 complaints were made against 282 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	9
➤ Non-enrolment in MPF Schemes	153
➤ Default contribution	312
➤ Others (e.g. dismissal; no pay records)	79
(B) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	22

[^] Include multiple selections.

Complaints received by the Labour Department (“LD”)

5. In July 2012, the LD received 21 MPF-related complaint cases. They were all related to alleged wrongful deduction of wages, default contributions and non-enrolment in MPF schemes.

6. Of the 98 complaint cases received from 1 January 2012 to 31 July 2012:

- 30 cases were resolved after conciliation or advice given;
- 28 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 4 cases where the employers were insolvent were referred to the Protection of Wages on Insolvency Fund, the Legal Aid Department, and/or the Official Receiver’s Office; and
- 36 cases where the employees had lodged claims with the LD were awaiting conciliation results.

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 July 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> 2 - <i>Default contribution</i> 92 - <i>False statement</i> 7 	<p>108</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>19 500</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>20</p> <p>51</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>3</p> <p>26</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</p> <p>0</p>
<p>F. <u>Submission to liquidators / receivers</u></p> <ul style="list-style-type: none"> - Number of cases submitted 	<p>6</p>
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 	<p>270</p>

Education and Publicity

9. As part of the promotion activities for the MPF Investment Education Campaign, a thematic campaign on MPF funds operation and transaction was rolled out. With a view to enhancing scheme members' understanding of MPF funds operation and dealing procedure, as well as the roles of MPF trustees, investment managers and the MPFA in the processes, a series of six-episode radio drama was deployed to present the hard facts of funds operation and transaction in an interesting manner. The drama was broadcast in two radio channels and can also be listened to through a designated webpage on the radio station's website, smartphone application and toolbar for Internet browser. In addition, a new leaflet was produced to further disseminate the messages and a series of eight educational articles were also published in a free tabloid.

10. To encourage people to review the five-episode TV game show on MPF System and MPF investment, which was telecast on a free local TV channel in May 2012, online banner advertisements on popular websites continued in July 2012.

11. A new issue of the Summary of Fee Comparative Platform on MPF Funds, a quarterly publication, was produced to provide simplified fee information on MPF funds for scheme members who do not have convenient access to the Internet.

12. To gear up for the commencement of the Employee Choice Arrangement (ECA) on 1 November this year, the MPFA is progressively intensifying publicity and education through various channels, including ECA briefings for employees and the mailing of the MPFA Newsletter themed on ECA to stakeholders, to help public master the details of the new arrangement and the way it operates.

13. A series of youth education activities was carried out in this month. The MPFA participated in a youth job fair. Moreover, new content was launched on the fan page for MPFA youth programme on a social media platform. It included a blog, the winning video of the MPFA Tertiary Programme 2011/12 and MPF tips in the format of creative videos.

14. Two district carnivals, two tea gatherings and six outreaching activities were carried out to reach out to the community. In addition, six MPF talks were delivered to civil servants, industry representatives, employers, employees and the community.

15. On the media front, a total of 11 press releases were issued in the month. One was about the suspension of the levy for the MPF Compensation Fund from September 2012, whereas the rest were on the Authority's enforcement initiatives. In addition, 15 articles contributed by the MPFA on various aspects of the MPF System and MPF investment were carried in different publications.

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

Mandatory Provident Fund Schemes Authority
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