

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – October 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 31.10.2011	As at 30.09.2011	Change**	As at 31.10.2011	As at 30.09.2011	Change**
Employers	251 200	252 100	-900	98%	99%	-
Employees	2 330 800	2 330 100	+800	100%	100%	-
Self-employed persons (SEPs)	229 700	240 500	-10 800	70%	74%	-3%

* to the nearest 100

** changes are derived from unrounded figures

3. The enrolment rates of employers and employees remained stable. The enrolment rate of SEPs dropped by 3 percentage points. As at the end of October 2011, 18 300 employers, 391 400 employees and 18 400 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 2011, 380 complaints were received by the MPFA, of which 352 complaints were made against 276 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	141
➤ Default contribution	312
➤ Others (e.g. dismissal; no pay records)	76
(B) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	28

[^] *Included multiple selections.*

Complaints received by the Labour Department (“LD”)

5. In October 2011, the LD received 13 MPF-related complaint cases, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 197 complaint cases received from 1 January 2011 to 31 October 2011:

- 73 cases were resolved after conciliation or advice given;
- 86 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 5 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
- 33 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 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> 11 - <i>Non-enrolment (Employee / SEP dispute)</i> 1 - <i>Default contribution</i> 133 - <i>Failure to comply with court order</i> 1 	
<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 	19 200
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 29 - Number of employees involved 109 	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 3 - Number of employees involved 38 	
<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> <p>Number of cases submitted</p>	12
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 	280

Education and Publicity

9. To equip members of the public with the basic knowledge for making informed decisions in their lifelong MPF investment journey, publicity for the MPF Investment Education Campaign continued in October. A weekly game segment was launched on a Cantonese radio station from 28 October for nine weeks. The video series “Making Informed Decisions for Your MPF Life” 「積金人生 決策審慎」 was telecast on out-of-home media platforms including TV panels on MTR trains along East Rail, West Rail and Ma On Shan Lines from 20 October for two weeks and TV panels in the lobbies of commercial buildings from 31 October for two weeks. Besides, it was also telecast on two free local TV channels from 31 October for four weeks. As a new endeavour, a sponsored segment was run in an interactive game show on two pay TV channels during the period from 30 October to 29 December. Tailor-made questions on MPF with explanations were deployed in the quiz game to disseminate the educational messages.

10. Moreover, the October 2011 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 Internet.

11. The second wave of publicity for the thematic campaign to publicize the amendment of the minimum level of relevant income for MPF contributions commenced in October. Print advertisements were published in all local newspapers on 25 and 26 October, and banner advertisements were launched on a popular online portal and a recruitment website from 24 October to early November to remind the general public of the effective date of the revised level. In addition, TV Announcements in the Public Interest (APIs) in Cantonese and English continued to be broadcast on 39 local free and pay TV channels while radio APIs in Cantonese, Putonghua and English were also aired on 12 radio channels. In addition, leaflets about the amendment in three minority group languages, namely Nepali, Urdu and Thai, were produced and distributed via voluntary organizations servicing the related minority groups.

12. To educate students, teachers and parents on proper concept of money management and MPF messages, the youth education activities continued in October. A school-based Acting Competition and a Parenting Photo Competition were launched to complement the publicity of a MPF storybook.

13. A new round of the Skit Programme, an interactive drama for junior form secondary school students, commenced on 17 October. Sixty Skit performances would be conducted in the 2011/12 school year. Moreover,

a set of display posters carrying educational messages on MPF were distributed to all local secondary schools. A training workshop cum Skit preview, co-organized with the Hong Kong Teachers' Centre of the Education Bureau, was conducted on 22 October to facilitate participating teachers to apply topics of financial planning and MPF knowledge on the curriculum of secondary schools.

14. A programme, which tied in with the Other Learning Experience (OLE) of the new senior secondary curriculum, was launched in collaboration with a non-governmental organization. A series of school-based life planning activities targeting senior secondary school students would be conducted in eight secondary schools in the 2011/12 school year. Participating students would experience different life stages, through which they would encounter different financial needs and relevant decision-making, including MPF investment.

15. A multimedia competition on MPF was launched in partnership with a radio station in October. Students of tertiary institutions were invited to join a series of Multimedia Training Workshops so as to acquire knowledge on financial planning, MPF investment, skills in multimedia production as well as tips on how to promote MPF messages via multimedia works. In addition, a thematic webpage and a fan page on a popular online social media platform were developed to augment the publicity effect.

16. Two publications tailor-made for senior secondary school students and students of tertiary institutions were produced. Furthermore, a promotion counter at a career fair of a university was organized while a total of 12 MPF talks were delivered to students of tertiary institutions, teachers of secondary schools, civil servants, union members, employers, employees and the general public to educate the community on MPF investment.

17. In this month, a press release was issued on 24 October on the new minimum relevant income level commencing on 1 November. Apart from this, 14 other press releases were issued on enforcement actions and MPFA's youth and public education programmes. Separately, different publications carried 18 articles contributed by the MPFA on various aspects of the MPF System and MPF investment.

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