

## LegCo Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – December 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 31.12.2011	As at 30.11.2011	Change**	As at 31.12.2011	As at 30.11.2011	Change**
<b>Employers</b>	252 500	251 800	600	98%	98%	-1%
<b>Employees</b>	2 344 300	2 329 900	14 400	99%	100%	-1%
<b>Self-employed persons (SEPs)</b>	229 400	229 500	-100	70%	70%	-1%

\* to the nearest 100

\*\* changes are derived from unrounded figures

3. The enrolment rates of employers, employees and SEPs dropped by 1 percentage point. As at the end of December 2011, 18 400 employers, 396 300 employees and 18 300 SEPs were registered under the Industry Schemes<sup>1</sup>.

#### Complaint Handling

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

4. In December 2011, 309 complaints were received by the MPFA, of which 288 complaints were made against 216 employers. The nature of the complaints received was as follows:

<sup>1</sup> These figures have excluded double registration between the two Industry Schemes trustees.

	<u>Number of complaints<sup>^</sup></u>
(A) Complaints concerning scheme members:	
➤ Involuntary change from “employee” status to “SEP” status	5
➤ Non-enrolment in MPF Schemes	116
➤ Default contribution	260
➤ Others (e.g. dismissal; no pay records)	55
(B) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	21

<sup>^</sup> *Included multiple selections.*

### Complaints received by the Labour Department (“LD”)

5. In December 2011, the LD received 10 MPF-related complaint cases, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 222 complaint cases received from 1 January 2011 to 31 December 2011:

- 93 cases were resolved after conciliation or advice given;
- 101 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 6 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
- 22 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:

<b>Enforcement action in December 2011</b>	<b>Number of Cases</b>
<p>A. <u>Prosecution</u></p> <p>Number of summonses applied during the month</p> <ul style="list-style-type: none"> <li>- <i>Non-enrolment of employees</i> 8</li> <li>- <i>Non-enrolment (Employee / SEP dispute)</i> 1</li> <li>- <i>Default contribution</i> 119</li> <li>- <i>False statement</i> 2</li> </ul>	
<p>B. <u>Contribution Surcharge</u> (5% of the contributions in arrears)</p> <ul style="list-style-type: none"> <li>- Number of employers with notices issued</li> </ul>	18 900
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 22</li> <li>- Number of employees involved 82</li> </ul>	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 6</li> <li>- Number of employees involved 83</li> </ul>	
<p>E. <u>Submission to the High Court</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 0</li> <li>- Number of employees involved 0</li> </ul>	
<p>F. <u>Submission to liquidators / receivers</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted</li> </ul>	19
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> <li>- Number of employment establishments visited</li> </ul>	252

## **Education and Publicity**

9. The MPFA continued to carry out publicity programmes under the MPF Investment Education Campaign in December to equip members of the public with the basic knowledge for making informed decisions in their lifelong MPF investment journey. The video series “Making Informed Decisions for Your MPF Life” (「積金人生 決策審慎」) was telecast on a popular online portal and an outdoor video wall at a high-traffic shopping mall in December.

10. The publicity of a series of five episodes of comic strips engaging a popular local comic character “Maggiology” (「馬仔」) continued. During the month, the comic strips were published in a popular leisure magazine to publicize investment education messages.

11. A roving exhibition was held at a shopping mall in Tin Shui Wai from 10 to 11 December. The exhibition comprised exhibits, game booths, and MPF consultation services where Certified Financial Planners provided participants with free and professional analysis of their MPF investment and advice on retirement planning. To promote the event, publicity was arranged in various media, including newspapers, posters, Internet and direct mailers in both hardcopy and electronic form to target participants.

12. To further educate the public on the salient features and relative risk levels of the five major types of MPF funds, a new leaflet and an enhanced version of a booklet were published.

13. A series of youth education activities was carried out this month to educate students on the proper attitudes towards money management as well as knowledge on MPF. It included the Recognition Programme for Primary School Students, the Skit Programme at 11 secondary schools, Other Learning Experience activity at one secondary school and the 2011/12 Multimedia Competition on MPF for Students of Tertiary Institutions. For the Kindergarten Programme, 10 finalist kindergartens were selected for a school-based acting competition. Workshops were conducted at these kindergartens to equip children with acting skills and money management concepts through interactive games.

14. Furthermore, a total of 16 talks on money management and MPF were delivered in December to primary school students, tertiary institution students, civil servants, employees and the general public to educate the community on the MPF System and MPF investment.

15. On the media front, a press release was issued on 9 December to announce the appointment of a consultant to study trustees' administration costs. In addition, the MPFA held a press conference on 16 December to kick off the public consultation on withdrawal of MPF benefits. A press release was also issued subsequently. Moreover, 13 other press releases were issued mainly on MPFA's enforcement actions, including one on the first employer being sentenced to a community service order for defaulting on MPF contributions for an employee. Separately, different publications carried 19 articles contributed by the MPFA on various aspects of the MPF System and MPF investment.

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

Mandatory Provident Fund Schemes Authority  
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