

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress report as at the end of January 2007

Purpose

This paper updates Members on the latest progress of implementing the Mandatory Provident Fund (MPF) System.

Enrolment

2. The enrolment position as at the end of January 2007 is as follows:

| | Number of Participants* | | | Enrolment Rate | | |
|------------------------------|-------------------------|---------------------|---------|---------------------|---------------------|--------|
| | As at 31.01.2007 | As at 31.12.2006 | Change | As at 31.01.2007 | As at 31.12.2006 | Change |
| Employers | 232 700 | 232 300 | + 400 | 98.7% | 98.5% | + 0.2% |
| Employees | 2 072 600 | 2 071 100 | + 1 500 | 97.8% | 97.7% | + 0.1% |
| Self-employed persons (SEPs) | 285 100 | 285 100 | - | 74.5% | 74.5% | - |

* to the nearest 100

3. The enrolment rates of employers and employees increased by 0.2% and 0.1% respectively. The enrolment rate of SEPs remained stable. As at the end of January 2007, 15 300 employers, 284 800 employees and 21 500 SEPs were registered under the Industry Schemes¹.

Complaint Handling

Complaints received by the MPFA

4. Of the total 816 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in January 2007, 96% concerned scheme members and 472 employers were involved. The breakdown is as follows:

¹ Double registration with the two Industry Schemes trustees has been eliminated.

| <u>Nature of complaints received in January 2007</u> | <u>% *</u> |
|---|------------|
| (A) Complaints concerning scheme members: | |
| ➤ Wrongful reduction of wages / benefits | 4 |
| ➤ Involuntary change from employee to SEP | 0 |
| ➤ Non-enrolment in MPF Schemes | 27 |
| ➤ Default contribution | 86 |
| ➤ Others (e.g. dismissal; no pay records) | 12 |
| (B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc | 4 |

* *Multiple selections allowed.*

Complaints received by the Labour Department (“LD”)

5. In January 2007, the LD received 11 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.
6. Of the 11 complaints received in January 2007:
 - the employees in all 11 cases had lodged claims with the LD and were awaiting conciliation result.

Enforcement

7. The MPFA continued to enforce the MPF Schemes Ordinance by proactive inspections of employment premises, investigation of complaints, making claims at law courts on behalf of employees to recover the outstanding default contributions, and prosecuting offending employers.

8. The enforcement actions taken by the MPFA in January 2007 are summarized below:

| Enforcement action in January 2007 | Number of Cases |
|--|------------------------------|
| A. <u>Prosecution</u> Number of summonses applied during the month - <i>Non-enrolment of employees</i> - <i>Non-enrolment (Employee / SEP dispute)</i> - <i>Default contribution</i> - <i>False statement</i> - <i>Obstruct Authority in the exercise or performance of functions</i> | 28 2 0 25 1 0 |
| B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers | 22 700 |
| C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved | 67 133 |
| D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved | 7 643 |
| E. <u>Submission to the High Court</u> - Number of cases submitted - Number of employees involved | 0 0 |
| F. <u>Submission to liquidators / receivers</u> - Number of cases submitted | 27 |
| G. <u>Proactive Inspections</u> - Number of employment establishments visited | 88 |

Education and Publicity

9. During the month under review, the MPFA continued to roll out the programmes under the second phase of the MPF Investment Education Campaign. A new series of five-episode one-minute TV programmes “Smart Employees, Smart MPF Tips” (打工仔積金有計) was telecast from 22 January to 26 January 2007 on ATV-Local Channel to provide practical tips to the general public on how to take care of their MPF investment. The TV series will be broadcast on RoadShow Media on buses and TV panels on KCR trains from February to March 2007.

10. In addition, the series of three 15-second TV APIs under the theme of “Look After Your MPF Investment - Add Value to Your Future” (多一分關心 多一分保障 強積金) had also been re-run on 15 local free and paid TV channels since mid-January 2007 to augment the overall impact.

11. For the Industry Schemes publicity, a seminar-cum-dinner was held in partnership with the Construction Site Workers General Union. In addition, a series of sponsorship programmes with the labour union was also rolled out from January to March 2007 to disseminate MPF messages to the employees of the construction industry through their monthly newsletters, and distribution of leaflets and give-away items at the labour centres.

12. Community outreach activities continued. A district carnival was co-organised with the Tuen Mun District Council for the residents in the district. Moreover, five MPF district carnivals, being part of a series of partnership programmes with political parties, were held in January. Seven talks were arranged for labour unions, tertiary institutes and community groups during the month.

13. On the media front, 18 press releases were issued to the media and 16 articles were published in newspapers, focusing mainly on MPF investment education and scheme member protection. In addition, messages on stepping up the imposition of financial penalties on default employers were disseminated to scheme members through trustees’ and trade associations’ newsletters and websites.

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

Mandatory Provident Fund Schemes Authority
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