

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress report as at the end of July 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 July 2007 is as follows:

	Number of Participants*			Enrolment Rate		
	As at 31.07.2007	As at 30.06.2007	Change	As at 31.07.2007	As at 30.06.2007	Change
Employers	237 400	237 000	+ 400	99.8%	99.6%	+ 0.2%
Employees	2 084 900	2 070 300	+ 14 600	98.0%	97.3%	+ 0.7%
Self-employed persons (SEPs)	282 800	283 100	- 300	76.0%	76.1%	- 0.1%

* to the nearest 100

3. The enrolment rates of employers and employees increased by 0.2% and 0.7% respectively. The enrolment rate of SEPs decreased by 0.1%. As at the end of July 2007, 15 500 employers, 291 900 employees and 21 300 SEPs were registered under the Industry Schemes¹.

Complaint Handling

Complaints received by the MPFA

4. Of the total 673 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in July 2007, 94% concerned scheme members and 417 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 July 2007</u>	<u>% *</u>
(A) Complaints concerning scheme members:	
➤ Wrongful reduction of wages / benefits	6
➤ Involuntary change from employee to SEP	0
➤ Non-enrolment in MPF Schemes	28
➤ Default contribution	84
➤ Others (e.g. dismissal; no pay records)	12
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	7

* *Multiple selections allowed.*

Complaints received by the Labour Department (“LD”)

5. In July 2007, the LD received 18 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the 118 complaints received from 1 January 2007 to the end of July 2007:

- 33 cases were resolved after conciliation or advice given;
- 52 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 2 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;
- 26 cases where the employees had lodged claims with the LD were awaiting conciliation result; and
- 5 cases were awaiting the employee’s decision on whether to lodge claim with the LD for conciliation.

Enforcement

7. The MPFA continued to enforce the MPF Schemes Ordinance by investigation of complaints, inspections of employment premises, 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 July 2007 are summarized below:

Enforcement action in July 2007	Number of Cases
<p>A. <u>Prosecution</u> Number of summonses applied during the month</p> <ul style="list-style-type: none"> - <i>Non-enrolment of employees</i> 0 - <i>Non-enrolment (Employee / SEP dispute)</i> 0 - <i>Default contribution</i> 35 - <i>False statement</i> 0 - <i>Failing to comply with a lawful requirement made by the Authority in the course of exercising or performing its functions</i> 0 	<p>35</p>
<p>B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers</p>	<p>21 900</p>
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> - Number of cases submitted 122 - Number of employees involved 502 	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 33 - Number of employees involved 1 117 	
<p>E. <u>Submission to the High Court</u></p> <ul style="list-style-type: none"> - Number of cases submitted 1 - Number of employees involved 281 	
<p>F. <u>Submission to liquidators / receivers</u></p> <ul style="list-style-type: none"> - Number of cases submitted 39 	
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> - Number of employment establishments visited 101 	

Education and Publicity

9. In order to enhance public's understanding of the unique features of the five major types of MPF fund, five 15-second TV APIs each featuring one type of MPF funds continued to broadcast at 27 local TV channels including free and paid TV channels. Starting from mid-July 2007, the APIs were also arranged to broadcast on RoadShow Media on buses, TV panels on KCR trains, in addition to outdoor video walls to augment the overall impact.

10. Being part of the district tour of the MPF fund characters, a series of public programmes were held at the Paradise Mall in Heng Fa Chuen on 15 July 2007. The programmes included exhibition on MPF investment and MPF funds, quiz games, photo sessions with MPF "JJ Five" Band, and MPF student ambassadors explaining Fund Fact Sheet to the scheme members. As pre-event publicity, contributed articles were published in three local newspapers, and promotional flyers were distributed to the residents in the vicinity to encourage participation.

11. During the month, community outreach activities continued. A sponsorship programme was held with a labour union on 7 July to disseminate MPF messages to their members while a district carnival was co-organised with a labour union of the trade industry on 8 July for the residents of Ma On Shan district. Moreover, two MPF seminars were arranged for the participants of retraining programmes.

12. On the media front, 18 press releases were issued to the media on the MPFA's enforcement actions and MPFA's work in enhancing the transparency of the MPF market. In addition, 12 articles were published in newspapers, focusing mainly on member protection, tips on reading MPF Fund Fact Sheet and the key features of the MPF funds.

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

Mandatory Provident Fund Schemes Authority
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