

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress report as at the end of January 2008

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 2008 is as follows:

	Number of Participants*			Enrolment Rate		
	As at 31.01.2008	As at 31.12.2007	Change	As at 31.01.2008	As at 31.12.2007	Change
Employers	238 900	238 700	+200	99.6%	99.5%	+0.1%
Employees	2 133 800	2 130 300	+3 500	97.8%	97.6%	+0.2%
Self-employed persons (SEPs)	270 700	271 100	-400	75.0%	75.1%	-0.1%

* to the nearest 100

3. The enrolment rates of employers and employees increased by 0.1% and 0.2% respectively. The enrolment rate of SEPs decreased by 0.1%. As at the end of January 2008, 15 500 employers, 301 100 employees and 20 300 SEPs were registered under the Industry Schemes¹.

Complaint Handling

Complaints received by the MPFA

4. Of the total 545 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in January 2008, 95% concerned scheme members and 372 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 2008</u>	<u>% *</u>
(A) Complaints concerning scheme members:	
➤ Wrongful reduction of wages / benefits	3
➤ Involuntary change from employee to SEP	0
➤ Non-enrolment in MPF Schemes	28
➤ Default contribution	85
➤ Others (e.g. dismissal; no pay records)	10
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	7

* *Multiple selections allowed.*

Complaints received by the Labour Department (“LD”)

5. In January 2008, the LD received 19 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the 19 complaints received in January 2008:

- 1 case was resolved after conciliation or advice given;
- 2 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication; and
- 16 cases where the employees had lodged claims with the LD were awaiting conciliation result.

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 January 2008 are summarized below:

Enforcement action in January 2008	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>Failing to comply with a lawful requirement made by the Authority in the course of exercising or performing its functions</i>	68 2 0 63 3 0
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers	21 500
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved	87 266
D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved	33 448
E. <u>Submission to the High Court</u> - Number of cases submitted - Number of employees involved	1 24
F. <u>Submission to liquidators / receivers</u> - Number of cases submitted	49
G. <u>Proactive Inspections</u> - Number of employment establishments visited	307

Education and Publicity

9. Following the passage of the MPF Schemes (Amendment) Bill 2007 (“Amendment Ordinance”) by the Legislative Council on 9 January 2008, communication and publicity programmes were rolled out to promulgate the new requirements. Several flyers were produced for wide distribution to employers, scheme members (including employees and self-employed persons) and the general public through various channels including Home Affairs Department, Labour Department, labour unions, employer associations and trustees. The flyers were also uploaded on the MPFA website for public access.

10. The MPFA took the opportunity of the Chinese New Year to launch a specially designed Fai Chun to gently remind the public to save for the future. It was widely distributed via labour unions and community organizations as well as a newspaper.

11. For youth education, an award presentation ceremony-cum-seminar was held on 19 January 2008 to round up the writing competition for primary school students. At the seminar, a child education specialist and a local artiste shared with the participants, comprising parents of the winning students and members of the public, their knowledge and experience on educating youngsters on financial management. A post-event newspaper supplement was arranged for 1 February 2008.

12. Community outreach activities continued. During the month, three MPF seminars were organized for employers and labour officers. The MPFA also participated in a local district carnival in Yuen Long to disseminate MPF messages to the residents.

13. On the media front, 21 press releases were issued on the Authority's enforcement actions, the passage of the Amendment Ordinance, and other publicity and education programmes.

14. Moreover, the Chairman of the MPFA shared his views on the latest developments of the MPF System and the work of the MPFA on a radio programme broadcast on 12 January 2008. In addition, 19 contribution articles on various MPF topics were published through different channels in the media, focusing mainly on the new amendments to the MPF Schemes Ordinance and the development of the MPF System.

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

Mandatory Provident Fund Schemes Authority
6 February 2008