

## LegCo Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress report as at the end of February 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 February 2008 is as follows:

	Number of Participants*			Enrolment Rate		
	As at 29.02.2008	As at 31.01.2008	Change	As at 29.02.2008	As at 31.01.2008	Change
Employers	238 900	238 900	-	99.6%	99.6%	-
Employees	2 141 700	2 133 800	+7 900	98.2%	97.8%	+0.4%
Self-employed persons (SEPs)	269 600	270 700	-1 100	74.7%	75.0%	-0.3%

\* to the nearest 100

3. The enrolment rate of employers remained stable. The enrolment rate of employees increased by 0.4%. The enrolment rate of SEPs decreased by 0.3%. As at the end of February 2008, 15 600 employers, 303 100 employees and 20 200 SEPs were registered under the Industry Schemes<sup>1</sup>.

#### Complaint Handling

##### Complaints received by the MPFA

4. Of the total 472 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in February 2008, 95% concerned scheme members and 328 employers were involved. The breakdown is as follows:

<sup>1</sup> Double registration with the two Industry Schemes trustees has been eliminated.

<u>Nature of complaints received in February 2008</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	35
➤ Default contribution	85
➤ Others (e.g. dismissal; no pay records)	11
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	7

\* *Multiple selections allowed.*

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

5. In February 2008, the LD received 10 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the 29 complaints received from 1 January 2008 to the end of February 2008:

- 7 cases were resolved after conciliation or advice given;
- 7 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication; and
- 15 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 February 2008 are summarized below:

<b>Enforcement action in February 2008</b>	<b>Number of Cases</b>
<b>A. <u>Prosecution</u></b> 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>	41 0 0 41 0 0
<b>B. <u>Contribution Surcharge</u></b> (@5% of the contributions in arrears) Number of Notices issued to employers	21 400
<b>C. <u>Submission to the Small Claims Tribunal</u></b> - Number of cases submitted - Number of employees involved	89 371
<b>D. <u>Submission to the District Court</u></b> - Number of cases submitted - Number of employees involved	16 623
<b>E. <u>Submission to the High Court</u></b> - Number of cases submitted - Number of employees involved	1 118
<b>F. <u>Submission to liquidators / receivers</u></b> - Number of cases submitted	66
<b>G. <u>Proactive Inspections</u></b> - Number of employment establishments visited	95

### **Education and Publicity**

9. During the month under review, a meeting-cum-talk was organized for the Labour Department's Tripartite Committee to publicize the Industry Schemes (IS) amongst employers and employees of the construction industry. In addition, the IS leaflets were distributed to the construction workers at a construction site in Tin Shui Wai.

10. The MPFA participated in the “Education and Careers Expo 2008” organized by the Hong Kong Trade Development Council from 21 to 24 February 2008. An exhibition booth was staged to enhance the workforce’s understanding of MPF investment, and remind them of the benefits of starting early on retirement planning, as illustrated by the compounding effect in long-term investment. A seminar on how to manage the MPF accounts when changing jobs was conducted during the Expo.

11. A number of activities on youth education were arranged during the month. To promulgate the merits of MPF and the compounding effect, the Skit Programme tailor-made for senior form secondary school students will be rolled out to another 19 secondary schools in this academic year, following its premiere at a school this month. A booklet and a thematic website were produced to help the participants to recap the key learning points of the Skit.

12. Selected winning entries of the parenting programme “MPF Colouring Competition for Kindergarten Kids” have been put on display at the Community Art Gallery of Tsing Yi MTR station for a month from 19 February 2008 to encourage young kids to form the good habit of saving for the future.

13. For students of tertiary and vocational institutes, three talks were conducted to provide them with knowledge on the MPF System and MPF investment before they join the workforce.

14. Community outreach activities continued. Four MPF talks were organized for labour unions and MPF scheme members employed by the government.

15. On the media front, 16 press releases were issued on the Authority’s enforcement actions and in response to the initiative of a trustee to further reduce its fees. In addition, 14 contribution articles on various MPF topics were published through different channels in the media, focusing mainly on MPF investment and the highlights of the MPF Schemes (Amendment) Ordinance 2008.

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