

LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 31.03.2008	As at 29.02.2008	Change	As at 31.03.2008	As at 29.02.2008	Change
Employers	234 700	238 900	-4 200	99.1%	99.6%	-0.5%
Employees	2 129 200	2 141 700	-12 500	96.5%	98.2%	-1.7%
Self-employed persons (SEPs)	267 000	269 600	-2 600	74.8%	74.7%	+0.1%

* to the nearest 100

3. The enrolment rates of employers and employees decreased by 0.5% and 1.7% respectively. The enrolment rate of SEPs increased by 0.1%. This change reflected the decrease of enrolled SEPs by 2 600, as well as the decrease in the universe of SEPs by 4 200. As at the end of March 2008, 15 600 employers, 305 100 employees and 19 900 SEPs were registered under the Industry Schemes¹.

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

Complaint Handling

Complaints received by the MPFA

4. Of the total 691 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in March 2008, 96% concerned scheme members and 477 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in March 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	38
➤ Default contribution	86
➤ Others (e.g. dismissal; no pay records)	10
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	5

* *Multiple selections allowed.*

Complaints received by the Labour Department (“LD”)

5. In March 2008, the LD received 15 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the 44 complaints received from 1 January 2008 to the end of March 2008:

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

Enforcement action in March 2008	Number of Cases
A. <u>Prosecution</u>	
Number of summonses applied during the month	42
- <i>Non-enrolment of employees</i>	7
- <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
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers	21 600
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases submitted	47
- Number of employees involved	217
D. <u>Submission to the District Court</u>	
- Number of cases submitted	13
- Number of employees involved	431
E. <u>Submission to the High Court</u>	
- Number of cases submitted	0
- Number of employees involved	0
F. <u>Submission to liquidators / receivers</u>	
- Number of cases submitted	24
G. <u>Proactive Inspections</u>	
- Number of employment establishments visited	94

Education and Publicity

9. The mini publicity campaign which aimed at deepening the scheme members' understanding of how to handle their preserved accounts and accrued benefits when changing jobs continued in March. Exhibition panels on this subject were displayed at a job fair organized by Kwai Tsing District Council, and leaflets were distributed to the participants.

10. For Industry Scheme (IS) publicity, two seminars were organized for employees of the catering industry.

11. A series of youth education programmes continued in the month. Four talks were conducted to educate students of tertiary institutions about the MPF System and MPF investment before they join the workforce. In addition, the MPFA joined a career exhibition-cum-seminar held by the Hong Kong Polytechnic University to promote the merits of early planning for retirement.

12. Under the Skit Programme for secondary schools, we visited six schools during the month and explained the merits of MPF and compounding effect to the senior form students.

13. Selected winning entries of the primary school MPF writing competition and kindergarten colouring competition continued to be on display at the Community Art Gallery of Tsing Yi MTR station. This was to further disseminate the message of encouraging youngsters/ kids to develop the good habit of saving for the future.

14. During the month under review, community outreach activities continued. Three MPF district carnivals, being part of a series of partnership programmes with political parties, were organized for the residents in Kwai Shing, Southern, Central and Western districts respectively. Moreover, 13 MPF seminars were arranged for self-employed persons, labour unions, labour officers, intermediaries and school teachers.

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, 11 contribution articles on various MPF topics were published through different channels in the media, focusing mainly on MPF investment and the highlights of amendments relating to MPF Schemes Ordinance.

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