

**LegCo Panel on Manpower**

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

	Number of Participants*			Enrolment Rate		
	As at 30.04.2008	As at 31.03.2008	Change	As at 30.04.2008	As at 31.03.2008	Change
Employers	236 000	234 700	+1 300	99.6%	99.1%	+0.5%
Employees	2 137 100	2 129 200	+7 900	96.9%	96.5%	+0.4%
Self-employed persons (SEPs)	266 900	267 000	-100	74.8%	74.8%	-

\* to the nearest 100

3. The enrolment rates of employers and employees increased by 0.5% and 0.4% respectively. The enrolment rate of SEPs remained stable. As at the end of April 2008, 15 700 employers, 307 300 employees and 19 900 SEPs were registered under the Industry Schemes<sup>1</sup>.

**Complaint Handling**

Complaints received by the MPFA

4. Of the total 735 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in April 2008, 95% concerned scheme members and 519 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 April 2008</u>	<u>% *</u>
(A) Complaints concerning scheme members:	
➤ Wrongful reduction of wages / benefits	3
➤ Involuntary change from employee to SEP	1
➤ Non-enrolment in MPF Schemes	33
➤ Default contribution	82
➤ Others (e.g. dismissal; no pay records)	10
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	11

\* *Multiple selections allowed.*

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

5. In April 2008, the LD received 25 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the 69 complaints received from 1 January 2008 to the end of April 2008:

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

<b>Enforcement action in April 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>	33 1 0 32 0 0
<b>B. <u>Contribution Surcharge</u></b> (@5% of the contributions in arrears) Number of Notices issued to employers	21 000
<b>C. <u>Submission to the Small Claims Tribunal</u></b> - Number of cases submitted - Number of employees involved	51 137
<b>D. <u>Submission to the District Court</u></b> - Number of cases submitted - Number of employees involved	19 483
<b>E. <u>Submission to the High Court</u></b> - Number of cases submitted - Number of employees involved	0 0
<b>F. <u>Submission to liquidators / receivers</u></b> - Number of cases submitted	42
<b>G. <u>Proactive Inspections</u></b> - Number of employment establishments visited	74

## **Education and Publicity**

9. As an ongoing effort to disseminate the MPF investment education messages to the general public, the five 15-second APIs each featuring one type of MPF funds continued to broadcast at 27 local free and paid TV channels to enhance public understanding of the characteristics of MPF funds.

10. Youth education programmes for various target groups continued during the month. Five talks were conducted to educate students of the tertiary institutions about the MPF System and MPF investment before they join the workforce.

11. Regarding the Skit Programme for secondary schools, 13 schools were visited in the month and the merits of MPF and compounding effect were promulgated to the senior form students. The entire programme for the 2007-08 academic year had been completed and a total of around 4,000 students and teachers of 20 secondary schools had participated in the programme.

12. For the primary school MPF writing competition and the kindergarten colouring competition, selected winning entries continued to be displayed at the Community Art Gallery of Heng Fa Chuen and Tsing Yi MTR stations to further disseminate messages to encourage youngsters to develop the good habit of saving for the future.

13. During the month under review, community outreach activities continued. Six MPF district carnivals, being part of a series of partnership programmes with political parties, were organized for residents in various districts. Moreover, nine MPF seminars were arranged for Sha Tin District Council members, employers, human resources practitioners, MPF intermediaries and civil servants.

14. On the media front, 18 press releases were issued on the Authority's enforcement actions. In addition, 17 contribution articles on various MPF topics were published through different channels in the media, focusing mainly on the MPFA's enforcement actions, employee portability proposal and highlights of amendments relating to MPF Schemes Ordinance.

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