

LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 31.05.2008	As at 30.04.2008	Change	As at 31.05.2008	As at 30.04.2008	Change
Employers	236 100	236 000	+100	99.7%	99.6%	+0.1%
Employees	2 147 200	2 137 100	+10 100	97.3%	96.9%	+0.4%
Self-employed persons (SEPs)	267 500	266 900	+600	75.0%	74.8%	+0.2%

* to the nearest 100

3. The enrolment rates of employers, employees and SEPs increased by 0.1%, 0.4% and 0.2% respectively. As at the end of May 2008, 15 700 employers, 308 900 employees and 19 800 SEPs were registered under the Industry Schemes¹.

Complaint Handling

Complaints received by the MPFA

4. Of the total 624 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in May 2008, 96% concerned scheme members and 421 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 May 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	34
➤ Default contribution	84
➤ Others (e.g. dismissal; no pay records)	11
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	6

* *Multiple selections allowed.*

Complaints received by the Labour Department (“LD”)

5. In May 2008, the LD received 15 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and non-enrolment of employees.

6. Of the 84 complaints received from 1 January 2008 to the end of May 2008:

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

Enforcement action in May 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>	22 0 0 22 0 0
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers	20 600
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved	72 472
D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved	6 178
E. <u>Submission to the High Court</u> - Number of cases submitted - Number of employees involved	0 0
F. <u>Submission to liquidators / receivers</u> - Number of cases submitted	21
G. <u>Proactive Inspections</u> - Number of employment establishments visited	96

Education and Publicity

9. Following the Government's announcement on 5 May 2008 on the details of injection of Budget Surplus into MPF/ORSO scheme members' accounts, the MPFA has been rolling out a series of communication initiatives to

publicize the eligibility criteria and to call on scheme members to take necessary actions to complement the injection. A flyer has been produced for wide distribution to scheme members and the general public through various channels including Home Affairs Department, Labour Department, labour unions, trustees and associations of human resources practitioners and self-employed persons (SEPs). The flyer has also been uploaded on the MPFA website for public's easy access.

10. As an ongoing effort to disseminate MPF investment education messages to the general public, the five 15-second APIs each featuring one type of MPF funds continued to be broadcast at 27 local free and paid TV channels. To augment the publicity impact, the APIs have been scheduled to broadcast at outdoor video walls and TV panels at MTR stations starting from May 2008 for two months to enhance the public's understanding of the characteristics and risk levels of MPF funds.

11. A number of education programmes were organized for different youth groups during the month. A talk was conducted to educate students of a vocational institution about the MPF System and MPF investment before they join the workforce. Moreover, selected winning entries of the primary school MPF writing competition continued to be displayed at the Community Art Gallery of Admiralty MTR station to further disseminate messages to encourage youngsters to develop the good habit of saving for the future.

12. During the month under review, community outreach activities continued. A series of publicity activities including exhibition and seminar for SEPs was conducted. Ten MPF district carnivals, being part of a series of partnership programmes with political parties, were organized for the residents in various districts. In addition, seven MPF seminars were arranged for employers, employees, participants of retraining programmes and human resources practitioners.

13. On the media front, 17 press releases were issued on the Authority's enforcement actions and the implementation of the Government's injection of budget surplus into MPF/ORSO scheme members' accounts. In addition, 16 contribution articles on various MPF topics were published through different channels in the media. Apart from focusing on MPF investment related issues, the contribution articles also promulgated the eligibility criteria and called for necessary actions of scheme members in respect of the Government's injection.

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