

LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 31.07.2008	As at 30.06.2008	Change	As at 31.07.2008	As at 30.06.2008	Change
Employers	236 800	235 700	+1 100	99.6%	99.2%	+ 0.4%
Employees	2 169 800	2 159 800	+10 000	98.6%	98.1%	+ 0.5%
Self-employed persons (SEPs)	267 300	267 200	+100	74.8%	74.8%	-

* to the nearest 100

3. The enrolment rates of employers and employees increased by 0.4% and 0.5% respectively. The enrolment rate of SEPs remained stable. As at the end of July 2008, 15 800 employers, 313 800 employees and 19 800 SEPs were registered under the Industry Schemes¹.

Complaint Handling

Complaints received by the MPFA

4. Of the total 715 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in July 2008, 93% concerned scheme members and 478 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 July 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	34
➤ Default contribution	83
➤ Others (e.g. dismissal; no pay records)	8
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	9

* *Multiple selections allowed.*

Complaints received by the Labour Department (“LD”)

5. In July 2008, the LD received 27 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and non-enrolment of employees.

6. Of the 124 complaints received from 1 January 2008 to the end of July 2008:

- 50 cases were resolved after conciliation or advice given;
- 34 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 1 case where the employer was insolvent was referred to the Legal Aid Department, the Official Receiver’s Office and the Protection of Wages on Insolvency Fund;
- 38 cases where the employees had lodged claims with the LD were awaiting conciliation result; and
- 1 case was awaiting the employee’s decision on whether to lodge claim with the LD for conciliation.

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 July 2008 are summarized below:

Enforcement action in July 2008	Number of Cases
A. <u>Prosecution</u>	
Number of summonses applied during the month	63
- <i>Non-enrolment of employees</i>	1
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	62
- <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	20 300
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases submitted	89
- Number of employees involved	477
D. <u>Submission to the District Court</u>	
- Number of cases submitted	13
- Number of employees involved	313
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	104

Education and Publicity

9. The publicity for the MPF Schemes (Amendment) (No.2) Ordinance 2008 to promulgate the commencement date and details of the amendments continued in July 2008. The TV and radio APIs were broadcast at 42 local free and paid TV channels and 12 local radio channels. From this month onwards, print advertisements will be published in various labour unions' newsletters. Besides, a flyer carrying the same messages was also inserted into a publication for distribution to members, mainly employers, of a trade association.

10. In order to publicize the messages relating to the Government injection of \$6,000 into the accounts of eligible members of MPF and MPF exempted ORSO registered schemes, an advertising campaign has been rolled out since July 2008. Print advertisements were published in all 17 local newspapers on 24 and 25 July to publicize the eligibility criteria for different categories of scheme members and call on them to take complementary actions to facilitate the injection. The advertisements also called on self-employed persons to report their relevant income by 29 August 2008. In addition, a radio API has been scheduled for broadcast on a taxi call centre and 12 channels of three radio stations starting from 24 and 28 July respectively. The print advertisement and radio API were also uploaded on the MPFA website for easy access by members of the public.

11. Selected winning entries of the kindergarten MPF colouring competition continued to be on display at the Community Art Gallery of MTR station to further disseminate messages to encourage youngsters to develop the good habit of saving for the future.

12. Community outreach activities also continued in the month of July. Six MPF seminars were arranged for members of labour unions, employers, intermediaries and professional groups.

13. On the media front, 15 press releases were issued on topics such as MPFA's enforcement actions, MPFA's responses to the passage of the MPF Schemes (Amendment) Bill 2008 by LegCo, and Consumer Council's survey. In addition, 20 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) (No.2) Ordinance.

Members are invited to note the contents of this paper.