

## LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 31.08.2008	As at 31.07.2008	Change	As at 31.08.2008	As at 31.07.2008	Change
Employers	237 200	236 800	+400	99.8%	99.6%	+0.2%
Employees	2 174 500	2 169 800	+4 700	98.8%	98.6%	+0.2%
Self-employed persons (SEPs)	266 800	267 300	-500	74.7%	74.8%	-0.1%

\* to the nearest 100

3. Both the enrolment rates of employers and employees increased by 0.2%. The enrolment rate of SEPs decreased by 0.1%. As at the end of August 2008, 15 900 employers, 315 600 employees and 19 700 SEPs were registered under the Industry Schemes<sup>1</sup>.

#### Complaint Handling

##### Complaints received by the MPFA

4. Of the total 675 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in August 2008, 94% concerned scheme members and 437 employers were involved. The breakdown is as follows:

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

<u>Nature of complaints received in August 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	33
	➤ Default contribution	87
	➤ GIC <sup>2</sup>	28
	➤ Others (e.g. dismissal; no pay records)	7
(B)	Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	9

\* *Multiple selections allowed.*

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

5. In August 2008, the LD received 18 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and non-enrolment of employees.

6. Of the 142 complaints received from 1 January 2008 to the end of August 2008:

- 65 cases were resolved after conciliation or advice given;
- 42 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;
- 33 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.

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<sup>2</sup> GIC stands for the Government’s injection of \$6,000 into the accounts of eligible members of MPF and MPF exempted ORSO registered schemes.

## 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 August 2008 are summarized below:

<b>Enforcement action in August 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 4 0 34 3 0
<b>B. <u>Contribution Surcharge</u></b> (@5% of the contributions in arrears) Number of Notices issued to employers	19 800
<b>C. <u>Submission to the Small Claims Tribunal</u></b> - Number of cases submitted - Number of employees involved	66 250
<b>D. <u>Submission to the District Court</u></b> - Number of cases submitted - Number of employees involved	5 251
<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	37
<b>G. <u>Proactive Inspections</u></b> - Number of employment establishments visited	197

## **Education and Publicity**

9. The publicity for the MPF Schemes (Amendment) Ordinance 2008 to promulgate the commencement date and details of the amendments continued in August 2008. The TV and radio APIs were broadcast at all 42 local free and paid TV channels and 12 channels of three local radio stations.

10. Selected winning entries of the primary school story writing 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.

11. Community outreach activities also continued in the month of August. A total of 13 MPF seminars were arranged for civil servants, employers, employees, self-employed persons, professionals, mainland visitors and teachers.

12. On the media front, 19 press releases were issued in relation to MPFA's enforcement actions and MPFA's reminders to self-employed persons to report their relevant income by 29 August 2008, as well as to employees urging them to report non-enrolment and default contribution by 31 October 2008 so that the MPFA can determine their relevant income, and thereby their eligibility. In addition, 15 contribution articles on various MPF topics were published through different channels in the media, focusing mainly on MPF investment and the GIC Project.

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

Mandatory Provident Fund Schemes Authority  
17 September 2008