

## **LegCo Panel on Manpower**

### **Implementation of the Mandatory Provident Fund System Progress report as at the end of November 2007**

#### **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 November 2007 is as follows:

	Number of Participants*			Enrolment Rate		
	As at 30.11.2007	As at 31.10.2007	Change	As at 30.11.2007	As at 31.10.2007	Change
Employers	238 900	239 200	-300	99.6%	99.7%	-0.1%
Employees	2 113 800	2 111 100	+2 700	98.9%	98.7%	+0.2%
Self-employed persons (SEPs)	275 400	277 100	-1 700	75.2%	75.7%	-0.5%

\* to the nearest 100

3. The enrolment rates of employers and SEPs decreased by 0.1% and 0.5% respectively. The enrolment rate of employees increased by 0.2%. As at the end of November 2007, 15 400 employers, 296 400 employees and 20 600 SEPs were registered under the Industry Schemes<sup>1</sup>.

#### **Complaint Handling**

##### Complaints received by the MPFA

4. Of the total 576 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in November 2007, 93% concerned scheme members and 377 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 November 2007</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	26
➤ Default contribution	88
➤ Others (e.g. dismissal; no pay records)	14
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	9

\* *Multiple selections allowed.*

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

5. In November 2007, the LD received 15 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the 175 complaints received from 1 January 2007 to the end of November 2007:

- 62 cases were resolved after conciliation or advice given;
- 81 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 2 cases where the employers were insolvent were referred to the Legal Aid Department, the Official Receiver’s Office and the Protection of Wages on Insolvency Fund;
- 28 cases where the employees had lodged claims with the LD were awaiting conciliation result; and
- 2 cases were 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 November 2007 are summarized below:

<b>Enforcement action in November 2007</b>	<b>Number of Cases</b>
<b>A. <u>Prosecution</u></b>	
Number of summonses applied during the month	21
- <i>Non-enrolment of employees</i>	2
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	19
- <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>B. <u>Contribution Surcharge</u></b> (@5% of the contributions in arrears) Number of Notices issued to employers	21 800
<b>C. <u>Submission to the Small Claims Tribunal</u></b>	
- Number of cases submitted	103
- Number of employees involved	373
<b>D. <u>Submission to the District Court</u></b>	
- Number of cases submitted	8
- Number of employees involved	59
<b>E. <u>Submission to the High Court</u></b>	
- Number of cases submitted	1
- Number of employees involved	261
<b>F. <u>Submission to liquidators / receivers</u></b>	
- Number of cases submitted	44
<b>G. <u>Proactive Inspections</u></b>	
- Number of employment establishments visited	93

### **Education and Publicity**

9. To enhance public's understanding of the characteristics of MPF funds, the five 15-second APIs each featuring one type of MPF funds continued to be broadcast at 27 local free and paid TV channels as continuing effort to promulgate the MPF investment education messages to the general public.

10. With a view to deepening scheme members' understanding on how to manage their preserved accounts and accrued benefits when changing jobs, the MPFA has launched a mini publicity campaign targeting the job seekers who have the most imminent need in handling their old MPF accounts upon changing jobs. The content of the leaflet on this subject was enhanced with more detailed information on the procedures of transferring accrued benefits, and the points to note when choosing MPF trustees, schemes and investment portfolios. The messages have been disseminated to the general public through various channels including the MPFA website, recruitment newspapers, magazines and websites.

11. In addition, to further enhance the self-employed persons' (SEPs) understanding of their obligations under the MPF System, a mini publicity campaign was kicked off in November 2007. The SEPs of different industries were segmented for tailor-made programmes. During the review period, the leaflet for SEPs was revamped and distributed to the target audience through various channels.

12. For youth education, two talks were conducted for the students of tertiary institutions during the month to provide knowledge on the MPF System and MPF investment before they join the workforce and to draw their attention to the merits of early planning for retirement.

13. Moreover, to highlight the merits of developing the good habit of saving for the future among kindergarten kids and to disseminate MPF messages to their parents, the MPFA has co-organized an "MPF Colouring Competition for Kindergarten Kids" with a kids magazine. A comic story with the MPF "JJ Five" Band as the main characters has been developed to inform the kids the correct attitude towards spending and saving.

14. Community outreach activities continued. During the month, five MPF seminars were arranged for the participants of retraining programmes, employers, labour unions, and labour officers and inspectors of the Labour Department.

15. On the media front, 20 press releases were issued to the media on the MPFA's enforcement actions and three press statements were also released in response to the announcements made by three trustees on MPF fee reduction. In addition, 15 articles were published in newspapers, focusing mainly on stepping up penalties on various offences and SEPs' rights and responsibilities under the MPF System.

16. Moreover, a contribution article on the operation of the MPF "Contribution Enquiry Line" was published in the newsletter of a trustee during the month for promulgating the message to its scheme members.

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

Mandatory Provident Fund Schemes Authority  
6 December 2007