

## LegCo Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress report as at the end of December 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 December 2007 is as follows:

	Number of Participants*			Enrolment Rate		
	As at 31.12.2007	As at 30.11.2007	Change	As at 31.12.2007	As at 30.11.2007	Change
<b>Employers</b>	238 700	238 900	-200	99.5%	99.6%	-0.1%
<b>Employees</b>	2 130 300	2 113 800	+16 500	97.6%	98.9%	-1.3%
<b>Self-employed persons (SEPs)</b>	271 100	275 400	-4 300	75.1%	75.2%	-0.1%

\* to the nearest 100

3. The enrolment rates of employers, employees and SEPs decreased by 0.1%, 1.3% and 0.1% respectively. As at the end of December 2007, 15 500 employers, 298 800 employees and 20 300 SEPs were registered under the Industry Schemes<sup>1</sup>.

#### Complaint Handling

##### Complaints received by the MPFA

4. Of the total 494 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in December 2007, 94% concerned scheme members and 339 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 December 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	32
➤ Default contribution	84
➤ Others (e.g. dismissal; no pay records)	13
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	7

\* *Multiple selections allowed.*

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

5. In December 2007, the LD received 8 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the 183 complaints received from 1 January 2007 to the end of December 2007:

- 68 cases were resolved after conciliation or advice given;
- 89 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;
- 22 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 December 2007 are summarized below:

<b>Enforcement action in December 2007</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>	40 3 0 37 0 0
<b>B. <u>Contribution Surcharge</u></b> (@5% of the contributions in arrears) Number of Notices issued to employers	20 600
<b>C. <u>Submission to the Small Claims Tribunal</u></b> - Number of cases submitted - Number of employees involved	70 325
<b>D. <u>Submission to the District Court</u></b> - Number of cases submitted - Number of employees involved	11 165
<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	51
<b>G. <u>Proactive Inspections</u></b> - Number of employment establishments visited	178

### **Education and Publicity**

9. During the month under review, a new radio programme targeting office workers was launched at Metro Radio, with a financial expert providing down-to-earth MPF investment tips. The programme also invited listeners'

participation through phone-in game sessions. To enhance the publicity impact of the radio programme, links to the thematic webpage of the radio programme were provided on two recruitment websites.

10. Publicity campaign on preserved accounts continued. At a job fair organized by a community organization, a talk on how to handle preserved accounts and accrued benefits when changing jobs was given and leaflets were distributed. In a publicity programme at the Hong Kong Brands & Products Expo 2007 on 29 December 2007, a drama performance and a quiz game were staged to draw the public's attention to their MPF accounts and to enhance their understanding of MPF investment.

11. Regarding youth education, a talk had been given to tertiary students, before they join the workforce, on the MPF System and MPF investment. For secondary school students, a Skit Programme was launched in partnership with the Hong Kong Institute of Financial Planners to give out messages on the benefits of starting financial planning early and the merits of the MPF System. For primary school and kindergarten students, two parenting programmes, namely, a story-writing competition and a colouring competition, were organized respectively in collaboration with two media partners. The objectives were to encourage young children to form the good habit of saving for the future and to disseminate MPF messages to their parents.

12. For Industry Scheme publicity, two seminar-cum-dinner and two outreaching activities were organized for the catering and construction industries. In addition, three outreaching activities for self-employed persons (SEPs) were held for minibus and taxi drivers during the month.

13. On the media front, 17 press releases were issued to the media on the MPFA's enforcement actions, and publicity and education programmes, including a mini-campaign to urge SEPs to enrol in MPF schemes.

14. A meet-the-media session was arranged at the launch ceremony of the secondary school programme mentioned in paragraph 11 above. In addition, 15 contribution articles on different MPF topics were published through various channels in the media, focusing mainly on the MPF responsibilities of SEPs, arrangements of the MPF Industry Schemes as well as the MPFA's investment education initiatives.

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