

## LegCo Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report - September 2008

#### Purpose

This paper is the monthly update on the Mandatory Provident Fund (MPF) System.

#### Enrolment

2. The enrolment position, at the end of September 2008 was as follows:

	Number of Participants*			Enrolment Rate		
	As at 30.09.2008	As at 31.08.2008	Change	As at 30.09.2008	As at 31.08.2008	Change
Employers	237 500	237 200	+300	99.8%	99.8%	-
Employees	2 162 100	2 174 500	-12 400	99.1%	98.8%	+0.3%
Self-employed persons (SEPs)	266 800	266 800	-	73.8%	74.7%	-0.9%

\* to the nearest 100

3. The number of enrolled employees dropped by 12 400 while the number of employees decreased by 19 100 at the same time, resulting in a net increase of the enrolment rate by 0.3%. The decrease in the SEPs enrolment rate by 0.9% was due to the increase of the SEPs by 4 400. As at the end of September 2008, 16 000 employers, 316 600 employees and 19 700 SEPs were registered under the Industry Schemes<sup>1</sup>.

#### Complaint Handling

##### Complaints received by the Mandatory Provident Fund Schemes Authority (MPFA)

4. In September 2008, 706 complaints were received by the MPFA, of which 657 were complaints against 492 employers. The nature of the complaints received was as follows:

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

	<u>Number of complaints*</u>
(A) Complaints concerning Scheme members:	
➤ Wrongful reduction of wages / benefits	25
➤ Involuntary change from employee to SEP	3
➤ Non-enrolment in MPF Schemes	234
➤ Default contribution	604
➤ GIC <sup>2</sup>	314
➤ Others (e.g. dismissal; no pay records)	68
(B) Complaints concerning Trustees, Intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	61

\* *Multiple selections included.*

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

5. In September 2008, the LD received 13 MPF-related complaints, all of which concerned the alleged wrongful deduction of wages and non-enrolment of employees.

6. Of the 155 complaints received between 1 January 2008 and 30 September 2008:

- 77 cases were resolved after conciliation or upon receipt of advice;
- 52 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 2 cases in which 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 in which employees had lodged claims with the LD, were awaiting result of the conciliation process; and
- 2 cases were awaiting the employees' decision on whether to proceed to conciliation, with LD's assistance.

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<sup>2</sup> GIC refers to the programme in which Government will inject \$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 investigating complaints, inspecting employment premises, making claims at law courts on behalf of employees to recover outstanding default contributions, and prosecuting offending employers.

8. Recent enforcement action taken by the MPFA is summarized below:

Enforcement action in September 2008	Number of Cases
<p>A. <u>Prosecution</u>                      Number of summonses applied during the month</p> <ul style="list-style-type: none"> <li>- <i>Non-enrolment of employees</i> 4</li> <li>- <i>Non-enrolment (Employee / SEP dispute)</i> 2</li> <li>- <i>Default contribution</i> 39</li> <li>- <i>False statement</i> 0</li> <li>- <i>Failing to comply with a lawful requirement made by the Authority in the course of exercising or performing its functions</i> 1</li> </ul>	
<p>B. <u>Contribution Surcharge</u>                      (@5% of the contributions in arrears)                      Number of Notices issued to employers</p>	19 000
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 73</li> <li>- Number of employees involved 308</li> </ul>	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 6</li> <li>- Number of employees involved 221</li> </ul>	
<p>E. <u>Submission to the High Court</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 0</li> <li>- Number of employees involved 0</li> </ul>	
<p>F. <u>Submission to liquidators / receivers</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 20</li> </ul>	
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> <li>- Number of employment establishments visited 68</li> </ul>	

## **Education and Publicity**

9. As part of the Authority's ongoing investment education efforts aimed at the general public, five Announcement of Public Interest (APIs), each featuring one type of MPF fund, have been re-launched on various out-of-home media. The APIs were broadcast on outdoor video walls and TV panels on MTR trains and RoadShow buses to enhance the public's understanding of the unique features of the five major types of MPF funds.

10. Publicity to announce the commencement date and details of the MPF Schemes (Amendment) Ordinance 2008 continued in September 2008. TV and radio APIs were broadcast on all 42 local free and paid TV channels and 12 channels of three local radio stations.

11. Selected winning entries in the primary school story-writing competition continued to be displayed at the Community Art Gallery in MTR stations to encourage youngsters to develop the habit of saving for the future.

12. Community outreach activities also continued in September. Six MPF seminars were arranged for students from a tertiary institution, various community groups, a labour union, Human Resources personnel and Government representatives from the Mainland.

13. On the media front, 16 press releases were issued concerning enforcement action taken by the Authority. In addition, 18 articles on various MPF topics were published through different channels in the media, focusing primarily on MPF investments, the GIC Project and the recent legislative amendments.

Mandatory Provident Fund Schemes Authority  
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