

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report - October 2008

Purpose

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

Enrolment

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

	Number of Participants*			Enrolment Rate		
	As at 31.10.2008	As at 30.09.2008	Change	As at 31.10.2008	As at 30.09.2008	Change
Employers	237 500	237 500	-	99.8%	99.8%	-
Employees	2 163 900	2 162 100	+1 800	99.2%	99.1%	+ 0.1%
Self-employed persons (SEPs)	266 900	266 800	+100	73.8%	73.8%	-

* to the nearest 100

3. Both the enrolment rates of employers and SEPs remained stable. The enrolment rate of employees increased by 0.1%. As at the end of October 2008, 16 000 employers, 318 000 employees and 19 700 SEPs were registered under the Industry Schemes¹.

Complaint Handling

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

4. In October 2008, 814 complaints were received by the MPFA, of which 749 were complaints against 493 employers. The nature of the complaints received was as follows:

¹ 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	17
➤ Involuntary change from employee to SEP	8
➤ Non-enrolment in MPF Schemes	214
➤ Default contribution	684
➤ GIC ²	367
➤ Others (e.g. dismissal; no pay records)	86
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	81

* *Multiple selections included.*

Complaints received by the Labour Department (LD)

5. In October 2008, the LD received 15 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and non-enrolment of employees.

6. Of the 170 complaints received from 1 January 2008 to the end of October 2008:

- 85 cases were resolved after conciliation or advice given;
- 54 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 3 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;
- 26 cases where the employees had lodged claims with the LD were awaiting conciliation result; and
- 2 cases were awaiting the employees' decision on whether to lodge claim with the LD for conciliation.

² 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 October 2008	Number of Cases
A. <u>Prosecution</u> 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>	22 2 0 20 0 0
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers	19 900
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved	81 275
D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved	9 622
E. <u>Submission to the High Court</u> - Number of cases submitted - Number of employees involved	0 0
F. <u>Submission to liquidators / receivers</u> - Number of cases submitted	14
G. <u>Proactive Inspections</u> - Number of employment establishments visited	171

Education and Publicity

9. Publicity for the MPF Schemes (Amendment) Ordinance 2008 to publicize the commencement date and details of the amendments continued in October 2008. The TV Announcement of Public Interest (API) has been broadcast on MTR trackside and concourse plasma screens since 20 October 2008 and will continue for one month. In addition, another round of print advertisement was published in all 17 local newspapers from 28 to 30 October to reinforce the public's awareness of the commencement date of 1 November 2008.

10. To sustain the Authority's ongoing investment education efforts aiming at the general public, the five APIs, each featuring one type of MPF fund, continued to be broadcast on out-of-home media such as outdoor video wall and TV panels on buses. The aim was to enhance the public's understanding of the unique features of the five major types of MPF funds.

11. A number of activities on youth education had been held during the month. Two talks were conducted to educate students of tertiary institutions about the MPF System and MPF investment.

12. The second phase of the Skit Programme launched by the MPFA in partnership with the Institute of Financial Planners of Hong Kong commenced in October 2008. During this month, interactive drama was performed in 14 secondary schools and messages including the benefits of early planning for retirement, the merits of MPF and compounding effect were promulgated to senior form students. Skit performances would continue to be rolled out to a total of 60 secondary schools in this academic year.

13. To promote the concept of saving for the future among kindergarten kids and to disseminate MPF messages to their parents, the MPFA has developed a Storybook and launched a "Book Report Competition for Kindergarten Kids" in the form of drawing with a kid's magazine in October 2008. Invitation for the competition was sent to all local kindergartens and the Storybook was also uploaded on the MPFA website for easy access.

14. Various community outreach activities were carried out in October. A total of nine MPF seminars were arranged for members of a number of labour unions, employers, civil servants, Human Resources personnel and intermediaries.

15. On the media front, 20 press releases were issued concerning the Authority's enforcement actions, a reminder to employees to report non-enrollment and default contribution cases on or before 31 October 2008 to avoid affecting their eligibility to receive the Government's injection, and a response statement relating to the wind-up of a fashion retail chain. In addition, 19 contribution articles on various MPF topics were published through different channels in the media, focusing mainly on MPF investment, the GIC Project and the legislative amendments.

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

Mandatory Provident Fund Schemes Authority
10 November 2008