

## LegCo Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress report as at the end of November 2008

#### Purpose

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

#### Enrolment

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

	Number of Participants*			Enrolment Rate		
	As at 30.11.2008	As at 31.10.2008	Change	As at 30.11.2008	As at 31.10.2008	Change
<b>Employers</b>	237 300	237 500	-200	99.8%	99.8%	-
<b>Employees</b>	2 164 200	2 163 900	+300	99.2%	99.2%	-
<b>Self-employed persons (SEPs)</b>	266 900	266 900	-	73.8%	73.8%	-

\* to the nearest 100

3. The enrolment rates of employers, employees and SEPs remained stable. As at the end of November 2008, 16 100 employers, 318 200 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 November 2008, 763 complaints were received by the MPFA, of which 707 were complaints against 421 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	23
➤ Involuntary change from employee to SEP	0
➤ Non-enrolment in MPF Schemes	224
➤ Default contribution	661
➤ GIC <sup>2</sup>	217
➤ Others (e.g. dismissal; no pay records)	72
(B) Complaints concerning Trustees, Intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	73

\* *Multiple selections included.*

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

5. In November 2008, the LD received 24 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and non-enrolment of employees.

6. Of the 194 complaints received from 1 January 2008 to the end of November 2008:

- 95 cases were resolved after conciliation or advice given;
- 57 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 4 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;
- 36 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.

### **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.

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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.

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

<b>Enforcement action in November 2008</b>	<b>Number of Cases</b>
<p>A. <u>Prosecution</u></p> <p>Number of summonses applied during the month</p> <ul style="list-style-type: none"> <li>- <i>Non-enrolment of employees</i> 3</li> <li>- <i>Non-enrolment (Employee / SEP dispute)</i> 1</li> <li>- <i>Default contribution</i> 57</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> 0</li> </ul>	
<p>B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears)</p> <p>Number of Notices issued to employers</p>	17 900
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 69</li> <li>- Number of employees involved 376</li> </ul>	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 20</li> <li>- Number of employees involved 283</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> <p>Number of cases submitted</p>	27
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> <li>- Number of employment establishments visited 118</li> </ul>	

## **Education and Publicity**

9. Publicity for the MPF Schemes (Amendment) Ordinance 2008 to publicize the commencement date and details of the amendments continued in November 2008. Starting from this month, both the TV and radio Announcement of Public Interests (APIs) were updated to highlight that the amendments had become effective on 1 November 2008. The TV API was broadcast on MTR trackside and concourse plasma screens and in hundreds of commercial and industrial buildings as well as on all local free and paid TV channels. The radio API was aired on three local radio stations. Besides, print advertisements were published in the newsletters of two labour unions in this month.

10. Activities on youth education continued. Three talks were conducted to educate students of the tertiary institutions about the MPF System and MPF investment.

11. For the Skit Programme at secondary schools, 13 schools were visited during the month and messages including the benefits of early planning for retirement, the merits of MPF and the concept of compounding effect were promulgated to the senior form students. Moreover, advertisements were published to publicize the storybook and the “Book Report Competition for Kindergarten Kids”.

12. In addition, to educate children on the proper concepts of money and attitudes towards spending and saving, and to disseminate MPF messages to their parents, the MPFA has organized a “Saving Plan Writing Competition for Primary School Students” in partnership with a children’s magazine. Invitations for the competition were sent to all local primary schools and details were also uploaded on the MPFA website for the public’s easy access.

13. Various community outreach activities were carried out in November. A total of seven MPF seminars were arranged for employees, employers, participants of re-training programmes, Mainland visitors and accounting professionals.

14. Moreover, three outreaching activities for self-employed persons (SEPs) were held for minibus and taxi drivers, while one outreaching activity was organized for the construction industry to publicize the Industry Scheme.

15. On the media front, 12 press releases on the Authority’s enforcement actions were issued. In addition, 17 contribution articles on various MPF topics were published through different channels in the media, focusing mainly on MPF investment and the legislative amendments.

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

Mandatory Provident Fund Schemes Authority  
10 December 2008