

LegCo Panel on Manpower

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

Purpose

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

Enrolment

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

	Number of Participants*			Enrolment Rate		
	As at 31.12.2008	As at 30.11.2008	Change	As at 31.12.2008	As at 30.11.2008	Change
Employers	237 500	237 300	+200	99.8%	99.8%	-
Employees	2 174 700	2 164 200	+10 500	98.0%	99.2%	-1.2%
Self-employed persons (SEPs)	266 700	266 900	-200	73.7%	73.8%	-0.1%

* to the nearest 100

3. The enrolment rate of employers remained stable. The enrolment rates of employees and SEPs decreased slightly by 1.2% and 0.1% respectively in the past month. As at the end of December 2008, 16 100 employers, 320 200 employees and 19 600 SEPs were registered under the Industry Schemes¹.

Complaint Handling

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

4. In December 2008, 545 complaints were received by the MPFA, of which 487 were complaints against 369 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	10
➤ Involuntary change from employee to SEP	4
➤ Non-enrolment in MPF Schemes	180
➤ Default contribution	451
➤ Others (e.g. dismissal; no pay records)	47
(B) Complaints concerning Trustees, Intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	58

* *Multiple selections included.*

Complaints received by the Labour Department (“LD”)

5. In December 2008, the LD received 29 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and non-enrolment of employees.

6. Of the 223 complaints received from 1 January 2008 to the end of December 2008:

- 109 cases were resolved after conciliation or advice given;
- 64 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 6 cases where the employers were insolvent were referred to the Legal Aid Department, the Official Receiver’s Office and/ or the Protection of Wages on Insolvency Fund;
- 43 cases where the employees had lodged claims with the LD were awaiting conciliation results; and
- 1 case was 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.

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

Enforcement action in December 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>	51 5 2 44
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers	17 600
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved	85 560
D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved	13 679
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	17
G. <u>Proactive Inspections</u> - Number of employment establishments visited	70

Education and Publicity

9. To publicize the commencement of the MPF Schemes (Amendment) (No.2) Ordinance 2008 (Bill No.2) on 1 December 2008, a series of publicity activities were held. TV and radio Announcements in the Public Interest (APIs) were rolled out on 1 December 2008 on local radio stations, free and paid TV channels, out-of-home media such as outdoor TV wall and TV panels on buses.

In addition, a print advertisement was published in a total of 17 local newspapers between 1 and 3 December. Also, a flyer containing details of the amendments was released to the general public through various channels including offices of the MPFA, Home Affairs and Labour Departments. The flyer and a powerpoint presentation with voice-over were also put on the MPFA's website. In addition, an advertisement was published in a labour union newsletter.

10. Publicity for the MPF Schemes (Amendment) Ordinance 2008 (Bill No.1) continued in December 2008 as a reminder to the public. Another print advertisement on Bill No.1 together with the messages about the higher penalties in Bill No.2 was placed in 17 local newspapers between 16 and 18 December 2008.

11. Youth education activities continued. A talk was held to educate some tertiary institution students about the MPF System and MPF investment. To tie in with the "Saving Plan Writing Competition for Primary School Students" launched in November, an advertorial was published in a children's magazine to educate children about spending and saving money.

12. Various community outreach activities were carried out in December 2008. 10 MPF seminars were arranged for civil servants, members of labour unions, labour inspectors, teachers, employees and practitioners of the performing industry.

13. Also, an outreach activity and a dinner-cum-talk were organized for both the catering and construction industries to publicize the Industry Schemes.

14. On the media front, 17 press releases were issued concerning the Authority's enforcement actions. In addition, 15 contribution articles on various MPF topics were published through different channels in the media, focusing mainly on the legislative amendments and the Government Injection of Contributions Project.

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