

LegCo Panel on Manpower

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

| | Number of Participants* | | | Enrolment Rate | | |
|---------------------------------|-------------------------|---------------------|--------|---------------------|---------------------|--------|
| | As at 31.05.2007 | As at 30.04.2007 | Change | As at 31.05.2007 | As at 30.04.2007 | Change |
| Employers | 235 700 | 235 300 | +400 | 99.4% | 99.2% | +0.2% |
| Employees | 2 059 000 | 2 053 400 | +5 600 | 97.8% | 97.5% | +0.3% |
| Self-employed persons (SEPs) | 283 600 | 283 900 | -300 | 75.5% | 75.6% | -0.1% |

* to the nearest 100

3. The enrolment rates of employers and employees increased by 0.2% and 0.3% respectively. The enrolment rate of SEPs decreased by 0.1%. As at the end of May 2007, 15 500 employers, 287 500 employees and 21 400 SEPs were registered under the Industry Schemes¹.

¹ Double registration with the two Industry Schemes trustees has been eliminated.

Complaint Handling

Complaints received by the MPFA

4. Of the total 731 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in May 2007, 95% concerned scheme members and 469 employers were involved. The breakdown is as follows:

| <u>Nature of complaints received in May 2007</u> | <u>% *</u> |
|--|------------|
| (A) Complaints concerning scheme members: | |
| ➤ Wrongful reduction of wages / benefits | 5 |
| ➤ Involuntary change from employee to SEP | 0 |
| ➤ Non-enrolment in MPF Schemes | 28 |
| ➤ Default contribution | 85 |
| ➤ 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 May 2007, the LD received 17 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the 73 complaints received from 1 January 2007 to the end of May 2007:

- 17 cases were resolved after conciliation or advice given;
- 29 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;
- 24 cases where the employees had lodged claims with the LD were awaiting conciliation result; and
- 1 case was 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 May 2007 are summarized below:

| Enforcement action in May 2007 | 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> | 25 2 0 23 0 0 |
| B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers | 22 800 |
| C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved | 84 198 |
| D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved | 13 698 |
| 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 | 13 |
| G. <u>Proactive Inspections</u> - Number of employment establishments visited | 155 |

Education and Publicity

9. With an aim to enable the MPF scheme members and the general public to better understand the MPF system and to grasp the unique features of the five major types of MPF funds, the MPFA has developed five cartoon characters, the MPF “JJ Five” Band (積積樂隊), to serve as MPF fund spokespersons to bring out the key characteristics of MPF Funds in a lively and interesting manner. In addition to having an unique design and easy-to-remember name, each character will introduce the key features of the Fund that it represents through a specially written song. The launching ceremony was held on 20 May 2007 at Maritime Square, Tsing Yi. Members of the MPF “JJ Five” Band will be deployed as education tools to help the target audience to learn more about the characteristics of each MPF fund, thereby helping them to map out an investment portfolio that better suits their needs.

10. Prior to the ceremony, a series of pre-launch publicity including teaser advertisements in free newspapers, radio programmes and broadcasting of fund songs were rolled out from 14 May 2007 to augment the communication impact. In addition, the MPF “JJ Five” Band was introduced to the media on 15 May 2007, and prominent coverage was accorded in 17 local newspapers.

11. As part of the launching programmes, a thematic website was launched and a newly designed fund booklet on MPF investment was published and distributed to the general public for education purpose.

12. Moreover, a series of five 15-second TV APIs, each featuring one of the five members of the MPF “JJ Five” Band is being rolled out in stages on 27 local TV channels starting from 28 May 2007. Through simple and interesting stories of the cartoon characters, fund songs and tag lines, each TV API introduced the characteristics of one of the five major MPF funds.

13. For publicity on the Industry Schemes, MPF message was disseminated to the members of the labour union in the catering industry through distribution of leaflets and give-away items. Contribution articles on MPF investment and the MPF “JJ Five” Band were published in three newsletters of the labour unions covering catering, transportation and logistics industries.

14. Community outreach activities continued. One MPF district carnival, being the last event of a series of partnership programmes with political parties, were held in May 2007. In addition, four talks were arranged for labour unions and community groups during the month.

15. Two sponsorship programmes were co-organized with the Hong Kong Confederation of Trade Unions, in the format of carnivals in Tin Shui Wai and Yuen Long.

16. On the media front, 15 press releases were issued to the media on the MPFA's enforcement actions and launch of the MPF "JJ Five" Band. Moreover, 15 articles were published in newspapers, focusing mainly on the characteristics and risk levels of different types of MPF funds, and on proposed amendments to MPF legislation such as enhancing the efficiency and effectiveness of enforcement actions, and streamlining the default contribution recovery procedures.

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

Mandatory Provident Fund Schemes Authority
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