

## **LegCo Panel on Manpower**

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

	Number of Participants*			Enrolment Rate		
	As at 30.06.2007	As at 31.05.2007	Change	As at 30.06.2007	As at 31.05.2007	Change
Employers	237 000	235 700	+1 300	99.6%	99.4%	+0.2%
Employees	2 070 300	2 059 000	+11 300	97.3%	97.8%	-0.5%
Self-employed persons (SEPs)	283 100	283 600	-500	76.1%	75.5%	+0.6%

\* to the nearest 100

3. The enrolment rates of employers and SEPs increased by 0.2% and 0.6% respectively. The enrolment rate of employees decreased by 0.5%. As at the end of June 2007, 15 500 employers, 289 600 employees and 21 300 SEPs were registered under the Industry Schemes<sup>1</sup>.

#### **Complaint Handling**

##### Complaints received by the MPFA

4. Of the total 675 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in June 2007, 94% concerned scheme members and 452 employers were involved. The breakdown is as follows:

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

<u>Nature of complaints received in June 2007</u>		<u>% *</u>
(A) Complaints concerning scheme members:		
➤ Wrongful reduction of wages / benefits		4
➤ Involuntary change from employee to SEP		0
➤ Non-enrolment in MPF Schemes		26
➤ Default contribution		85
➤ Others (e.g. dismissal; no pay records)		13
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc		8
* <i>Multiple selections allowed.</i>		

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

5. In June 2007, the LD received 27 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the 100 complaints received from 1 January 2007 to the end of June 2007:

- 24 cases were resolved after conciliation or advice given;
- 38 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;
- 33 cases where the employees had lodged claims with the LD were awaiting conciliation result; and
- 3 cases were 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 June 2007 are summarized below:

<b>Enforcement action in June 2007</b>	<b>Number of Cases</b>
<b>A. <u>Prosecution</u></b> 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>	28  1 0 27 0 0
<b>B. <u>Contribution Surcharge</u></b> (@5% of the contributions in arrears) Number of Notices issued to employers	23 300
<b>C. <u>Submission to the Small Claims Tribunal</u></b> - Number of cases submitted - Number of employees involved	103 592
<b>D. <u>Submission to the District Court</u></b> - Number of cases submitted - Number of employees involved	10 192
<b>E. <u>Submission to the High Court</u></b> - Number of cases submitted - Number of employees involved	0 0
<b>F. <u>Submission to liquidators / receivers</u></b> - Number of cases submitted	11
<b>G. <u>Proactive Inspections</u></b> - Number of employment establishments visited	99

### **Education and Publicity**

9. Following the launch of the MPF “JJ Five” Band (the five cartoon characters which serve as education tools to enhance scheme members’ understanding of the characteristics of the five major types of MPF funds) in May 2007, a series of spin-off programmes continued to roll out during the month of June 2007.

10. The five 15-second TV APIs, each featuring one type of MPF funds continued to be broadcast at 27 local TV channels including free and paid TV channels, and more exposure had been secured through broadcasting on MTR plasma TVs at trackside and concourse, and outdoor video walls at various locations. In addition, five two-minute radio programmes were broadcast during the month to bring out the unique features of the MPF funds.

11. Two district tours of the cartoon characters were held in Tsz Wan Shan Shopping Centre on 17 June 2007 and Tsuen Wan on 24 June 2007 respectively to penetrate to the local communities with the MPF investment education messages. The programmes included exhibitions on MPF investment and MPF funds, quiz games, photo sessions with MPF “JJ Five” Band, and MPF student ambassadors explaining information in Fund Fact Sheet to scheme members. As pre-event publicity, a newspaper supplement was published in a Chinese newspaper, and promotional flyers were distributed to the residents in the vicinity to invite participation.

12. Community outreach activities continued. During the month, seven talks were arranged for labour unions and community groups. In addition, the MPF messages were disseminated to members of labour unions and the general public under two sponsorship programmes in the format of carnivals.

13. On the media front, 17 press releases were issued to the media on the MPFA’s enforcement actions. In addition, 14 articles were published in newspapers, focusing mainly on the education and publicity of MPF “JJ Five” Band, the characteristics and risk levels of different types of MPF funds, and proposed amendments of MPF legislation such as increasing the maximum penalty on defaulting employers.

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

Mandatory Provident Fund Schemes Authority  
6 July 2007