

## **LegCo Panel on Manpower**

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

	Number of Participants*			Enrolment Rate		
	As at 31.08.2007	As at 31.07.2007	Change	As at 31.08.2007	As at 31.07.2007	Change
Employers	237 400	237 400	-	99.8%	99.8%	-
Employees	2 090 600	2 084 900	+5 700	98.3%	98.0%	+0.3%
Self-employed persons (SEPs)	282 700	282 800	- 100	76.0%	76.0%	-

\* to the nearest 100

3. The enrolment rates of employers and SEPs remained stable. The enrolment rate of employees increased by 0.3%. As at the end of August 2007, 15 500 employers, 293 400 employees and 21 200 SEPs were registered under the Industry Schemes<sup>1</sup>.

#### **Complaint Handling**

##### Complaints received by the MPFA

4. Of the total 573 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in August 2007, 92% concerned scheme members and 427 employers were involved. The breakdown is as follows:

---

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

<u>Nature of complaints received in August 2007</u>		<u>% *</u>
(A)	Complaints concerning scheme members:	
➤	Wrongful reduction of wages / benefits	7
➤	Involuntary change from employee to SEP	0
➤	Non-enrolment in MPF Schemes	29
➤	Default contribution	79
➤	Others (e.g. dismissal; no pay records)	14
(B)	Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	9

\* *Multiple selections allowed.*

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

5. In August 2007, the LD received 15 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the 133 complaints received from 1 January 2007 to the end of August 2007:

- 40 cases were resolved after conciliation or advice given;
- 61 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;
- 26 cases where the employees had lodged claims with the LD were awaiting conciliation result; and
- 4 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 August 2007 are summarized below:

Enforcement action in August 2007	Number of Cases
<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> 7</li> <li>- <i>Non-enrolment (Employee / SEP dispute)</i> 0</li> <li>- <i>Default contribution</i> 47</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>54</p>
<p>B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers</p>	<p>22 600</p>
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 90</li> <li>- Number of employees involved 513</li> </ul>	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 17</li> <li>- Number of employees involved 494</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> <ul style="list-style-type: none"> <li>- Number of cases submitted 53</li> </ul>	
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> <li>- Number of employment establishments visited 74</li> </ul>	

## **Education and Publicity**

9. During the month under review, the five 15-second TV APIs each featuring one type of MPF funds continued to broadcast at 27 local TV channels, RoadShow Media on buses, TV panels on KCR trains and outdoor video walls to enhance public's understanding of the unique features of the five major types of MPF funds.

10. For publicity programmes, two district tours were organised at Sheung Tak Shopping Centre in Tseng Kwan O and Wo Che Commercial Centre in Shatin on 4 August and 11 August respectively. Similar to the previous district tours of this series, the programmes consisted of an exhibition on MPF investment and MPF funds, quiz games, photo sessions with MPF "JJ Five" Band, and MPF student ambassadors explaining Fund Fact Sheet to the scheme members. Prior to each tour, promotional flyers were distributed to the residents in the vicinity to draw awareness to MPF information and to encourage participation.

11. During the month, community outreach activities continued. A district carnival was co-organised with a political party on 25 August for the residents of Tai Po district. Moreover, five MPF seminars were arranged for the participants of retraining programmes, minority groups, labour unions and the labour relations officers of the Development Bureau.

12. On the media front, 19 press releases were issued to the media on the MPFA's enforcement actions. In addition, 16 articles were published in newspapers, focusing mainly on MPFA's proposal to improve the content of annual benefit statement and reminding employers to issue pay record to employees after making contribution. Moreover, the key features of the MPF funds were also explained to the scheme members through contribution articles placed in four trustee newsletters.

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