

## LegCo Panel on Manpower

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

#### 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 2008 is as follows:

	Number of Participants*			Enrolment Rate		
	As at 30.06.2008	As at 31.05.2008	Change	As at 30.06.2008	As at 31.05.2008	Change
Employers	235 700	236 100	-400	99.2%	99.7%	-0.5%
Employees	2 159 800	2 147 200	+12 600	98.1%	97.3%	+0.8%
Self-employed persons (SEPs)	267 200	267 500	-300	74.8%	75.0%	-0.2%

\* to the nearest 100

3. The enrolment rates of employers and SEPs decreased by 0.5% and 0.2% respectively. The enrolment rate of employees increased by 0.8%. As at the end of June 2008, 15 800 employers, 311 600 employees and 19 800 SEPs were registered under the Industry Schemes<sup>1</sup>.

#### Complaint Handling

##### Complaints received by the MPFA

4. Of the total 701 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in June 2008, 94% concerned scheme members and 474 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 2008</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	32
➤ Default contribution	85
➤ Others (e.g. dismissal; no pay records)	9
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	8

\* *Multiple selections allowed.*

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

5. In June 2008, the LD received 13 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and non-enrolment of employees.

6. Of the 97 complaints received from 1 January 2008 to the end of June 2008:

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

#### **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 2008 are summarized below:

<b>Enforcement action in June 2008</b>	<b>Number of Cases</b>
<p>A. <u>Prosecution</u>            Number of summonses applied during the month</p> <ul style="list-style-type: none"> <li>- <i>Non-enrolment of employees</i> 0</li> <li>- <i>Non-enrolment (Employee / SEP dispute)</i> 0</li> <li>- <i>Default contribution</i> 24</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)            Number of Notices issued to employers</p>	20 300
<p>C. <u>Submission to the Small Claims Tribunal</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 86</li> <li>- Number of employees involved 419</li> </ul>	
<p>D. <u>Submission to the District Court</u></p> <ul style="list-style-type: none"> <li>- Number of cases submitted 16</li> <li>- Number of employees involved 652</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 42</li> </ul>	
<p>G. <u>Proactive Inspections</u></p> <ul style="list-style-type: none"> <li>- Number of employment establishments visited 64</li> </ul>	

## **Education and Publicity**

9. For MPF investment education, the five 15-second APIs each featuring one type of MPF funds continued to broadcast at 42 local free and paid TV channels till end June. The APIs were also broadcast at RoadShow on buses and TV panels in some commercial and industrial buildings to enhance the public's understanding of the characteristics and risk level of MPF funds.

10. To tie in with the confirmation of the commencement date of the amendments relating to the removal of the 30-day Settlement Period, inclusion of housing allowance as "relevant income" and unclaimed benefits, the publicity for the MPF Schemes (Amendment) Ordinance 2008 ("Amendment Ordinance") was stepped up in late June 2008.

11. A TV API was broadcast at 42 local free and paid TV channels to promulgate the commencement date and details of the amendments. In parallel, a 30-second radio API was broadcast at all local radio stations during the month, and print advertisements were also published in 17 local newspapers on 25 and 26 June. In addition, a flyer carrying the same messages was produced for wide distribution to the general public through various channels including MPFA offices, Home Affairs Department and Labour Department. Besides, the flyer together with a powerpoint presentation with voice-over narration were also uploaded on the MPFA website for public access.

12. Selected winning entries of the primary school MPF writing competition and kindergarten MPF colouring competition continued to be displayed at the Community Art Gallery of MTR station to further disseminate messages to encourage youngsters to develop the good habit of saving for the future.

13. During the month under review, community outreach activities continued. Four MPF district carnivals, being part of a series of partnership programmes with political parties, were organized for the residents in various districts. In addition, nine MPF seminars were arranged for civil servants, labour relations officers, human resources practitioners and community groups.

14. On the media front, 20 press releases were issued on the Authority's enforcement actions. In addition, 22 contribution articles on various MPF topics were published through different channels in the media, focusing mainly on MPF investment and the highlights of the Amendment Ordinance.

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