

LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 30.09.2007	As at 31.08.2007	Change	As at 30.09.2007	As at 31.08.2007	Change
Employers	238 500	237 400	+1 100	99.4%	99.8%	-0.4%
Employees	2 101 700	2 090 600	+11 000	98.3%	98.3%	-
Self-employed persons (SEPs)	278 200	282 700	-4 500	76.0%	76.0%	-

* to the nearest 100

3. The enrolment rate of employers decreased by 0.4%. The enrolment rates of employees and SEPs remained stable. As at the end of September 2007, 15 500 employers, 294 800 employees and 20 900 SEPs were registered under the Industry Schemes¹.

Complaint Handling

Complaints received by the MPFA

4. Of the total 563 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in September 2007, 93% concerned scheme members and 396 employers were involved. The breakdown is as follows:

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

<u>Nature of complaints received in September 2007</u>		<u>% *</u>
(A) Complaints concerning scheme members:		
➤ Wrongful reduction of wages / benefits		6
➤ Involuntary change from employee to SEP		0
➤ Non-enrolment in MPF Schemes		25
➤ Default contribution		82
➤ Others (e.g. dismissal; no pay records)		16
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc		9

* *Multiple selections allowed.*

Complaints received by the Labour Department (“LD”)

5. In September 2007, the LD received 11 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the 144 complaints received from 1 January 2007 to the end of September 2007:

- 43 cases were resolved after conciliation or advice given;
- 69 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 September 2007 are summarized below:

Enforcement action in September 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>	15 3 0 12 0 0
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers	21 600
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved	80 360
D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved	17 381
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	21
G. <u>Proactive Inspections</u> - Number of employment establishments visited	125

Education and Publicity

9. To enhance the public's understanding of the characteristics of MPF funds, the five 15-second TV APIs each featuring one type of MPF funds continued to broadcast at 27 local free and paid TV channels, outdoor video walls, TV panels on buses and KCR trains during the month.

10. In addition, a district tour was organized at Kai Tin Shopping Centre in Lam Tin on 9 September 2007 to disseminate the MPF investment education messages at the community level and to round up the series of six district tours under the Phase Two of the MPF Investment Education Campaign. The programmes included 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. As pre-event publicity, contribution articles were published in local newspapers, and promotional flyers were distributed to the residents in the vicinity to encourage participation.

11. Moreover, an MPF investment seminar was co-organized with the Economic and Labour Affairs Committee of Kwai Tsing District Council, Kwai Tsing District Office and the Hong Kong Employment Development Service Limited for the members of the Kwai Tsing community.

12. Community outreach activities continued. During the month, three district carnivals were co-organized with labour unions, political parties and community groups for the residents of Tuen Mun, Tai Wai and Tai Po district respectively. Moreover, six MPF seminars were arranged for the participants of retraining programmes, labour unions and officers of the Civil Service Bureau.

13. On the media front, 16 press releases were issued to the media on the MPFA's enforcement actions. In addition, 19 articles were published in newspapers, focusing mainly on the MPFA's new initiatives including the Phase One of the MPF Fee Comparative Platform in enhancing the disclosure of MPF funds; and the newly launched MPF "Contribution Enquiry Line" which aims to facilitate scheme members to check their recent MPF contributions.

14. To publicize the "Contribution Enquiry Line", calendar cards and flyers explaining its operation were produced and distributed to scheme members and the general public through labour unions, Offices of Labour Relations Division and Job Centres of the Labour Department, and Public Enquiry Service Centres of the Home Affairs Department.

15. On the other hand, a leaflet for employers has been developed and copies are being distributed through various channels to further enhance the understanding on their obligations under the MPF System, which include enrolment and contribution to MPF schemes, preparation of remittance statements and pay records to trustees and employees respectively.

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

Mandatory Provident Fund Schemes Authority
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