

## LegCo Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress report as at the end of May 2005

#### 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 2005 is as follows:

	Number of Participants*			Enrolment Rate		
	As at 31.5.2005	As at 30.4.2005	Change	As at 31.5.2005	As at 30.4.2005	Change
Employers	223 600	223 600	-	97.9%	97.9%	-
Employees	1 888 100	1 888 100	-	96.7%	96.7%	-
Self-employed persons (SEPs)	290 300	290 400	- 100	80.4%	80.4%	-

\* to the nearest 100

3. The enrolment rates of employers, relevant employees and SEPs remained stable. As at the end of May 2005, 14 100 employers, 250 000 employees and 22 100 SEPs were registered under the Industry Schemes<sup>1</sup>.

#### Complaint Handling

##### Complaints received by the MPFA

4. Of the total 788 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in May 2005, 97% concerned scheme members and 508 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 May 2005</u>	<u>% *</u>
(A) Complaints concerning scheme members:	
➤ Wrongful reduction of wages / benefits	3
➤ Involuntary change from employee to SEP	0
➤ Non-enrolment in MPF Schemes	24
➤ Default contribution	86
➤ Others (e.g. dismissal; no pay records)	7
(B) Complaints against trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	5

\* *Multiple selection allowed.*

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

5. In May 2005, the LD received 16 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 82 complaints received from 1 January 2005 to the end of May 2005:

- 26 cases were resolved after conciliation or advice given;
- 26 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 7 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;
- 20 cases where the employees had lodged claims with the LD were awaiting conciliation result; and
- 3 cases were awaiting the employees' decision on whether to lodge claims with the LD for conciliation.

## Enforcement

7. The MPFA continued to enforce the MPF Schemes Ordinance by proactive inspections of employment premises, investigation of complaints, 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 2005 are summarized below:

<b>Enforcement action in May 2005</b>	<b>Number of Cases</b>
A. <u>Prosecution</u> Number of summonses applied during the month	161
- <i>Non-enrolment of employees</i>	6
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	155
- <i>False statement</i>	0
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers	25 200
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases submitted	77
- Number of employees involved	133
D. <u>Submission to the District Court</u>	
- Number of cases submitted	3
- Number of employees involved	76
E. <u>Submission to the High Court</u>	
- Number of cases submitted	0
- Number of employees involved	0
F. <u>Submission to liquidators / receivers</u>	
- Number of cases submitted	49
G. <u>Proactive Inspections</u>	
- Number of employment establishments visited	130

## **Education and Publicity**

9. During the month under review, more than 20 articles had been published in newspapers and magazines. The articles covered a variety of topics including MPF investment, voluntary contributions, ORSO schemes, MPF scheme member protection and enforcement. A media visit to MPFA's Complaints and Enquiries Section was arranged in early May to help the media and the public understand the work of the Authority on handling complaints and enquiries.

10. On MPF investment education, the last two episodes of the 10-part TV series "MPF for the Future" (積金創未來) produced in partnership with RTHK were broadcast in May. The on-line quiz game developed from the TV series received good response from the public.

11. Regarding youth education, the "Student Case Study Competition 2005" for university students organized in partnership with the Institute of Financial Planners of Hong Kong was completed. The competition, which aimed to enhance knowledge about financial and retirement planning among university students, had attracted a total of 57 entries.

12. Youth talks and community outreach activities continued. Four talks had been organized for secondary schools and community groups during the month. Three partnership programmes with political parties were held to disseminate MPF messages to the community through district carnivals.

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

Mandatory Provident Fund Schemes Authority  
3 June 2005