

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress report as at the end of June 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 June 2005 is as follows:

	Number of Participants*			Enrolment Rate		
	As at 30.6.2005	As at 31.5.2005	Change	As at 30.6.2005	As at 31.5.2005	Change
Employers	223 600	223 600	-	97.9%	97.9%	-
Employees	1 913 200	1 888 100	25 100	96.4%	96.7%	- 0.3%
Self-employed persons (SEPs)	288 900	290 300	- 1 400	79.0%	80.4%	- 1.4%

* to the nearest 100

3. The enrolment rate of employers remained stable. The number of enrolled employees increased by 25 100, while the universe increased by 31 700¹, resulting in a net decrease of 0.3% in employees' enrolment rate. The drop in the enrolment rate of SEPs by 1.4% was mainly caused by the surge in the number of SEPs' universe by 4 600². As at the end of June 2005, 14 200 employers, 253 500 employees and 22 100 SEPs were registered under the Industry Schemes³.

¹ The universe of employees was increased following an increase in the number of employees, aged 18 – 65, estimated by the Census and Statistics Department.

² The SEPs' universe was increased following an increase in the number of SEPs, aged 18 – 65, estimated by the Census and Statistics Department.

³ Double registration with the two Industry Schemes trustees has been eliminated.

Complaint Handling

Complaints received by the MPFA

4. Of the total 827 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in June 2005, 98% concerned scheme members and 551 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in June 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	25
➤ Default contribution	83
➤ Others (e.g. dismissal; no pay records)	6
(B) Complaints against trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	3

* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In June 2005, the LD received 18 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 100 complaints received from 1 January 2005 to the end of June 2005:

- 37 cases were resolved after conciliation or advice given;
- 28 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 9 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;

- 25 cases where the employees had lodged claims with the LD were awaiting conciliation result; and
- 1 case was awaiting the employee's 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 June 2005 are summarized below:

Enforcement action in June 2005	Number of Cases
A. <u>Prosecution</u> Number of summonses applied during the month	113
- <i>Non-enrolment of employees</i>	12
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	101
- <i>False statement</i>	0
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers	25 300
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases submitted	93
- Number of employees involved	140
D. <u>Submission to the District Court</u>	
- Number of cases submitted	13
- Number of employees involved	597
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	106

Education and Publicity

9. Some 30 articles were published in newspapers and magazines in June 2005. The articles covered a variety of topics including MPF investment, MPF arrangement for self-employed persons, scheme member protection and ORSO schemes.

10. On MPF investment education, a new booklet “MPF Investment Guide” was published during the month in partnership with several newspapers. The booklet aimed to educate scheme members on the importance of considering both personal factors and fund characteristics when choosing their MPF investment portfolio.

11. A 10-part TV series "MPF for the Future" (積金創未來) produced in partnership with RTHK has been scheduled for re-run on Cable TV from June to August 2005. The TV series covered information on the MPF System and MPF investment.

12. 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, and the award presentation ceremony was held on 24 June 2005. Through the competition, it was hoped that knowledge about financial and retirement planning would be enhanced among university students.

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

Mandatory Provident Fund Schemes Authority
8 July 2005