

For discussion on
20 July 2006

Legislative Council Panel on Manpower

Issues Relating to Mandatory Provident Fund (“MPF”) Schemes

PURPOSE

This paper sets out the background and the present position of the issues relating to MPF schemes raised by Members.

BACKGROUND

2. The MPF System has been in place since 1 December 2000. In the past few years, one of the primary objectives of the Mandatory Provident Fund Schemes Authority (“MPFA”) has been to ensure that relevant employees, their employers and self-employed persons enroll in MPF schemes and make MPF contributions. Despite the high compliance rates (98.7% in respect of employers as at 30 June 2006), which indicate that the vast majority of the workforce has complied with the MPF legislation, the MPFA has been relentless in its effort to tackle the small percentage of employers who have failed to comply. Enforcement measures include conducting proactive inspection visits to employment premises, investigating into complaints, imposing contribution surcharges on defaulting employers, filing civil claims and pursuing criminal prosecutions.

3. During the 2005/06 financial year, the MPFA received 8 856 complaints and completed investigation into 9 218 complaint cases (relating to 2005/06 and earlier years). 924 summonses were applied in 2005/06. Under the Mandatory Provident Fund Schemes Ordinance (Cap. 485) (“MPFSO”), where an offence is committed by a company and is proven to have been committed with the consent of any director of the company, prosecution can be taken against that director. Noting that prosecution of directors is a more effective deterrent, the MPFA has shifted its focus to take more action against directors. In 2005/06, a total of 120 summonses were applied in respect of directors.

4. In addition to carrying out investigations in response to complaints, the MPFA also proactively inspects business establishments to check on non-enrolment and defaults in contributions. A total of 2 552 proactive inspections were conducted in 2005/06.

5. The MPFA has also continually explored more effective means to recover outstanding contributions and surcharges for employees. As claims filed at the District Court and the High Court have been found to be more effective (as each claim at these courts involves more employees and a larger amount than those permitted under the Small Claims Tribunal claim mechanism), the MPFA filed 86 claims (involving 1 431 employees) at the District Court and 2 claims (involving 82 employees) at the High Court during 2005/06. About \$80.2 million of MPF contributions were recovered by warning employers of the consequences of non-payment and through civil recovery channels in 2005/06.

6. The latest progress report on the implementation of the MPF System containing a summary of the complaints handled and the enforcement actions taken in June 2006 to be reported to the Panel of Manpower is attached at Annex A for Members' reference.

ISSUES RAISED BY MEMBERS

7. A total of 10 issues were raised and the background and present position of each issue are set out in the ensuing paragraphs for Members' information.

(a) Failure of employers in the construction and catering industries to make MPF contributions

Background

8. Both the construction and catering industries have some unique industry features. A common feature of the two industries is that there are many casual employees within the industry who change employment frequently. Keeping of employment records by employers and employees tend to be less organized than for other industries.

9. Employment relationship in the construction industry is typically multi-layered due to sub-contracting arrangements. Hence, it is frequently unclear to an employee which party in the multi-layered structure is actually his employer. An unscrupulous employer may therefore take advantage of the situation by claiming that no employment relationship actually existed between itself and the employee. Furthermore, sub-contractors may be persons without business addresses, and it is difficult to locate them if things go wrong.

10. As for the catering industry, many unscrupulous employers would operate a restaurant for a couple of years on credit, siphoning off all the cash and then leave the seriously indebted restaurant to close down. Employees typically would not have been paid any salaries for months before the closedown and MPF contributions would not have been made either.

Present position

11. Of all the complaints received by the MPFA in the past financial year, over 40% were related to the construction and catering industries (see table below), reflecting that compliance is more problematic in the two industries.

Financial year	Complaints received by MPFA	Construction industry	Catering industry	Total
2005/06	9 176	1 666 (18%)	2 286 (25%)	3 952 (43%)

12. About 90% of the total complaints of 3 952 from the construction and catering industries are in relation to default contributions.

13. To tackle the situation, the MPFA has kept in constant contact with employer and employee associations in the construction and catering industries to educate employers on their MPF responsibilities and employees their MPF rights. The MPFA has also launched targeted publicity campaigns in respect of the two industries to promulgate MPF requirements about four times a year.

14. The MPFA has focused enforcement actions on the two industries. Extra resources have been deployed to proactively inspect and investigate into targeted companies. Given sufficient evidence and availability of witnesses, more directors will be prosecuted. Stepping up attention and enforcement action is intended to change the behaviour of the employers and achieve better protection to scheme members.

15. For the construction industry, the Construction Workers’ Registration Scheme, the Voluntary Sub-contractor Registration Scheme and the Government’s initiative to have tighter control over MPF payment in Government contracts are implemented with an intention to change industry practices to better protect the workers. These initiatives should have some deterrent effect on the employers in the construction industry against evasion of MPF responsibilities. The MPFA will closely monitor developments in this regard.

16. The MPFA will continue to work closely with trade unions to consider other more effective measures to deal with the problems. The MPFA welcomes any suggestions from Members in this regard.

(b) Extending the Industry Schemes (“IS”) to other industries

Background

17. The introduction of the IS is intended to provide a special arrangement for industries with high intra-industry mobility whereby most, if not all, of the employers in the industry would join the same scheme and when an employee moves from one employer to another, there is no need for either the employee or the employer to be over-burdened with the enrolment process. The employee will also be relieved of the task of managing a vast number of MPF accounts. This is intended to considerably reduce the costs of account portability.

18. The IS are designed with unique features to suit the special needs of those industries with abundant manual workers paid on a short-term basis. Such unique features are mainly related to the calculation of contribution amount and scheme coverage.

- *Calculation of contribution amount:* The amount of contributions to be made is determined by reference to the relevant income bracket applicable to the casual employee prescribed in a table by the MPFA (Annex B). Such an arrangement would relieve the employers from the need to calculate the amount of contributions required.
- *Scheme coverage:* Since a casual employee may work intermittently for an employer, the 60-day-or-more contract requirement for enrolment does not apply. Hence, the employer would not need to consider whether the casual employee has been under its employ for 60 days or more before making contributions for the employee.

Present position

19. The IS currently cover the construction industry and catering industry.

20. To ensure the effectiveness of the IS, the MPFA has been closely monitoring the operation of the IS. In 2005, a review of the operation and effectiveness of the IS was conducted with a view to making them more sustainable (“IS review”). The IS review studied expanding the coverage of IS to casual employees in the retail and transport industries based on the number of

casual employees in those industries and the intra-industry mobility of those industries. Based on those criteria, the IS review concluded that it was not justified to expand the coverage of IS to cover the retail and transport industries at that time. The review results were endorsed by the MPF Industry Schemes Committee and the Management Board of the MPFA.

21. With new suggestions from Members on the need to expand the IS to cover other industries, the MPFA will reconsider the coverage issue in future reviews.

(c) MPF coverage for domestic helpers

Background

22. The MPFSO exempts certain categories of employees from the provisions of the MPF legislation, such as persons who are already covered by statutory pensions and provident funds, an employee who has been employed for a period of less than 60 days, a domestic employee, a self-employed person who is a hawker, etc. The term “domestic employee” is defined as “an employee whose contract of employment is wholly or substantially for the provision of domestic services in the residential premises of the employer”.

Present position

23. The rationale for exempting domestic employees from the MPFSO is the anticipated administrative difficulties in ensuring compliance and in enforcement action. It is also the Administration’s intention to avoid causing inconvenience to families in their residential premises, e.g. when investigating suspected non-compliance and collecting evidence for prosecution.

(d) Problem of employers evading MPF contributions through renewal of employment contracts at less than 60-day intervals

Background

24. The MPF System aims to cover all members of the workforce and the exemption applicable to employees with “less than 60-day employment period” was debated in 1995 when the MPF legislation was passed by the Legislative Council. The exemption was provided in recognition of the fact that as most employment would provide a probation period ranging from one to 3 months, an employer should not be required to go through the administrative work of enrolling the employee in an MPF scheme until the latter is more settled.

Present position

25. Item 7 of Part I of Schedule 1 to the MPFSO sets out that relevant employees (other than casual employees (in the construction and catering industries)) who have been employed for a period of less than 60 days are exempted from the MPFSO.

26. The legislative intent of introducing “less than the 60-day employment period” exemption is not to facilitate evasion of MPF contributions through renewal of employment contracts at less than 60-day intervals. Employers who make use of such arrangements may be considered as breaching the enrolment requirement.

27. Recently, the MPFA has received very few complaints of this nature. On receipt of complaints of this nature, the MPFA will examine the substance of the employment relationship to determine the course of enforcement action. If there is adequate evidence to support a continuous employment relationship and availability of witnesses, the MPFA will bring the case to court. The MPFA has brought 2 such cases to court in the past and both successfully resulted in convictions.

(e) Whether severance payment (“SP”) and long service payment (“LSP”) should be offset by employers’ MPF contribution

Background

28. When the MPF legislation was passed in the Legislative Council in 1995, the Administration made clear that the policy intent was to enable the long-established set-off procedure under the Employment Ordinance (Cap. 57) (“EO”) in respect of schemes under the Occupational Retirement Schemes Ordinance (Cap. 426) to continue for MPF schemes. This was to ensure that employers would not have to pay twice under the new MPF System.

Present position

29. Under sections 31I and 31Y of the EO, if an employee becomes entitled to SP / LSP and accrued benefits attributable to employer’s contributions are being held in an MPF scheme in respect of the employee, the SP / LSP is to be offset against the accrued benefits.

30. In the light of the offsetting arrangement allowed under the EO, section 12A of the MPFSO prescribes the procedures for refunding the accrued benefits under an MPF scheme to an employer (if the employer has already paid

the SP / LSP to its employee) and the procedures for paying the accrued benefits under an MPF scheme to an employee (if the employer has not yet paid the SP / LSP to its employee).

31. The offsetting mechanism has generally worked well. Removing the offsetting arrangement would have significant cost implications for employers, particularly small and medium-sized enterprises which constitute over 98 per cent of business enterprises in Hong Kong. Any change to the present offsetting arrangement therefore has to be discussed thoroughly and agreed between the employer and employee bodies.

(f) Whether housing allowance should be counted towards relevant income in the calculation of employer's MPF contribution

Background

32. The primary argument for excluding housing allowances from relevant income was that housing allowance, when paid, was usually quite large and exclusion from relevant income was needed to minimize the contribution burden for those who were receiving housing allowances. If employee mandatory contributions were required, the contributions would have to be deducted from the remaining income of the employee, potentially significantly affecting his disposable income. Hence, it was decided to exclude housing allowances and benefits from relevant income.

Present position

33. The MPFSO requires employer and employee mandatory contributions be computed and made based on the amount of the employee's relevant income.

34. Section 2 of the MPFSO defines the term "relevant income" as "in the case of an employee, means any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance (other than a housing allowance or other housing benefit), expressed in monetary terms, paid or payable by an employer to that employee in consideration of his employment under that contract, but does not include severance payments or long service payments". The MPF legislation does not define "housing allowance or other housing benefit".

35. Where there is sufficient evidence and willing witnesses, the MPFA has prosecuted employers for evading mandatory contributions by labelling part of an employee's income as housing allowance. There are in total 6 court cases – 4 cases with employers pleaded guilty or convicted and 2 cases are in progress.

36. Due to the abuse cases, the MPFA has proposed to remove the housing benefit exclusion from the relevant income definition. The proposal is being studied by the Administration.

(g) Whether the MPFA should be empowered to recover the outstanding MPF contribution from an employer if the employer had not enrolled in an MPF scheme for one or two years

Background

37. Under the MPF System, an employer is tasked with the responsibility of enrolling its employees into an MPF scheme and remitting employer mandatory contributions and employee mandatory contributions (if any) to the trustee of the MPF scheme for the benefit of the employee.

Present position

38. The issues of non-enrolment and default contributions are governed by sections 7 and 7A of the MPFSO respectively. Under section 7(1), every employer of a relevant employee is required to ensure that that employee becomes a member of an MPF scheme within a prescribed period. Section 7(1A) further stipulates that an employer is required to ensure the enrolment of the employee in an MPF scheme throughout the employment.

39. Under section 7A(1)(a) and 7A(2)(a) of the MPFSO, it is the legal responsibility of the employer to make mandatory contributions to an MPF scheme. Section 7A(8) further stipulates that mandatory contributions should be paid to the trustee of an MPF scheme of which the employee is a member within a prescribed period and in a prescribed manner.

40. Where an employer has enrolled an employee into an MPF scheme, the MPF legislation already clearly provides that the MPFA could take criminal action to punish the employer and take civil action to compensate the employee for the employer's act of non-payment of mandatory contributions.

41. However, where the employer has not enrolled an employee into an MPF scheme, a literal interpretation of the MPF legislation infers that no criminal and civil action could be taken against the employer for its non-payment of mandatory contributions. This is however not the legislative intent.

42. To effectively tackle cases where the employer fails to enroll its employee into an MPF scheme and make mandatory contributions, the MPFA has proposed that it be empowered to initiate actions under the MPF legislation to recover mandatory contributions in non-enrolment cases. Under the proposal, the MPFA can pursue criminal prosecution to penalize the employer for defaulting contributions and initiate civil action to help recover the arrears, plus the applicable contribution surcharge, for the employee. The proposal is being studied by the Administration.

43. Until the legislation can be amended, the MPFA is currently relying on administrative means and persuading employers in non-enrolment cases to promptly enroll their employees into an MPF scheme and make mandatory contributions. Based on operational experience, most employers (1 014 out of 1 209 employers – about 84%), after being persuaded by the MPFA, were cooperative and would complete the enrolment procedures and arrange for contributions to be made shortly thereafter.

44. To further protect the interest of employees, the MPFA is also exploring the option of applying for a court order under section 45F of the MPFSO requiring the defaulting employer to duly enroll its employee into an MPF scheme and to make mandatory contributions.

(h) Whether employees should be allowed to choose MPF schemes for themselves

Background

45. The MPF System was designed to allow both employers and employees to exercise some control over the investment of MPF assets. Employers are vested with the right to select an MPF scheme for their employees to participate in whilst employees can choose the constituent funds (i.e. investment options) within the particular MPF scheme selected by their employers.

Present position

46. Over the past few years, the MPFA has received comments from employers that they consider they should also have the right to choose the constituent funds due to the offsetting arrangement.

47. The MPFA has also received comments from employees that, since they are the ultimate beneficiaries of the benefits, they should have more control over the investment of contributions, and thus should also be allowed to choose the MPF schemes that they want to participate in.

48. The MPFA supports the principle of providing employees with the right to choose MPF schemes for themselves, as the MPF benefits are intended to be for their retirement needs. However, this will change fundamentally the administration of the whole System and as such the implications (e.g. on scheme administration on the part of both the employers and the trustees, on the operating cost under the new arrangement, and on the knowledge of employees to choose their investments from a wide array of funds) will need to be carefully considered.

49. Employers generally need to deal with only one trustee under the current arrangement. However, if each employee can choose the scheme he wants to participate in, then employers may have to deal with 19 trustees, with contribution payments to be made to 41 different schemes. Some employees may also choose to change schemes during the same employment, and employers must keep such information up-to-date or contributions would be made to the wrong schemes.

50. From the trustees' perspective, instead of interacting with 230 000 employers, they will need to directly communicate with over 2 million employees.

51. Under the current arrangement, employees only need to choose among the constituent funds available under a scheme. The number of constituent funds under a scheme ranges from two to 29. If employees have choice of scheme as well, then they need to be equipped with the knowledge to choose among 19 trustees, 41 MPF schemes and 308 constituent funds.

52. The issues set out in paragraphs 48 to 51 above can be resolved over time. However, the MPF System is still relatively young. There are still administration issues to be ironed out to facilitate employers and trustees in scheme administration. Scheme members are not fully familiar with the MPF System and most will require more knowledge on MPF products and investment strategies. The MPFA is currently focusing on improving these areas in order that the issues may be advanced over time.

(i) **Whether the threshold of withdrawing the accrued benefits in the schemes, by virtue of attaining the retirement age, should be lowered**

Background

53. Under the MPF System, scheme members are entitled to withdraw the accrued benefits when they reach the age of 65. The age of 65 was adopted as many countries (such as Australia and UK) set the qualifying age for receiving pension payments at 65.

Present position

54. Section 15 of the MPFSO provides that a scheme member, who has attained the retirement age, shall be entitled as of right to have paid to him by the trustee of that MPF scheme the entirety of his accrued benefits in the scheme in a lump sum. “Retirement age”, in relation to an employee or self-employed person, is defined in section 2 of the MPFSO to mean 65 years of age.

55. It is noteworthy that in order to cope with the pressure arising from an ageing population, many countries are now encouraging their elderly population to remain in the workforce. There is in fact a worldwide trend to raise the qualifying age for withdrawal of retirement pensions.

(j) Education programmes of elementary workers to enhance their understanding of MPF products and investment strategies

56. Since its establishment, the MPFA has made continuous effort to educate the public, including elementary workers, on the MPF System and on MPF investment.

57. In recognition of the need to enhance the understanding of investors in MPF products and investment strategies, in October 2005, the MPFA launched an intensive MPF Investment Education Campaign to equip the public with basic information that is necessary for them to make informed MPF decisions. The thematic message of the Campaign, “Look after your MPF investment; Add value to your future”, has been disseminated through high profile publicity bursts carried by various communications channels and media, ranging from TV/Radio APIs to special TV/Radio programmes, outdoor advertising on buses, bus shelters, MTR and outdoor video walls at high traffic locations.

58. On print media, MPFA articles are contributed to daily newspapers. In the last financial year (2005/06), more than 300 articles were contributed and published by newspapers. The content of the articles covers both the MPF System and MPF investment. Some examples of the relevant articles are:

- 積少日記 – 評估風險慎選基金
- 積金仔 – 理財計劃助退休籌謀
- 老積講金 – 了解積金資料助強積金投資

59. While education messages disseminated on mass media platforms can reach people from all walks of life including elementary workers, the MPFA is mindful of the specific needs of the latter. Deliberated efforts were made to co-organize programmes under the MPF Investment Education Campaign for workers, some examples are:

- MPF Investment Seminar jointly held with the Clothing Industry, Clerical and Retail Trade Employees General Union
- MPF Investment Seminar cum Quiz Game jointly organized with the Concrete Industry Workers Union
- 強積金樂繽紛嘉年華 jointly organized with the Federation of Hong Kong and Kowloon Labour Unions
- 全港勞工權益常識問答比賽
- Joint MPF publicity programme with the Neighbourhood and Worker's Service Centre

60. Other education activities that are purposely targeted at workers are:

Talks and Seminars

- Over 2 000 talks and seminars were conducted between April 2000 and March 2006. On each occasion, MPFA officers met the members of the public including workers face-to-face to explain the MPF System and introduce MPF investment products in lay-person terms.
- For each year since 2003, seminars for construction and catering workers (who are covered by the IS) are purposely held in collaboration with related trade unions. These seminars are well-attended by over 400 participants on each occasion. Enquiries about the MPF System and MPF investment raised by construction and catering workers were answered on the spot.

Publications

- Publications that impart knowledge on the MPF System and MPF investment were delivered to workers via labour unions. In the past two years, 3 publications that specifically introduced MPF investment products and recommended criteria for making MPF investment were distributed to at least 40 employee associations and labour unions in bulk quantity. The 3 publications are "What Employees Should Know About MPF", "MPF Investment Guide" and "MPF Investment Booklet".

Way forward

61. As a continuum of what has been launched earlier this year, an 18-month, 2nd phase of the MPF Investment Education Campaign will be organized from September 2006 to February 2008. Emphasis will be placed on “**HOW** to Look After Your MPF investment”. Essentials and practical tips of MPF investment will be given to facilitate the public to make the right investment choices and to take solid actions to protect their MPF benefits, for instance, to regularly check their MPF accounts.

62. High visibility mass media programmes will be launched along with thematic territory-wide competitions and seminars. There will be investment education programmes specifically designed for elementary workers in partnership with labour unions and employee associations.

63. Late last month (June 2006), the MPFA set up its first branch office in Tsuen Wan, on an experimental basis. The setting up of the branch office is a means for the MPFA to reach out and directly communicate with and educate the local community. The MPFA will conduct investment education programmes for workers at the branch office, jointly with district community organizations, political parties and trade unions.

64. In the long term, the MPFA aims to sustain its efforts in reaching out to elementary workers through organizing train-the-trainer education programmes in partnership with labour unions, employee associations and community groups for putting across our education messages.

Economic Development and Labour Bureau
Financial Services and the Treasury Bureau
Labour Department
Mandatory Provident Fund Schemes Authority
July 2006

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress report as at the end of June 2006

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 2006 is as follows:

	Number of Participants*			Enrolment Rate		
	As at 30.06.2006	As at 31.05.2006	Change	As at 30.06.2006	As at 31.05.2006	Change
Employers	229 400	228 700	+ 700	98.7%	98.7%	-
Employees	2 018 600	1 997 200	+ 21 400	96.9%	96.9%	-
Self-employed persons (SEPs)	286 700	287 200	- 500	76.3%	77.0%	-0.7%

* to the nearest 100

3. Both the enrolment rates of employers and employees remained stable. The enrolment rate of SEPs decreased slightly by 0.7%, mainly caused by the increase in the universe by 2 600. As at the end of June 2006, 15 100 employers, 272 600 employees and 21 700 SEPs were registered under the Industry Schemes¹.

Complaint Handling

Complaints received by the MPFA

4. Of the total 836 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in June 2006, 97% concerned scheme members and 488 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 June 2006</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	27
➤ Default contribution	89
➤ Others (e.g. dismissal; no pay records)	7
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	4

* *Multiple selection allowed.*

Complaints received by the Labour Department (“LD”)

5. In June 2006, the LD received 18 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the total 134 complaints received from 1 January 2006 to the end of June 2006:

- 51 cases were resolved after conciliation or advice given;
- 51 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 3 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; and
- 29 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 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 2006 are summarized below:

Enforcement action in June 2006	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>	26 <i>1</i> <i>0</i> 25 <i>0</i>
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers	30 000
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved	76 166
D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved	15 229
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	12
G. <u>Proactive Inspections</u> - Number of employment establishments visited	30

Education and Publicity

9. A large-scale poster campaign with the theme “Look after your MPF investment; Add value to your future” was launched in mid-June 2006 at high visibility locations, including bus shelters, bus bodies and MTR trackside panels in Hong Kong, Kowloon and the New Territories, to encourage members of the public to take care of their MPF investment. In addition, the 2005/06 MPF Investment Campaign TV API has also been re-run on 17 local free and paid TV channels since mid-June 2006 to reinforce the impact of the poster campaign.

10. Furthermore, 39 articles and press releases were published in newspapers and magazines during the month, focusing mainly on MPF investment and member protection.

11. For youth education, the prize presentation of the financial planning competition for tertiary and secondary students was held on 17 June 2006. The competition and prize presentation ceremony were reported by two newspaper supplements on 26 and 29 June 2006 respectively.

12. For community outreach activities, six district roadshows and eight talks were organised in partnership with labour unions to remind scheme members of their rights and responsibilities under the MPF System.

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

Mandatory Provident Fund Schemes Authority
July 2006

**MANDATORY PROVIDENT FUND SCHEMES (CONTRIBUTIONS
FOR CASUAL EMPLOYEES) ORDER
(CAP. 485E)**

**SCALES OF AMOUNTS OF CONTRIBUTIONS TO BE MADE
IN RESPECT OF CASUAL EMPLOYEES**

PART I

**Scale of amounts of contributions to be made in the case of
a casual employee to whom an employer pays the relevant income
more than once a day**

Total amount of relevant income paid by an employer to a casual employee in a day	Total amount to be contributed by the employer for that day	Total amount to be deducted by the employer from the employee's relevant income for that day
Less than \$160.00	\$7.50	Nil
\$160.00 or more but less than \$260.00	\$7.50	\$7.50
\$260.00 or more but less than \$390.00	\$15.00	\$15.00
\$390.00 or more but less than \$520.00	\$22.50	\$22.50
\$520.00 or more but not more than \$650.00	\$30.00	\$30.00
More than \$650.00	\$30.00	\$30.00

PART II

**Scale of amounts of contributions to be made in the case of
a casual employee to whom an employer pays the relevant income at least,
but not more than, once a day**

Amount of relevant income paid by an employer to a casual employee in a day	Amount to be contributed by the employer for that day	Amount to be deducted by the employer from the employee's relevant income for that day
Less than \$160.00	\$7.50	Nil
\$160.00 or more but less than \$260.00	\$7.50	\$7.50
\$260.00 or more but less than \$390.00	\$15.00	\$15.00
\$390.00 or more but less than \$520.00	\$22.50	\$22.50
\$520.00 or more but not more than \$650.00	\$30.00	\$30.00
More than \$650.00	\$30.00	\$30.00

PART III

**Scale of amounts of contributions to be made in the case of
a casual employee to whom an employer pays the relevant income
less frequently than once a day**

Average amount of relevant income paid by an employer to a casual employee per day in a contribution period	Amount to be contributed by the employer for that contribution period	Amount to be deducted by the employer from the employee's relevant income for that contribution period
Less than \$160.00	5% of the relevant income paid by the employer to the employee for that contribution period	Nil
\$160.00 or more but not more than \$650.00	5% of the relevant income paid by the employer to the employee for that contribution period	5% of the relevant income paid by the employer to the employee for that contribution period
More than \$650.00	\$32.50 per day in that contribution period	\$32.50 per day in that contribution period