

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress report as at the end of September 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 September 2006 is as follows:

	Number of Participants*			Enrolment Rate		
	As at 30.09.2006	As at 31.08.2006	Change	As at 30.09.2006	As at 31.08.2006	Change
Employers	230 700	229 700	+ 1 000	98.8%	98.8%	-
Employees	2 046 800	2 037 100	+ 9 700	98.3%	97.8%	+ 0.5%
Self-employed persons (SEPs)	284 500	287 000	- 2 500	74.5%	76.4%	-1.9%

* to the nearest 100

3. The enrolment rate of employers remained stable. The enrolment rate of employees increased by 0.5%. The enrolment rate of SEPs decreased by 1.9%, mainly caused by the increase in the universe by 6 200. As at the end of September 2006, 15 200 employers, 277 600 employees and 21 600 SEPs were registered under the Industry Schemes¹.

Complaint Handling

Complaints received by the MPFA

4. Of the total 865 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in September 2006, 98% concerned scheme members and 520 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 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	26
➤ Default contribution	89
➤ Others (e.g. dismissal; no pay records)	10
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	4

* *Multiple selections allowed.*

Complaints received by the Labour Department (“LD”)

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

6. Of the total 199 complaints received from 1 January 2006 to the end of September 2006:

- 82 cases were resolved after conciliation or advice given;
- 83 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;
- 29 cases where the employees had lodged claims with the LD were awaiting conciliation result; and
- 2 cases were awaiting the employees’ decision on whether to lodge claim 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 September 2006 are summarized below:

Enforcement action in September 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>	13 0 0 13 0
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers	22 700
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved	59 126
D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved	24 702
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	18
G. <u>Proactive Inspections</u> - Number of employment establishments visited	58

Education and Publicity

9. To continue encouraging the general public to look after their MPF investment, the MPFA has embarked on an 18-month second phase of the MPF Investment Education Campaign since end September 2006 under the theme of “Look After Your MPF Investment. Add Value to Your Future” (多一分關心 多一分保障 強積金).

10. As the first initiative of the Campaign, a new series of three 15-second TV APIs was launched on 26 September 2006 on 15 local TV channels including free and paid TV. In parallel, a 30-second radio API on how to manage MPF investment has also been broadcast to dovetail the publicity burst.

11. To tie in with the launch of the Campaign, a thematic website which provides useful information on MPF investment and individual trustees has been uploaded to MPFA website for public access.

12. On the media front, a meet-the-media session to introduce the Campaign was held during the month, and media coverage was achieved in eight local newspapers. In the same month, 22 press releases were issued to the media and 16 articles were published in newspapers, focusing mainly on scheme member protection.

13. For community outreach activities, five talks were organised for universities and professional groups.

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