

LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 31.12.2006	As at 30.11.2006	Change	As at 31.12.2006	As at 30.11.2006	Change
Employers	232 300	231 500	+ 800	98.5%	99.1%	- 0.6%
Employees	2 071 100	2 058 200	+ 12 900	97.7%	98.9%	- 1.2%
Self-employed persons (SEPs)	285 100	285 200	- 100	74.5%	74.7%	- 0.2%

* to the nearest 100

3. The enrolment rates of employers, employees and SEPs decreased by 0.6%, 1.2% and 0.2% respectively. The decreases of the enrolment rates were mainly caused by the increase of the MPF universe. As at the end of December 2006, 15 300 employers, 282 300 employees and 21 500 SEPs were registered under the Industry Schemes¹.

Complaint Handling

Complaints received by the MPFA

4. Of the total 656 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in December 2006, 97% concerned scheme members and 395 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 December 2006</u>	<u>% *</u>
(A) Complaints concerning scheme members:	
➤ Wrongful reduction of wages / benefits	2
➤ Involuntary change from employee to SEP	0
➤ Non-enrolment in MPF Schemes	26
➤ Default contribution	81
➤ Others (e.g. dismissal; no pay records)	18
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	4

* *Multiple selections allowed.*

Complaints received by the Labour Department (“LD”)

5. In December 2006, the LD received 8 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the total 236 complaints received from 1 January 2006 to the end of December 2006:

- 105 cases were resolved after conciliation or advice given;
- 109 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 5 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
- 17 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 December 2006 are summarized below:

Enforcement action in December 2006	Number of Cases
A. <u>Prosecution</u> Number of summonses applied during the month	16
- <i>Non-enrolment of employees</i>	0
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	16
- <i>False statement</i>	0
- <i>Obstruct Authority in the exercise or performance of functions</i>	0
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers	22 600
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases submitted	55
- Number of employees involved	150
D. <u>Submission to the District Court</u>	
- Number of cases submitted	18
- Number of employees involved	136
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	13
G. <u>Proactive Inspections</u>	
- Number of employment establishments visited	28

Education and Publicity

9. During the month under review, the second phase of the MPF Investment Education Campaign with the theme "Look After Your MPF Investment. Add Value to Your Future." (多一分關心 多一分保障 強積金) continued to roll out. The 15-second TV API series continued to be screened on buses, and posters under the same theme were displayed in KCR stations, the recreational facilities of Leisure & Cultural Services Department, MPF service centres of a number of trustees and the training centres of several labour unions to encourage members of the public to take care of their MPF investment.

10. An MPF investment seminar was co-organized with the Economic and Employment Committee of Wan Chai District Council and the Hong Kong Employment Development Service Limited for workforce in the district.

11. For the Industry Schemes publicity, two seminars-cum-dinners were held in partnership with labour unions in the catering and construction industry respectively. In addition, two outreach activities were organised with the support of the Tsuen Wan District Council and HK Construction Industry Employees General Union respectively to disseminate MPF messages to employers and employees of a number of eateries and a construction site in Tsuen Wan district.

12. Community outreach activities continued. Two MPF district carnivals, being part of a series of partnership programmes with political parties, were held in December. The MPFA had also taken part in the Hong Kong Brands & Products Expo organized by the Chinese Manufacturers' Association of Hong Kong to promote MPF investment education through drama and quiz game. Seven talks were organised for Civil Service Bureau, labour unions and community groups during the month.

13. On the media front, 15 press releases were issued to the media and 12 articles were published in newspapers, focusing mainly on the MPFA's enforcement measures against non-compliant employers and scheme member protection. In addition, messages on MPFA stepping up the imposition of financial penalties on default employers continued to be disseminated to scheme members through trustees' and trade associations' newsletters and websites.

14. Information on MPFA's proposal to raise the maximum level of relevant income for mandatory contribution purpose was also disseminated to the media through a press release and interviews granted by Professor Nelson Chow Wing-sun, Chairman of the Mandatory Provident Fund Schemes Advisory Committee.

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