

## LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 31.7.2005	As at 30.6.2005	Change	As at 31.7.2005	As at 30.6.2005	Change
Employers	223 600	223 600	-	97.9%	97.9%	-
Employees	1 917 400	1 913 200	+ 4 200	96.7%	96.4%	+ 0.3%
Self-employed persons (SEPs)	289 200	288 900	+ 300	79.0%	79.0%	-

\* to the nearest 100

3. The enrolment rates of employers and SEPs remained stable. The number of enrolled employees increased by 4 200, resulting in an increase of 0.3% in employees' enrolment rate. As at the end of July 2005, 14 200 employers, 255 600 employees and 22 000 SEPs were registered under the Industry Schemes<sup>1</sup>.

#### Complaint Handling

##### Complaints received by the MPFA

4. Of the total 694 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in July 2005, 98% concerned scheme members and 505 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 July 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	29
➤ Default contribution	79
➤ Others (e.g. dismissal; no pay records)	8
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	3

\* *Multiple selection allowed.*

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

5. In July 2005, the LD received 12 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 112 complaints received from 1 January 2005 to the end of July 2005:

- 47 cases were resolved after conciliation or advice given;
- 35 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 11 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
- 19 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 July 2005 are summarized below:

<b>Enforcement action in July 2005</b>	<b>Number of Cases</b>
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>	101  6 1 94 0
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers	25 900
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved	68 123
D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved	5 51
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	50
G. <u>Proactive Inspections</u> - Number of employment establishments visited	133

### **Education and Publicity**

9. During the month under review, information on the MPF System and investment was disseminated to the public through the mass media and talks.

10. On the media front, a two-part MPF programme was broadcast on RTHK's Putonghua Channel, targeting new arrivals from the Mainland. The programme covered information on the MPF System and MPF investment.

11. On the other hand, more than 20 articles were published in newspapers and magazines in July 2005. The articles covered a variety of topics including statutory obligations of MPF trustees, MPF investment, member protection, and fees and charges of MPF funds. Moreover, 13 press releases on enforcement action were issued.

12. Youth and community outreach activities continued, with talks organized for secondary schools and professional groups.

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

Mandatory Provident Fund Schemes Authority  
5 August 2005