

LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 31.8.2005	As at 31.7.2005	Change	As at 31.8.2005	As at 31.7.2005	Change
Employers	223 600	223 600	-	97.9%	97.9%	-
Employees	1 923 300	1 917 400	+ 5 900	97.0%	96.7%	+ 0.3%
Self-employed persons (SEPs)	289 100	289 200	- 100	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 5 900 (or 0.3%) reflecting continued improvements in the economy and employment. As at the end of August 2005, 14 300 employers, 256 900 employees and 22 000 SEPs have registered under the Industry Schemes¹.

¹ Double registration with the two Industry Schemes trustees has been eliminated.

Complaint Handling

Complaints received by the MPFA

4. Of the total 757 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in August 2005, 97% concerned scheme members and 524 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in August 2005</u>	<u>% *</u>
(A) Complaints concerning scheme members:	
➤ Wrongful reduction of wages / benefits	6
➤ Involuntary change from employee to SEP	0
➤ Non-enrolment in MPF Schemes	26
➤ Default contribution	81
➤ Others (e.g. dismissal; no pay records)	6
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	4

* *Multiple selection allowed.*

Complaints received by the Labour Department (“LD”)

5. In August 2005, the LD received 21 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 133 complaints received from 1 January 2005 to the end of August 2005:

- 54 cases were resolved after conciliation or advice given;
- 40 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;
- 23 cases where the employees had lodged claims with the LD were awaiting conciliation result; and
- 5 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 August 2005 are summarized below:

Enforcement action in August 2005	Number of Cases
A. <u>Prosecution</u>	
Number of summonses applied during the month	55
- <i>Non-enrolment of employees</i>	4
- <i>Non-enrolment (Employee / SEP dispute)</i>	1
- <i>Default contribution</i>	50
- <i>False statement</i>	0
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears)	
Number of Notices issued to employers	24 900
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases submitted	93
- Number of employees involved	197
D. <u>Submission to the District Court</u>	
- Number of cases submitted	4
- Number of employees involved	14
E. <u>Submission to the High Court</u>	
- Number of cases submitted	0
- Number of employees involved	0

Enforcement action in August 2005	Number of Cases
F. <u>Submission to liquidators / receivers</u> - Number of cases submitted	15
G. <u>Proactive Inspections</u> - Number of employment establishments visited	291

Education and Publicity

9. Community outreach activities continued to be a major part of MPFA's public education programme during the month under review. A "Quiz Competition on Labour Rights", which aimed to enhance public knowledge about the MPF System and other relevant labour rights and benefits, was jointly organised by the MPFA, Hong Kong Federation of Trade Unions and Labour Department. A total of 64 open teams and 23 student teams took part in the Competition and the final round of competition cum prize presentation ceremony was held on 21 August. In addition, four talks were organised for professional bodies and business associations.

10. For youth education, MPF messages were disseminated to secondary school students through a competition organised by a Chinese newspaper.

11. On the media front, about 30 articles were published in newspapers and magazines in August 2005. The articles covered a variety of topics including early withdrawal of MPF accrued benefits, fees and charges, Capital Preservation Fund, Guaranteed Fund, differences between MPF and ORSO schemes, and MPF arrangements for company directors. Moreover, 12 press releases on enforcement action were issued.

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