

LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 31.03.2006	As at 28.02.2006	Change	As at 31.03.2006	As at 28.02.2006	Change
Employers	228 200	227 100	+1 100	98.5%	98.5%	-
Employees	1 992 500	1 983 200	+ 9 300	96.7%	97.8%	- 1.1%
Self-employed persons (SEPs)	287 200	287 600	- 400	77.0%	77.5%	- 0.5%

* to the nearest 100

3. The enrolment rates of employers remained stable. The number of employees increased by 9 300 but the corresponding enrolment rate decreased by 1.1%, mainly caused by the 34 000 additional employees in the universe. As at the end of March 2006, 14 900 employers, 268 400 employees and 21 800 SEPs were registered under the Industry Schemes¹.

Complaint Handling

Complaints received by the MPFA

4. Of the total 890 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in March 2006, 97% concerned scheme members and 547 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 March 2006</u>	<u>% *</u>
(A) Complaints concerning scheme members:	
➤ Wrongful reduction of wages / benefits	4
➤ Involuntary change from employee to SEP	0
➤ Non-enrolment in MPF Schemes	27
➤ Default contribution	92
➤ Others (e.g. dismissal; no pay records)	8
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	4

* *Multiple selection allowed.*

Complaints received by the Labour Department (“LD”)

5. In March 2006, the LD received 15 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the total 74 complaints received from 1 January 2006 to the end of March 2006:

- 22 cases were resolved after conciliation or advice given;
- 24 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 2 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;
- 24 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 March 2006 are summarized below:

Enforcement action in March 2006	Number of Cases
A. <u>Prosecution</u> Number of summonses applied during the month	35
- <i>Non-enrolment of employees</i>	1
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	34
- <i>False statement</i>	0
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers	29 500
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases submitted	90
- Number of employees involved	179
D. <u>Submission to the District Court</u>	
- Number of cases submitted	17
- Number of employees involved	134
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	24
G. <u>Proactive Inspections</u>	
- Number of employment establishments visited	267

Education and Publicity

9. A TV infotainment show (積金投資識 析 適) jointly organised by the MPFA and TVB, which aimed to enrich scheme members' MPF investment

knowledge, was the major public education programme conducted during the month under review. Recording of the show was held at late March, and broadcasting of the programme on TVB-Jade would take place on 6 April 2006.

10. Four more parts of the 6-episode MPF TV mini-series (多關心多積金) were broadcast on TVB-Jade in March to highlight major issues-of-concern in MPF investment.

11. In addition, the last four parts of the 10-episode radio series (面對面講積金) on Commercial Radio were broadcast during March to provide practical tips on MPF investment to the public.

12. Another major MPF investment education activity in March was an MPF investment seminar jointly organized by the MPFA, HK Retirement Schemes Association and a Chinese newspaper which aimed to help scheme members know more about MPF investment so as to make informed MPF investment decisions.

13. For youth education, the financial planning competition for tertiary and secondary students was in good progress. Two workshops had been organised for the participants to enhance their knowledge about financial and retirement planning.

14. Furthermore, two train-the-trainers workshops were conducted for tutors of tertiary institutes and youth centres to enable them to more effectively cascade MPF knowledge to youngsters.

15. On the media front, more than 40 articles and press releases had been published in newspapers and magazines during the month, focusing on MPF investment and member protection.

16. As for community outreach activities, six talks had been organized for professional groups, youth organisations and minority groups. Two partnership programmes with political parties were held to promote MPF investment knowledge through district carnivals.

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