

## LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 30.04.2006	As at 31.03.2006	Change	As at 30.04.2006	As at 31.03.2006	Change
Employers	228 500	228 200	+ 300	98.6%	98.5%	+ 0.1%
Employees	1 995 300	1 992 500	+ 2 800	96.8%	96.7%	+ 0.1%
Self-employed persons (SEPs)	287 200	287 200	-	77.0%	77.0%	-

\* to the nearest 100

3. Both the enrolment rates of employers and employees increased slightly by 0.1% while the enrolment rate of SEPs remained stable. As at the end of April 2006, 15 000 employers, 269 900 employees and 21 800 SEPs were registered under the Industry Schemes<sup>1</sup>.

#### Complaint Handling

##### Complaints received by the MPFA

4. Of the total 636 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in April 2006, 98% concerned scheme members and 417 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 April 2006</u>	<u>% *</u>
(A) Complaints concerning scheme members:	
➤ Wrongful reduction of wages / benefits	5
➤ Involuntary change from employee to SEP	0
➤ Non-enrolment in MPF Schemes	24
➤ Default contribution	88
➤ Others (e.g. dismissal; no pay records)	10
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	4

\* *Multiple selection allowed.*

Complaints received by the Labour Department (“LD”)

5. In April 2006, the LD received 19 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the total 93 complaints received from 1 January 2006 to the end of April 2006:

- 34 cases were resolved after conciliation or advice given;
- 31 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;
- 22 cases where the employees had lodged claims with the LD were awaiting conciliation result; and

- 3 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 April 2006 are summarized below:

Enforcement action in April 2006	Number of Cases
A. <u>Prosecution</u> Number of summonses applied during the month	37
- <i>Non-enrolment of employees</i>	0
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	37
- <i>False statement</i>	0
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers	30 600
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases submitted	52
- Number of employees involved	92
D. <u>Submission to the District Court</u>	
- Number of cases submitted	19
- Number of employees involved	497
E. <u>Submission to the High Court</u>	
- Number of cases submitted	1
- Number of employees involved	222
F. <u>Submission to liquidators / receivers</u>	
- Number of cases submitted	7
G. <u>Proactive Inspections</u>	
- Number of employment establishments visited	25

## **Education and Publicity**

9. A TV infotainment show (積金投資識 析 適) jointly produced by the MPFA and TVB was broadcast on TVB-Jade in early April 2006 to enrich scheme members' MPF investment knowledge. A train-the-trainers workshop was also conducted for trainers of the Employees Retraining Board to enable them to cascade MPF knowledge to employees more effectively.

10. For self-employed persons (SEPs), two radio announcements were produced in collaboration with the taxi owners and drivers associations to encourage enrolment in MPF schemes among taxi owners/drivers and to remind them of the need to look after their MPF investment. The announcements will be broadcast through taxi call centres from May 2006.

11. On the media front, over 30 articles and press releases had been published in newspapers and magazines during the month, focusing on MPF investment and member protection.

12. As for community outreach activities, six talks had been organized for professional groups, universities and youth organisations. Six partnership programmes with political parties and labour unions were held to promote the MPF System and MPF investment knowledge through district carnivals.

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

Mandatory Provident Fund Schemes Authority  
May 2006