

## LegCo Panel on Manpower

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

|                                 | Number of Participants* |                     |          | Enrolment Rate      |                     |        |
|---------------------------------|-------------------------|---------------------|----------|---------------------|---------------------|--------|
|                                 | As at<br>30.06.2006     | As at<br>31.05.2006 | Change   | As at<br>30.06.2006 | As at<br>31.05.2006 | Change |
| Employers                       | 229 400                 | 228 700             | + 700    | 98.7%               | 98.7%               | -      |
| Employees                       | 2 018 600               | 1 997 200           | + 21 400 | 96.9%               | 96.9%               | -      |
| Self-employed<br>persons (SEPs) | 286 700                 | 287 200             | - 500    | 76.3%               | 77.0%               | -0.7%  |

\* to the nearest 100

3. Both the enrolment rates of employers and employees remained stable. The enrolment rate of SEPs decreased slightly by 0.7%, mainly caused by the increase in the universe by 2 600. As at the end of June 2006, 15 100 employers, 272 600 employees and 21 700 SEPs were registered under the Industry Schemes<sup>1</sup>.

#### Complaint Handling

##### Complaints received by the MPFA

4. Of the total 836 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in June 2006, 97% concerned scheme members and 488 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 June 2006</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   | 27         |
| ➤ Default contribution   | 89         |
| ➤ Others (e.g. dismissal; no pay records)  | 7          |
| (B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc | 4          |

\* *Multiple selection allowed.*

Complaints received by the Labour Department (“LD”)

5. In June 2006, the LD received 18 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the total 134 complaints received from 1 January 2006 to the end of June 2006:

- 51 cases were resolved after conciliation or advice given;
- 51 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; and
- 29 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 June 2006 are summarized below:

| Enforcement action in June 2006  | Number of Cases         |
|--|-------------------------|
| A. <u>Prosecution</u><br>Number of summonses applied during the month<br>- <i>Non-enrolment of employees</i><br>- <i>Non-enrolment (Employee / SEP dispute)</i><br>- <i>Default contribution</i><br>- <i>False statement</i> | 26<br>1<br>0<br>25<br>0 |
| B. <u>Contribution Surcharge</u><br>(@5% of the contributions in arrears)<br>Number of Notices issued to employers   | 30 000                  |
| C. <u>Submission to the Small Claims Tribunal</u><br>- Number of cases submitted<br>- Number of employees involved   | 76<br>166               |
| D. <u>Submission to the District Court</u><br>- Number of cases submitted<br>- Number of employees involved  | 15<br>229               |
| E. <u>Submission to the High Court</u><br>- Number of cases submitted<br>- Number of employees involved  | 0<br>0                  |
| F. <u>Submission to liquidators / receivers</u><br>- Number of cases submitted   | 12                      |
| G. <u>Proactive Inspections</u><br>- Number of employment establishments visited   | 30                      |

## **Education and Publicity**

9. A large-scale poster campaign with the theme “Look after your MPF investment; Add value to your future” was launched in mid-June 2006 at high visibility locations, including bus shelters, bus bodies and MTR trackside panels in Hong Kong, Kowloon and the New Territories, to encourage members of the public to take care of their MPF investment. In addition, the 2005/06 MPF Investment Campaign TV API has also been re-run on 17 local free and paid TV channels since mid-June 2006 to reinforce the impact of the poster campaign.

10. Furthermore, 39 articles and press releases were published in newspapers and magazines during the month, focusing mainly on MPF investment and member protection.

11. For youth education, the prize presentation of the financial planning competition for tertiary and secondary students was held on 17 June 2006. The competition and prize presentation ceremony were reported by two newspaper supplements on 26 and 29 June 2006 respectively.

12. For community outreach activities, six district roadshows and eight talks were organised in partnership with labour unions to remind scheme members of their rights and responsibilities under the MPF System.

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