

## LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 31.07.2006	As at 30.06.2006	Change	As at 31.07.2006	As at 30.06.2006	Change
Employers	229 700	229 400	+ 300	98.8%	98.7%	+ 0.1%
Employees	2 033 700	2 018 600	+ 15 100	97.7%	96.9%	+ 0.8%
Self-employed persons (SEPs)	286 400	286 700	- 300	76.2%	76.3%	-0.1%

\* to the nearest 100

3. The enrolment rates of employers and employees increased by 0.1% and 0.8% respectively. The enrolment rate of SEPs decreased slightly by 0.1%. As at the end of July 2006, 15 200 employers, 276 400 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 800 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in July 2006, 96% concerned scheme members and 483 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 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	90
➤ Others (e.g. dismissal; no pay records)	12
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	5

\* *Multiple selection allowed.*

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

5. In July 2006, the LD received 21 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the total 155 complaints received from 1 January 2006 to the end of July 2006:

- 59 cases were resolved after conciliation or advice given;
- 60 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;
- 31 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 July 2006 are summarized below:

<b>Enforcement action in July 2006</b>	<b>Number of Cases</b>
A. <u>Prosecution</u> Number of summonses applied during the month	70
- <i>Non-enrolment of employees</i>	1
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	69
- <i>False statement</i>	0
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers	30 400
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases submitted	100
- Number of employees involved	181
D. <u>Submission to the District Court</u>	
- Number of cases submitted	16
- Number of employees involved	158
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	9
G. <u>Proactive Inspections</u>	
- Number of employment establishments visited	34

## **Education and Publicity**

9. During the month under review, the thematic poster campaign “Look after your MPF investment; Add value to your future” continued at high visibility locations, including bus shelters, bus bodies and MTR trackside panels throughout the SAR to encourage and remind members of the public to take care of their MPF investment.

10. A leaflet on the services provided at MPFA’s Tsuen Wan Office was published in July 2006 and distributed to the general public through various public channels such as Home Affairs Department and Labour Department.

11. In addition, a booklet specially-designed for workers of the construction and catering industries who enrol under the MPF Industry Schemes was published and distributed through labour unions and trustees.

12. Furthermore, 33 articles and press releases were published in newspapers and magazines during the month, focusing mainly on MPF investment and member protection.

13. For community outreach activities, four talks were organized for professional groups and community organizations.

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