

LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 31.08.2006	As at 31.07.2006	Change	As at 31.08.2006	As at 31.07.2006	Change
Employers	229 700	229 700	-	98.8%	98.8%	-
Employees	2 037 100	2 033 700	+ 3 400	97.8%	97.7%	+ 0.1%
Self-employed persons (SEPs)	287 000	286 400	+ 600	76.4%	76.2%	+0.2%

* to the nearest 100

3. The enrolment rate of employers remained stable. The enrolment rates of employees and SEPs increased by 0.1% and 0.2% respectively. As at the end of August 2006, 15 200 employers, 276 100 employees and 21 700 SEPs were registered under the Industry Schemes¹.

Complaint Handling

Complaints received by the MPFA

4. Of the total 873 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in August 2006, 98% concerned scheme members and 506 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 August 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	26
➤ Default contribution	85
➤ Others (e.g. dismissal; no pay records)	12
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	3

* *Multiple selection allowed.*

Complaints received by the Labour Department (“LD”)

5. In August 2006, the LD received 26 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the total 181 complaints received from 1 January 2006 to the end of August 2006:

- 66 cases were resolved after conciliation or advice given;
- 70 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;
- 38 cases where the employees had lodged claims with the LD were awaiting conciliation result; and
- 4 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 2006 are summarized below:

Enforcement action in August 2006	Number of Cases
A. <u>Prosecution</u> Number of summonses applied during the month	39
- <i>Non-enrolment of employees</i>	1
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	38
- <i>False statement</i>	0
B. <u>Contribution Surcharge*</u> (@5% of the contributions in arrears) Number of Notices issued to employers	29 100
C. <u>Submission to the Small Claims Tribunal</u>	
- <i>Number of cases submitted</i>	97
- <i>Number of employees involved</i>	255
D. <u>Submission to the District Court</u>	
- <i>Number of cases submitted</i>	17
- <i>Number of employees involved</i>	196
E. <u>Submission to the High Court</u>	
- <i>Number of cases submitted</i>	0
- <i>Number of employees involved</i>	0
F. <u>Submission to liquidators / receivers</u>	
- <i>Number of cases submitted</i>	20
G. <u>Proactive Inspections</u>	
- <i>Number of employment establishments visited</i>	34

* *Of the surcharge notices issued every month, most of them are not genuine default cases but rather false alarms due to administrative errors, such as failing to inform the MPF trustee of the termination of employment of employees. Many of the employers concerned would settle the outstanding contributions shortly after receiving the notices. From our past experience, only a few thousand cases per year require the follow-up actions by the Authority.*

Education and Publicity

9. The MPFA's Tsuen Wan Office was officially opened during the month. An announcement has been made in the press that the office is set up to strengthen the relationship with the local community and provide easier access to MPFA's services.

10. In addition, 34 articles and press releases were published in newspapers and magazines during the month, focusing mainly on MPF investment and member protection.

11. Furthermore, a pre-recorded TV interview for the ATV's "Women Plaza" was broadcast on 3 August 2006 to remind MPF scheme members of their right and responsibilities under the MPF System and important issues to note for MPF investment.

12. For youth education, more than 50 secondary school students participated in the "City Orienteering 2006" organised by a local newspaper and sponsored by MPFA on 7 August 2006. The students were assigned to perform a number of assignments relating to MPF and other economic activities. A two-page supplement was published to cover the event.

13. For community outreach activities, three talks were organized for labour unions, professional groups and community organizations.

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

Mandatory Provident Fund Schemes Authority
8 September 2006