

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress report as at the end of October 2005

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 October 2005 is as follows:

	Number of Participants*			Enrolment Rate		
	As at 31.10.2005	As at 30.9.2005	Change	As at 31.10.2005	As at 30.9.2005	Change
Employers	224 300	224 100	+ 200	98.0%	97.9%	+ 0.1%
Employees	1 943 500	1 938 000	+ 5 500	97.1%	96.8%	+ 0.3%
Self-employed persons (SEPs)	288 400	288 500	- 100	78.0%	78.0%	-

* to the nearest 100

3. The enrolment rate of employer increased slightly by 0.1% and the enrolment rate of SEPs remained stable. The number of enrolled employees increased by 5 500, resulting in an increase of 0.3% in employees' enrolment rate. As at the end of October 2005, 14 400 employers, 260 600 employees and 22 000 SEPs were registered under the Industry Schemes¹.

Complaint Handling

Complaints received by the MPFA

4. Of the total 715 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in October 2005, 97% concerned scheme members and 471 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 October 2005</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	30
➤ Default contribution	86
➤ Others (e.g. dismissal; no pay records)	8
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	5
* <i>Multiple selection allowed.</i>	

Complaints received by the Labour Department (“LD”)

5. In October 2005, the LD received 14 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 163 complaints received from 1 January 2005 to the end of October 2005:

- 67 cases were resolved after conciliation or advice given;
- 59 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 11 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;
- 25 cases where the employees had lodged claims with the LD were awaiting conciliation result; and

- 1 case was awaiting the employee's 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 October 2005 are summarized below:

Enforcement action in October 2005	Number of Cases
A. <u>Prosecution</u> Number of summonses applied during the month	75
- <i>Non-enrolment of employees</i>	2
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	73
- <i>False statement</i>	0
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers	27 700
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases submitted	59
- Number of employees involved	96
D. <u>Submission to the District Court</u>	
- Number of cases submitted	3
- Number of employees involved	48
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	20
G. <u>Proactive Inspections</u>	
- Number of employment establishments visited	263

Education and Publicity

9. During the month under review, a six-month MPF Investment Education Campaign with the theme “Look After Your MPF Investment – Add Value to Your Future” was launched to help scheme members know more about MPF investment so as to make informed MPF investment decisions. The Kick-off Ceremony cum Multi-media Exhibition of the Campaign was held at end October.

10. As part of the Campaign launching activities, a radio API was broadcast on all three radio stations, and a mini-website on MPF investment education was uploaded on the MPFA website for public access. New leaflets on MPF investment have been published and distributed to members of the public through various public outlets and community activities.

11. Moreover, the MPFA participated in the “Financial World Expo 2005” organized by the Institute of Financial Planners of Hong Kong in October. Over 24,000 visitors visited our booth at the Expo.

12. On the media front, a meet-the-media session to introduce the Education Campaign was held during the month. More than 40 articles and press releases were published in newspapers and magazines in October, focusing on MPF investment and member protection.

13. Community outreach activities continued, with three talks organized for labour unions and youth organizations. A partnership programme with political parties was held in late October to disseminate messages on MPF investment through district carnivals.

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