

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress report as at the end of September 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 September 2005 is as follows:

	Number of Participants*			Enrolment Rate		
	As at 30.9.2005	As at 31.8.2005	Change	As at 30.9.2005	As at 31.8.2005	Change
Employers	224 100	223 600	+ 500	97.9%	97.9%	-
Employees	1 938 000	1 923 300	+ 14 700	96.8%	97.0%	- 0.2%
Self-employed persons (SEPs)	288 500	289 100	- 600	78.0%	79.0%	- 1.0%

* to the nearest 100

3. The enrolment rate of employers remained stable. The enrolment of relevant employees increased by 14 700, while the universe increased by 17 600 at the same time, resulting in a net decrease in the enrolment rate of relevant employees by 0.2%. The decrease in the enrolment rate of SEPs by 1.0% was mainly caused by the increase in the SEPs' universe by 3 800. As at the end of September 2005, 14 300 employers, 259 000 employees and 22 000 SEPs were registered under the Industry Schemes¹.

¹ Double registration with the two Industry Schemes trustees has been eliminated.

Complaint Handling

Complaints received by the MPFA

4. Of the total 726 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in September 2005, 98% concerned scheme members and 459 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in September 2005</u>	<u>% *</u>
(A) Complaints concerning scheme members:	
➤ Wrongful reduction of wages / benefits	6
➤ Involuntary change from employee to SEP	0
➤ Non-enrolment in MPF Schemes	24
➤ Default contribution	74
➤ Others (e.g. dismissal; no pay records)	14
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	4

* *Multiple selection allowed.*

Complaints received by the Labour Department (“LD”)

5. In September 2005, the LD received 16 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 149 complaints received from 1 January 2005 to the end of September 2005:

- 64 cases were resolved after conciliation or advice given;
- 44 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;
- 26 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 September 2005 are summarized below:

Enforcement action in September 2005	Number of Cases
A. <u>Prosecution</u>	
Number of summonses applied during the month	107
- <i>Non-enrolment of employees</i>	2
- <i>Non-enrolment (Employee / SEP dispute)</i>	1
- <i>Default contribution</i>	104
- <i>False statement</i>	0
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears)	
Number of Notices issued to employers	28 100
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases submitted	82
- Number of employees involved	140
D. <u>Submission to the District Court</u>	
- Number of cases submitted	15
- Number of employees involved	208

Enforcement action in September 2005	Number of Cases
E. <u>Submission to the High Court</u> - Number of cases submitted - Number of employees involved	0 0
F. <u>Submission to liquidators / receivers</u> - Number of cases submitted	30
G. <u>Proactive Inspections</u> - Number of employment establishments visited	270

Education and Publicity

9. During the month under review, the English and simplified Chinese versions of the leaflet on “What employees should know about MPF” were published to enable a wider audience to better understand the MPF System and the rights and responsibilities of MPF scheme members.

10. On the media front, 29 articles were published in newspapers and magazines in September 2005. The articles covered a variety of topics including employers’ MPF responsibilities, differences between MPF and ORSO schemes, review of MPF Annual Benefit Statement, early withdrawal of MPF accrued benefits, MPFA’s hotline enquiry service, offsetting arrangements for long service payment and severance payment, Guaranteed Fund, and MPF arrangements for local employees working overseas and overseas workers working in Hong Kong. In addition, 19 press releases on enforcement action have been issued during the month.

11. Community outreach activities continued, with four talks organised for labour unions and professional groups.

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