

LegCo Panel on Manpower

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

	Number of Participants*		Enrolment Rate	
	As at 31.12.2005	Change over previous month	As at 31.12.2005	Change over previous month
Employers	226 500	+ 1 800	98.2%	+ 0.1%
Employees	1 974 400	+ 24 700	97.4%	-
Self-employed persons (SEPs)	288 000	- 100	77.6%	- 0.3%

* to the nearest 100

3. The enrolment rate of employers increased slightly by 0.1% while that of employees remained stable. The enrolment rate of SEPs dropped slightly by 0.3%, mainly caused by the increase of the universe by 1 400. As at the end of December 2005, 14 900 employers, 264 700 employees and 21 900 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 667 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in December 2005, 98% concerned scheme members and 433 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in December 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	31
➤ Default contribution	85
➤ Others (e.g. dismissal; no pay records)	8
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	3

* *Multiple selection allowed.*

Complaints received by the Labour Department ("LD")

5. In December 2005, the LD received 12 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 198 complaints received from 1 January 2005 to the end of December 2005:

- 84 cases were resolved after conciliation or advice given;
- 78 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;

- 13 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;
- 19 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 December 2005 are summarized below:

Enforcement action in December 2005	Number of Cases
A. <u>Prosecution</u> Number of summonses applied during the month	40
- <i>Non-enrolment of employees</i>	0
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	40
- <i>False statement</i>	0
B. <u>Contribution Surcharge (5%)</u> - Number of Notices issued to employers	28 000
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted	50
- Number of employees involved	71
D. <u>Submission to the District Court</u> - Number of cases submitted	5
- Number of employees involved	74
E. <u>Submission to the High Court</u> - Number of cases submitted	0
- Number of employees involved	0

Enforcement action in December 2005	Number of Cases
F. <u>Submission to liquidators / receivers</u> - Number of cases submitted	11
G. <u>Proactive Inspections</u> - Number of employment establishments visited	159

Education and Publicity

9. During the month under review, the MPFA continued to roll out the programmes under the MPF Investment Education Campaign. Four more episodes of the MPF radio series (積金投資面面觀) on Commercial Radio were broadcast to provide basic investment knowledge to the general public in the context of MPF investment.

10. A large seminar was held in partnership with labour unions in the catering industry to promote the MPF Industry Schemes and MPF investment education among workers in the industry. In addition, an outreach activity was organised with the support of the Shamshuipo District Council to disseminate MPF messages to employers and employees of eating establishments in the district. An MPF investment seminar cum quiz game co-organized with a labour union in the construction industry was also conducted in early December.

11. For self-employed persons (SEPs), two outreach programmes were arranged in December in collaboration with associations of minibus drivers and taxi drivers to publicize the rights and responsibilities of SEPs under the MPF System.

12. Furthermore, the MPFA, for the third consecutive years, had taken part in the Hong Kong Products Expo organized by the Chinese Manufacturers' Association of Hong Kong to promote MPF investment education through drama and quiz games.

13. On the media front, more than 40 articles and press releases had been published in newspapers and magazines in December, focusing on MPF investment and member protection.

14. Community outreach activities continued, with four talks organized for professional groups and community organizations. Two partnership programmes with political parties and labour unions were held in December to disseminate messages on MPF investment through district carnivals.

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

Mandatory Provident Fund Schemes Authority
5 January 2006