The Protection of Wages on Insolvency Fund (PWIF) was set up in 1985 to provide timely relief in the form of ex gratia payment to employees of insolvent employers. Employees who are owed wages, wages in lieu of notice and severance payment by their insolvent employers may apply for ex gratia payment from the PWIF. Under the Protection of Wages on Insolvency Ordinance, the maximum payment for each employee is \$36,000 in respect of wages (for services rendered within four months prior to the last day of service), \$22,500 in respect of wages in lieu of notice, and severance payment up to \$50,000 plus 50% of the remainder of the entitlement. The maximum total amount of ex gratia payment that an employee can receive from the PWIF is \$278,500.

2. The Government has no intention of extending the coverage of the PWIF to include default Mandatory Provident Fund (MPF) contributions by employers which do not form part of wages or employment benefits under the Employment Ordinance. Nevertheless, where the insolvent employers deduct employees' wages for making employees' MPF contributions and default on these sums, such arrears of wages are already covered by the PWIF provided that they fall within the four-month limit mentioned above.