

LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 31.10.2006	As at 30.09.2006	Change	As at 31.10.2006	As at 30.09.2006	Change
Employers	231 300	230 700	+ 600	99.0%	98.8%	+ 0.2%
Employees	2 057 800	2 046 800	+ 11 000	98.9%	98.3%	+ 0.6%
Self-employed persons (SEPs)	284 200	284 500	- 300	74.4%	74.5%	-0.1%

* to the nearest 100

3. The enrolment rates of employers and employees increased by 0.2% and 0.6% respectively. The enrolment rate of SEPs decreased slightly by 0.1%. As at the end of October 2006, 15 300 employers, 279 700 employees and 21 600 SEPs were registered under the Industry Schemes¹.

Complaint Handling

Complaints received by the MPFA

4. Of the total 636 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in October 2006, 97% concerned scheme members and 428 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 2006</u>	<u>% *</u>
(A) Complaints concerning scheme members:	
➤ Wrongful reduction of wages / benefits	1
➤ Involuntary change from employee to SEP	0
➤ Non-enrolment in MPF Schemes	27
➤ Default contribution	85
➤ Others (e.g. dismissal; no pay records)	13
(B) Complaints concerning trustees, intermediaries, Occupational Retirement Schemes Ordinance (ORSO) etc	4
* <i>Multiple selections allowed.</i>	

Complaints received by the Labour Department (“LD”)

5. In October 2006, the LD received 12 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of the total 211 complaints received from 1 January 2006 to the end of October 2006:

- 91 cases were resolved after conciliation or advice given;
- 91 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;
- 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 2006 are summarized below:

Enforcement action in October 2006	Number of Cases
A. <u>Prosecution</u> Number of summonses applied during the month - <i>Non-enrolment of employees</i> - <i>Non-enrolment (Employee / SEP dispute)</i> - <i>Default contribution</i> - <i>False statement</i> - <i>Obstruct Authority in the exercise or performance of functions</i>	8 0 0 7 0 1
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers	23 400
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted - Number of employees involved	57 180
D. <u>Submission to the District Court</u> - Number of cases submitted - Number of employees involved	12 196
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	14
G. <u>Proactive Inspections</u> - Number of employment establishments visited	74

Education and Publicity

9. During the month under review, the second phase of the MPF Investment Education Campaign with the theme "Look After Your MPF Investment. Add Value to Your Future." (多一分關心 多一分保障 強積金) continued to roll out. More exposure of the 15-second TV API series had been secured through broadcasting on MTR trackside plasma TVs, TV panels on KCR trains and outdoor video walls at high traffic locations.

10. A large-scale poster campaign under the same theme was launched at high visibility locations, including bus shelters and poster panels in KCR stations throughout the territory to encourage members of the public to take care of their MPF investment.

11. For youth education, the MPFA had staged an exhibition booth at the Financial Services Career Exhibition from 26 to 28 October 2006 to introduce the MPF System and the Authority's mission and vision. The exhibition, jointly organized by the Advisory Committee on Human Resources Development in the Financial Services Sector and the Hong Kong Polytechnic University, aimed to enable tertiary students to gain a better understanding of the financial industry and the career prospects.

12. On the media front, 17 press releases were issued to the media and 13 articles were published in newspapers, focusing mainly on scheme member protection.

13. For community outreach activities, three talks were organised for assistants of District Council members and professional groups. The first event of a series of partnership programmes with political parties was launched in early October to promote MPF investment knowledge through a district carnival.

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