

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress report as at the end of March 2003

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 March 2003 is as follows:

	Number of Participants			Enrolment Rate		
	As at 31.03.2003	As at 28.02.2003	Change	As at 31.03.2003	As at 28.02.2003	Change
Employers	217 000	217 000	-	93.8%	93.7%	+ 0.1%
Employees	1 716 000	1 728 000	- 12 000	95.7%	95.7%	-
Self-employed persons (SEPs)	302 000	302 000	-	75.8%	81.0%	- 5.2%

3. The increase in enrolment rate of employers is due to the decrease of the universe by 1 000. The number of employees has also decreased by 12 000, yet, as both the universe and the enrolled relevant employees decreased by the same extent, the enrolment rate of relevant employees remained stable. The decrease in the enrolment rate of SEPs is due to the increase of the SEP universe by about 27 000, from 372 000 to 399 000¹. At the end of March 2003, 13 100 employers, 231 400 employees and 23 000 SEPs have joined the Industry Schemes.

¹ Estimate based on the General Household Survey statistics conducted by the Census & Statistics Department.

Complaint Handling

Complaints received by the MPFA

4. Of the total 940 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in March 2003, 99% concerned scheme members and 523 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in March 2003</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	24
➤ Default contribution	94
➤ Others (e.g. dismissal; no pay records)	3
(B) Complaints against trustees, intermediaries, ORSO etc	2

* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In March 2003, the LD received 16 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 58 complaints received from 1 January 2003 to the end of March 2003:

- 12 cases were resolved after conciliation or advice given;
- 21 cases were referred to the Labour Tribunal for adjudication;
- 11 cases where the employers were insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund;
- 9 cases where the employees had lodged claims with the LD were awaiting conciliation;

- 2 cases were awaiting the employees' decision on whether to lodge claims with the LD for conciliation; and
- 3 cases were awaiting the employees' decision on whether to lodge claims at the Labour Tribunal after conciliation.

Enforcement

7. The enforcement actions taken in March 2003 are summarized below:

Enforcement action in March 2003	Number of Cases
<u>A. Prosecution</u>	
Number of summonses applied	64
- <i>Non-enrolment of employees</i>	8
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	55
- <i>False statement</i>	1
<u>B. Contribution Surcharge</u>	
Number of Notices issued to employers	
- First Notice @ 15% p.a.	21 700
- Second Notice @ 20% p.a.	14 600
<u>C. Applications to the Small Claims Tribunal</u>	
- Number of applications made	113
- Number of employees involved	198
<u>D. Applications to liquidators / receivers</u>	
- Number of applications made	20
<u>E. Proactive Inspections</u>	
- Number of employment establishments visited	69

Education and Publicity

8. The TV and radio announcements on the legislative amendments brought by the MPF Schemes (Amendment) (No.2) Ordinance 2002 continued until mid-March to remind the public of the full implementation of the new provisions on 1 February 2003.

9. MPFA and a labour group co-organised in March two promotional activities in Kwai Tsing to bring home the MPF messages to the community and local residents. On the media front, MPFA continued to run a MPF column in a Chinese newspaper on the “Do’s” and “Don’ts” of MPF investment. In addition, MPFA also contributes articles to three Chinese newspapers on a regular basis on the MPF general features and investment knowledge.

10. A total of 17 seminars and briefings on the MPF system and investment knowledge were organized, attracting some 550 participants.

Members to Note

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

Mandatory Provident Fund Schemes Authority

April 2003