

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress report as at the end of April 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 April 2003 is as follows:

	Number of Participants			Enrolment Rate		
	As at 30.04.2003	As at 31.03.2003	Change	As at 30.04.2003	As at 31.03.2003	Change
Employers	217 000	217 000	-	93.8%	93.8%	-
Employees	1 716 000	1 716 000	-	95.7%	95.7%	-
Self-employed persons (SEPs)	303 000	302 000	+ 1 000	76.0%	75.8%	+ 0.2%

3. The enrolment of employers and relevant employees has stabilised. The number of SEP has marginally increased by about 1 000 in the last month, reflecting the continued restructuring in the employment market. At the end of April 2003, 13 200 employers, 234 200 employees and 23 100 SEPs were in the Industry Schemes.

Complaint Handling

Complaints received by the MPFA

4. Of the total 969 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in April 2003, 99% concerned scheme members and 464 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in April 2003</u>		<u>% *</u>
(A)	Complaints concerning scheme members:	
	➤ Wrongful reduction of wages / benefits	3
	➤ Involuntary change from employee to SEP	0
	➤ Non-enrolment in MPF Schemes	20
	➤ Default contribution	95
	➤ Others (e.g. dismissal; no pay records)	4
(B)	Complaints against trustees, intermediaries, ORSO etc	2

* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In April 2003, the LD received 27 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 85 complaints received from 1 January 2003 to the end of April 2003:

- 20 cases were resolved after conciliation or advice given;
- 34 cases were referred to the Labour Tribunal for adjudication;
- 16 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;
- 11 cases where the employees had lodged claims with the LD were awaiting conciliation;
- 3 cases were awaiting the employees' decision on whether to lodge claims with the LD for conciliation; and
- 1 case was awaiting the employee's decision on whether to lodge claim at the Labour Tribunal after conciliation.

Enforcement

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

Enforcement action in April 2003	Number of Cases
A. <u>Prosecution</u> Number of summonses applied - <i>Non-enrolment of employees</i> - <i>Non-enrolment (Employee / SEP dispute)</i> - <i>Default contribution</i> - <i>False statement</i>	90 6 0 84 0
B. <u>Contribution Surcharge</u> Number of Notices issued to employers - First Notice @ 15% p.a. - Second Notice @ 20% p.a.	20 500 14 200
C. <u>Applications to the Small Claims Tribunal</u> - Number of applications made - Number of employees involved	88 318
D. <u>Applications to liquidators / receivers</u> - Number of applications made	52
E. <u>Proactive Inspections</u> - Number of employment establishments visited	24

Education and Publicity

8. Due to the outbreak of Severe Acute Respiratory Syndrome (SARS), publicity and public education programmes have been rescheduled upon request of co-organisers. Only one seminar was organised during the month for a group of new immigrants.

9. On the media front, MPFA continued to contribute articles to several Chinese newspapers on general features of the MPF System and investment knowledge.

Members to Note

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

Mandatory Provident Fund Schemes Authority
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