

LegCo Panel on Manpower

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

	Number of Participants			Enrolment Rate		
	As at 31.05.2003	As at 30.04.2003	Change	As at 31.05.2003	As at 30.04.2003	Change
Employers	217 000	217 000	-	93.9%	93.8%	+ 0.1%
Employees	1 717 000	1 716 000	+ 1 000	95.8%	95.7%	+ 0.1%
Self-employed persons (SEPs)	302 000	303 000	- 1 000	75.9%	76.0%	- 0.1%

3. The enrolment numbers of employers, relevant employees and SEPs have stabilised. At the end of May 2003, 13 300 employers, 234 400 employees and 23 100 SEPs were in the Industry Schemes.

Complaint Handling

Complaints received by the MPFA

4. Of the total 1018 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in May 2003, 99% concerned scheme members and 558 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in May 2003</u>		<u>% *</u>
(A)	Complaints concerning scheme members:	
	➤ Wrongful reduction of wages / benefits	7
	➤ Involuntary change from employee to SEP	0
	➤ Non-enrolment in MPF Schemes	18
	➤ Default contribution	94
	➤ 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 May 2003, the LD received 21 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 106 complaints received from 1 January 2003 to the end of May 2003:

- 25 cases were resolved after conciliation or advice given;
- 43 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 21 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

- 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 May 2003 are summarized below:

Enforcement action in May 2003	Number of Cases
A. <u>Prosecution</u>	
Number of summonses applied	71
- <i>Non-enrolment of employees</i>	6
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	65
- <i>False statement</i>	0
B. <u>Contribution Surcharge</u>	
Number of Notices issued to employers	
- @ 15% p.a.	900
- @ 20% p.a.	15 000
- @ 5% flat rate	22 800
C. <u>Applications to the Small Claims Tribunal</u>	
- Number of applications made	133
- Number of employees involved	329
D. <u>Applications to liquidators / receivers</u>	
- Number of applications made	32
E. <u>Proactive Inspections</u>	
- Number of employment establishments visited	73

Remarks: As regards contribution surcharge (item B of the above table), the notices @ 5% flat rate were issued to employers with contributions in arrears, covering the contribution period of March 2003, in accordance with the newly amended statutory provisions.

Education and Publicity

8. With the gradual improvement of the Severe Acute Respiratory Syndrome (SARS) situation, education and publicity programmes have resumed.

9. The final contest of the Inter-school Webpage Design Competition on “Population Ageing and Us” was held on 17 May 2003 with presentations from six finalist schools. The event, which was jointly organized with the Elderly Commission and a Chinese newspaper, has successfully enhanced the understanding of secondary school students on population ageing as a social issue.

10. On the media front, MPFA has contributed five articles on investment education and member protection to three Chinese newspapers. Fourteen press releases have been issued on MFPA enforcement action.

11. A total of five talks on the MPF system and investment knowledge were organized, attracting about 340 participants.

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

Mandatory Provident Fund Schemes Authority

6 June 2003