

## LegCo Panel on Manpower

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

	Number of Participants			Enrolment Rate		
	As at 30.06.2003	As at 31.05.2003	Change	As at 30.06.2003	As at 31.05.2003	Change
Employers	216 000	217 000	- 800	94.2%	93.9%	+ 0.3%
Employees	1 730 000	1 717 000	+ 13 000	95.6%	95.8%	- 0.2%
Self-employed persons (SEPs)	300 000	302 000	- 2 000	78.8%	75.9%	+ 2.9%

3. Compared to a month ago, the number of enrolled employers decreased by 800. The rise in the enrolment rate by 0.3% was because of a decrease of 1 400 employers in the universe of employers<sup>1</sup>. As regards the enrolment of relevant employees, while the number of enrolled relevant employees has increased by 13 000 in May, the decrease in employee's enrolment rate of 0.2% was due to an increase in the universe of the relevant employees by 16 000. The number of enrolled SEPs has decreased by 2 000; however, the enrolment rate has increased by 2.9% because the SEP's universe has decreased by 18 000, from 399 000 to 381 000. The enrolment numbers of Industry Schemes were stable. At the end of June 2003, 13 300 employers, 237 700 employees and 23 100 SEPs were in the Industry Schemes.

<sup>1</sup> Estimates of the universe of employers, relevant employees and SEPs are based on the General Household Survey statistics compiled by the Census & Statistics Department.

## **Complaint Handling**

### Complaints received by the MPFA

4. Of the total 842 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in June 2003, 99% concerned scheme members and 505 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in June 2003</u>	<u>% *</u>
(A) Complaints concerning scheme members:	
➤ Wrongful reduction of wages / benefits	5
➤ Involuntary change from employee to SEP	0
➤ Non-enrolment in MPF Schemes	19
➤ Default contribution	93
➤ 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 June 2003, the LD received 20 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 126 complaints received from 1 January 2003 to the end of June 2003:

- 29 cases were resolved after conciliation or advice given;
- 50 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 25 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;
- 15 cases where the employees had lodged claims with the LD were awaiting conciliation; and
- 7 cases were awaiting the employees' decision on whether to lodge claims at the Labour Tribunal/ Minor Employment Claims Adjudication Board after conciliation.

## Enforcement

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

<b>Enforcement action in June 2003</b>	<b>Number of Cases</b>
<b>A. <u>Prosecution</u></b> 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>	34 1 0 33 0
<b>B. <u>Contribution Surcharge</u></b> Number of Notices issued to employers - @ 15% p.a. - @ 20% p.a. - @ 5% flat rate	300 400 22 100
<b>C. <u>Applications to the Small Claims Tribunal</u></b> - Number of applications made - Number of employees involved	84 195
<b>D. <u>Applications to liquidators / receivers</u></b> - Number of applications made	22
<b>E. <u>Proactive Inspections</u></b> - Number of employment establishments visited	552

*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 April 2003. Those at 15% p.a. and 20% p.a. covered defaulting periods before February 2003. All cases were based on reports by trustees.*

## Education and Publicity

8. The Inter-school Webpage Design Contest on “Population Ageing and Us” jointly organized with the Elderly Commission and a Chinese newspaper was successfully completed with a prize-presentation ceremony on 14 June 2003. The messages on the MPF System and the social issues related to the ageing population were well received by the participating schools.

9. On the media front, the MPFA has contributed nine articles on investment education, member protection and legal issues related to enforcement to five newspapers. A total of 17 press releases on MFPA enforcement have been released during the month under review.

10. To strengthen communication with the local community, the MPFA has organized four seminars and briefings on the MPF system and investment knowledge, attracting about 400 participants. Articles and quiz games have also been published in trade union newsletters, and response has been encouraging.

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

**Mandatory Provident Fund Schemes Authority**  
9 July 2003