

## LegCo Panel on Manpower

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

	Number of Participants			Enrolment Rate		
	As at 31.07.2003	As at 30.06.2003	Change	As at 31.07.2003	As at 30.06.2003	Change
Employers	217 000	216 000	+ 200	94.2%	94.2%	-
Employees	1 726 000	1 730 000	- 4 000	95.5%	95.6%	- 0.1%
Self-employed persons (SEPs)	299 000	300 000	- 1 000	78.5%	78.8%	- 0.3%

3. The enrolment of employers has stabilized while the enrolment of relevant employees has a slight decrease. As regards the enrolment of SEPs, the number of SEP has marginally decreased by about 1 000 in the last month, reflecting the continual restructuring in the employment market. At the end of July 2003, 13 400 employers, 239 600 employees and 23 100 SEPs were in the Industry Schemes.

#### Complaint Handling

##### Complaints received by the MPFA

4. Of the total 945 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in July 2003, 98% concerned scheme members and 537 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in July 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	90
	➤ Others (e.g. dismissal; no pay records)	5
(B)	Complaints against trustees, intermediaries, ORSO etc	4

\* *Multiple selection allowed.*

#### Complaints received by the Labour Department (LD)

5. In July 2003, the LD received 19 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 145 complaints received from 1 January 2003 to the end of July 2003:

- 33 cases were resolved after conciliation or advice given;
- 60 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 31 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;
- 14 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 July 2003 are summarized below:

<b>Enforcement action in July 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 (arising from disputes on the status as an employee or SEP)</i> - <i>Default contribution</i> - <i>False statement</i>	38 6 0 32 0
<b>B. <u>Contribution Surcharge</u></b> Number of Notices issued to employers - @ 15% p.a. - @ 20% p.a. - @ 5% flat rate	200 100 22 100
<b>C. <u>Applications to the Small Claims Tribunal</u></b> - Number of applications made - Number of employees involved	96 227
<b>D. <u>Applications to liquidators / receivers</u></b> - Number of applications made	23
<b>E. <u>Proactive Inspections</u></b> - Number of employment establishments visited	480

*Remarks: As regards contribution surcharge (item B of the above table), the notices @ 5% flat rate were issued to employers with contributions in arrears, mainly covering the contribution period of May 2003. Those at 15% p.a. and 20% p.a. covered defaulting periods before February 2003. All cases were based on reports submitted by trustees.*

## **Education and Publicity**

8. New channels have been developed to promote investment education. A 10-minute segment on MPF investment knowledge started on 5 July 2003 on an RTHK radio financial programme for eight consecutive weeks. New MPF columns have been introduced in Chinese newspapers, and a total of 16 articles on investment education and member protection have been contributed during the month of July.

9. On the development of community relations, 10 briefings and exhibitions have been organized for over 2,000 participants. We have also taken part in a district fun fair to promote MPF messages, and about 800 people have visited the MPFA booth. MPFA quiz games published in labour

union newsletters remained popular.

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

**Mandatory Provident Fund Schemes Authority**  
5 August 2003