

LegCo Panel on Manpower

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

	Number of Participants			Enrolment Rate		
	As at 31.08.2003	As at 31.07.2003	Change	As at 31.08.2003	As at 31.07.2003	Change
Employers	218 000	217 000	+ 100	94.3%	94.2%	+ 0.1%
Employees	1 729 000	1 726 000	+ 3 000	95.6%	95.5%	+ 0.1%
Self-employed persons (SEPs)	299 000	299 000	-	78.5%	78.5%	-

3. The increase of 0.1% in employers' enrolment in August was due to rounding, the actual increase in absolute terms was 100 enrolled employers only. There was also a slight increase of 3 000 relevant employees enrolled in the MPF Schemes. At the end of August 2003, 13 500 employers, 242 100 employees and 23 200 SEPs were in the Industry Schemes.

Complaint Handling

Complaints received by the MPFA

4. Of the total 884 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in August 2003, 98% concerned scheme members and 480 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in August 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	19
	➤ Default contribution	92
	➤ Others (e.g. dismissal; no pay records)	5
(B)	Complaints against trustees, intermediaries, ORSO etc	3

* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In August 2003, the LD received 31 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 176 complaints received from 1 January 2003 to the end of August 2003:

- 38 cases were resolved after conciliation or advice given;
- 69 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 34 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;
- 25 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
- 8 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 August 2003 are summarized below:

Enforcement action in August 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>	83 4 0 79 0
B. <u>Contribution Surcharge</u> Number of Notices issued to employers - @ 15% p.a. - @ 20% p.a. - @ 5% flat rate	100 100 21 600
C. <u>Applications to the Small Claims Tribunal</u> - Number of applications made - Number of employees involved	90 212
D. <u>Applications to liquidators / receivers</u> - Number of applications made	38
E. <u>Proactive Inspections</u> - Number of employment establishments visited	348

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 June 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. Community outreach activities continued to be a major part of the MPFA's public education programme. During the month of August, 16 briefings have been organized with a total attendance of over 250. The participants included youngsters attending youth pre-employment training and trainees attending retraining courses, union members, new immigrants,

and legal professionals. Two exhibitions on MPF have been held. In addition, the MPFA has participated in two district fun fairs to explain MPF messages to over 1,000 visitors.

9. An eight-episode MPF investment segment on an RTHK radio programme was successfully completed in late August 2003. On the media front, 16 articles have been contributed to five Chinese newspapers, covering investment knowledge and member protection.

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

Mandatory Provident Fund Schemes Authority

4 September 2003