

## LegCo Panel on Manpower

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

	Number of Participants			Enrolment Rate		
	As at 31.12.2003*	As at 30.11.2003*	Change	As at 31.12.2003	As at 30.11.2003	Change
Employers	218 000	217 000	+ 200	95.4%	95.3%	+ 0.1%
Employees	1 733 000	1 744 000	- 11 000	96.3%	96.0%	+ 0.3%
Self-employed persons (SEPs)	299 000	299 000	-	81.5%	85.1%	- 3.6%

\* to the nearest 1 000

3. As a result of employees switching jobs, there was a net decrease in the number of enrolled employees, from 1 744 000 to 1 733 000. In parallel, there was a higher reduction in the universe of relevant employees<sup>1</sup>, resulting in a net increase in employee' enrolment rate of 0.3%. The decrease in the enrolment rate of SEPs is due to the increase of the SEP universe by about 15 000, from 351 000 to 366 000<sup>2</sup>. At the end of December 2003, 13 800 employers, 251 200 employees and 23 100 SEPs have joined the Industry Schemes. That represent increases of 100 enrolled employers and 1 000 employees since last month.

<sup>1 & 2</sup> Estimates on 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 719 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in December 2003, 97% concerned scheme members and 433 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in December 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	91
➤ Others (e.g. dismissal; no pay records)	4
(B) Complaints against trustees, intermediaries, ORSO etc	3

\* *Multiple selection allowed.*

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

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

6. Of a total of 255 complaints received from 1 January 2003 to the end of December 2003:

- 73 cases were resolved after conciliation or advice given;
- 92 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 58 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;

- 8 cases were awaiting the employees' decision on whether to lodge claims with the LD for conciliation; and
- 13 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 December 2003 are summarized below:

Enforcement action in December 2003	Number of Cases
<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>	187 5 0 182 0
<b>B. <u>Contribution Surcharge</u></b> Number of Notices issued to employers - @ 15% p.a. - @ 20% p.a. - @ 5% flat rate	100 - 22 200
<b>C. <u>Applications to the Small Claims Tribunal</u></b> - Number of applications made - Number of employees involved	50 115
<b>D. <u>Applications to liquidators / receivers</u></b> - Number of applications made	48
<b>E. <u>Proactive Inspections</u></b> - Number of employment establishments visited	235

*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 September 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. The major part of MPFA's education and publicity programme during the month of December 2003 involved community outreach activities. We have participated in the annual Hong Kong Products Expo by organizing a publicity event comprising drama, quiz and game booths to promote MPF messages. In addition, the MPFA has also taken part in two community carnivals organized by Area Committees. Response to these events were encouraging, attracting some 2,000 participants from the community.

9. Youth education remained our focus. The highlight of the month was the kick-off of a pamphlet design competition on life-long financial planning targetted at secondary school students. The competition is a joint event organized in partnership with the Education & Manpower Bureau, the Hong Kong Association of Careers Masters & Guidance Masters and a Chinese newspaper. Youth talks and seminars continued, with about 1,000 participants from the Youth Pre-employment Training Programme, Community Ambassador Project and vocational training institutes attended 18 events during the month.

10. On the media front, 11 articles have been contributed to four Chinese newspapers, covering investment knowledge and member protection. The MPF series on RTHK Radio 1 went into the second month, covering features of the MPF System and MPF investment.

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

**Mandatory Provident Fund Schemes Authority**

7 January 2004