

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress report as at the end of January 2004

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 January 2004 is as follows:

	Number of Participants			Enrolment Rate		
	As at 31.1.2004*	As at 31.12.2003*	Change	As at 31.1.2004	As at 31.12.2003	Change
Employers	219 000	218 000	+ 1 400	96.0%	95.4%	+ 0.6%
Employees	1 740 000	1 733 000	+ 6 600	96.7%	96.3%	+ 0.4%
Self-employed persons (SEPs)	299 000	299 000	-	81.5%	81.5%	-

* to the nearest 1 000

3. As a result of the improved economy, the enrolment rates of employers and relevant employees increased by 0.6% and 0.4% respectively in January 2004, as compared to December 2003. The enrolment rate of SEPs remained stable. At the end of January 2004, 13 900 employers, 254 500 employees and 23 100 SEPs were registered under the Industry Schemes.

Complaint Handling

Complaints received by the MPFA

4. Of the total 654 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in January 2004, 99% concerned scheme members and 444 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in January 2004</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	90
➤ Others (e.g. dismissal; no pay records)	7
(B) Complaints against trustees, intermediaries, ORSO etc	2

* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In January 2004, the LD received 17 MPF-related complaints, all of which were related to alleged wrongful deduction of wages. Of these:

- 2 cases were resolved after conciliation given;
- 1 case was referred to the Labour Tribunal for adjudication;
- 8 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
- 4 cases were awaiting the employees' decision on whether to lodge claims at the Labour Tribunal after conciliation.

Enforcement

6. The enforcement actions taken in January 2004 are summarized below:

Enforcement action in January 2004	Number of Cases
<u>A. Prosecution</u>	
Number of summonses applied	71
- <i>Non-enrolment of employees</i>	8
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	63
- <i>False statement</i>	0
<u>B. Contribution Surcharge ⁽¹⁾</u>	
Number of Notices issued to employers	22 900
<u>C. Applications to the Small Claims Tribunal</u>	
- Number of applications made	70
- Number of employees involved	145
<u>D. Applications to liquidators / receivers</u>	
- Number of applications made	14
<u>E. Proactive Inspections</u>	
- Number of employment establishments visited	149

Note (1): The surcharge is @5% flat rate. In addition, about 300 notices at 15% p.a. were also issued to cover defaulting periods before the legislative amendments to bring in the 5% flat rate came into force in February 2003.

Education and Publicity

7. A mini publicity campaign was kicked off during the month to educate scheme members on how to handle their preserved accounts, which hold the accrued benefits in respect of any former employment. Publicity was conducted through multiple channels, including radio programmes, newspaper articles, and talks to the public.

8. The MPF series on RTHK Radio 1 was completed in late January, with a total of 13 episodes. MPF investment was also discussed in a financial programme on Metro Radio in early January.

9. Youth talks and community outreach activities continued. Six talks have been held covering various aspects of the MPF System for the Youth Pre-employment Training Programme, University of Hong Kong SPACE, secondary schools, and workers from various trades.

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

Mandatory Provident Fund Schemes Authority
3 February 2004