

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress report as at the end of February 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 February 2004 is as follows:

	Number of Participants*			Enrolment Rate		
	As at 29.2.2004	As at 31.1.2004	Change	As at 29.2.2004	As at 31.1.2004	Change
Employers	219 300	218 900	+ 400	96.2%	96.0%	+ 0.2%
Employees	1 738 500	1 739 900	- 1 400	96.6%	96.7%	- 0.1%
Self-employed persons (SEPs)	297 400	298 500	- 1 100	81.2%	81.5%	- 0.3%

* to the nearest 100

3. The enrolment rates of employers increased by 0.2% in February 2004, as compared to January 2004, reflecting the continued improvement of the economy. The enrolment rates of relevant employees and SEPs dropped slightly by 0.1% and 0.3% respectively. The decrease was probably due to job switching of employees, and de-registration of SEPs after assuming employee status. At the end of February 2004, 13 900 employers, 256 600 employees and 23 100 SEPs were registered under the Industry Schemes.

Complaint Handling

Complaints received by the MPFA

4. Of the total 801 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in February 2004, 99% concerned scheme members and 537 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in February 2004</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	25
➤ Default contribution	92
➤ Others (e.g. dismissal; no pay records)	5
(B) Complaints against trustees, intermediaries, ORSO etc	2

* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In February 2004, the LD received 24 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 41 complaints received from 1 January 2004 to the end of February 2004:

- 4 cases were resolved after conciliation or advice given;
- 5 cases were referred to the Labour Tribunal for adjudication;
- 2 cases where the employers were insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund;
- 18 cases where the employees had lodged claims with the LD were awaiting conciliation;
- 4 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 after conciliation.

Enforcement

7. The enforcement actions taken in February 2004 are summarized below:

Enforcement action in February 2004	Number of Cases
A. <u>Prosecution</u> Number of summonses applied	73
- <i>Non-enrolment of employees</i>	5
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	68
- <i>False statement</i>	0
B. <u>Contribution Surcharge</u> ⁽¹⁾ Number of Notices issued to employers	20 900
C. <u>Applications to the Small Claims Tribunal</u>	
- Number of applications made	63
- Number of employees involved	116
D. <u>Applications to liquidators / receivers</u>	
- Number of applications made	25
E. <u>Proactive Inspections</u>	
- Number of employment establishments visited	183

Note (1): The surcharge is @5% flat rate. In addition, about 200 notices at 15% or 20% p.a. were also issued to cover defaulting periods before the legislative amendments which brought in the 5% surcharge flat rate in February 2003.

Education and Publicity

8. A series of publicity programmes started in early February to publicise the Consultation Paper on the Draft Code on Disclosure for MPF Investment Funds, which aims to provide scheme members with clearer and easier-to-understand information to enable them to make more effective MPF investment decisions. The means of publicity included briefings for interest groups, exhibitions, talks, newspaper articles and advertisements, and radio announcements of public interest (API) and programmes.

9. Community out-reach activities continued. We have participated in six community carnivals, which attracted about 5 000 participants, to promote MPF messages.

10. In addition to talks at secondary schools/tertiary institutions and youth organisations, a briefing was held in early February for secondary schools interested in the inter-school pamphlet design competition on life-long financial planning, which was kicked off in December 2003.

11. The MPFA has also staged a booth in the Education & Careers Expo 2004 to enhance public understanding of the MPF System and to enhance their awareness of the concept and benefits of life-long financial planning.

12. On the media front, a total of 17 articles were contributed to the MPFA columns in various newspapers, covering topics on information disclosure, member protection and MPF investment.

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

Mandatory Provident Fund Schemes Authority

4 March 2004