

LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 31.3.2004	As at 29.2.2004	Change	As at 31.3.2004	As at 29.2.2004	Change
Employers	220 100	219 300	+ 800	97.1%	96.2%	+ 0.9%
Employees	1 746 800	1 738 500	+ 8 300	96.0%	96.6%	- 0.6%
Self-employed persons (SEPs)	297 200	297 400	- 200	80.3%	81.2%	- 0.9%

* to the nearest 100

3. The increase of 0.9% in the enrolment rate of employers in March 2004, as compared to February 2004, was due to a net increase of 800 enrolled employers as well as the decrease of 1 200 in the employers' universe. At the same time, the number of enrolled employees increased by 8 300 but the universe also increased by 19 000. This resulted in a net decrease of 0.6% in the employees' enrolment rate. The decrease in the enrolment rate of SEP was mainly caused by the increase in SEPs' universe, by 4 200. At the end of March 2004, 14 000 employers, 259 100 employees and 22 900 SEPs were registered under the Industry Schemes.

Complaint Handling

Complaints received by the MPFA

4. Of the total 913 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in March 2004, 98% concerned scheme members and 546 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in March 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	23
➤ 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 March 2004, the LD received 23 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 64 complaints received from 1 January 2004 to the end of March 2004:

- 16 cases were resolved after conciliation or advice given;
- 12 cases were referred to the Labour Tribunal for adjudication;
- 6 cases where the employers were insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund;

- 13 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;
- 13 cases were awaiting the employees' decision on whether to lodge claims at the Labour Tribunal/Minor Employment Claims Adjudication Board after conciliation; and
- 2 cases were under investigation.

Enforcement

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

Enforcement action in March 2004	Number of Cases
A. <u>Prosecution</u> Number of summonses applied	182
- <i>Non-enrolment of employees</i>	2
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	180
- <i>False statement</i>	0
B. <u>Contribution Surcharge</u> ⁽¹⁾ Number of Notices issued to employers	24 200
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases made	90
- Number of employees involved	295
D. <u>Submission to the District Court</u>	
- Number of cases made	1
- Number of employees involved	22
E. <u>Submission to liquidators / receivers</u>	
- Number of cases made	53
F. <u>Proactive Inspections</u>	
- Number of employment establishments visited	161

Note (1): The surcharge is @5% flat rate. In addition, about 300 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. Highlight of the month was a MPF investment seminar jointly organized with the Hong Kong Economic Times on 22 March 2004 which attracted over 600 members of the public. In addition, 55 talks and briefings have been organized for over 1 000 attendees, including trainees from the Skill Upgrading Programme and the Youth Pre-employment Training Programme, students, MPF service providers, and members of political parties. We have also participated in six community carnivals to promote the MPF System and MPF investment knowledge.

9. The secondary school pamphlet design competition on life-long financial planning was completed, with 53 entries from 22 schools. In the meantime, a colouring competition for kindergarten children was kicked off to enhance parents' awareness of early financial planning for their retirement.

10. A booklet on MPF investment was published for distribution to scheme members and the public. To educate scheme members on how to handle their preserved accounts, a pamphlet on "MPF Preserved Account and You" was printed for distribution at various public outlets.

11. On the media front, messages on information disclosure, MPF investment and member protection were disseminated to the public through 17 articles contributed to six Chinese newspapers.

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

Mandatory Provident Fund Schemes Authority

7 April 2004