

## LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 30.4.2004	As at 31.3.2004	Change	As at 30.4.2004	As at 31.3.2004	Change
Employers	220 800	220 100	+ 700	97.4%	97.1%	+ 0.3%
Employees	1 751 500	1 746 800	+ 4 700	96.3%	96.0%	+ 0.3%
Self-employed persons (SEPs)	297 300	297 200	+ 100	80.3%	80.3%	-

\* to the nearest 100

3. The enrolment rate of employers in April 2004 increased by 0.3%, reflecting the continued improvement of the economy. At the same time, the number of enrolled employees increased by 4 700, resulting in an increase of 0.3% in the employees' enrolment rate. The enrolment rate of SEPs remained the same. At the end of April 2004, 14 000 employers, 274 000 employees and 22 300 SEPs were registered under the Industry Schemes.

#### Complaint Handling

##### Complaints received by the MPFA

4. Of the total 825 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in April 2004, 98% concerned scheme members and 475 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in April 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	21
➤ 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 April 2004, the LD received 22 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 86 complaints received from 1 January 2004 to the end of April 2004:

- 26 cases were resolved after conciliation or advice given;
- 24 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 10 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;
- 12 cases where the employees had lodged claims with the LD were awaiting conciliation;

- 1 case was awaiting the employee's decision on whether to lodge a claim 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 April 2004 are summarized below:

Enforcement action in April 2004	Number of Cases
A. <u>Prosecution</u> Number of summonses applied	80
- <i>Non-enrolment of employees</i>	0
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	80
- <i>False statement</i>	0
B. <u>Contribution Surcharge</u> <sup>(1)</sup> Number of Notices issued to employers	25 000
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases made	126
- Number of employees involved	354
D. <u>Submission to the District Court</u>	
- Number of cases made	1
- Number of employees involved	8
E. <u>Submission to liquidators / receivers</u>	
- Number of cases made	29
F. <u>Proactive Inspections</u>	
- Number of employment establishments visited	216

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. Community outreach activities continued to be a major part of the MPFA's public education programme during the month of April 2004. A total of 17 talks and briefings have been held for secondary schools, tertiary institution, youth organizations and human resources professionals. In addition, we have, in partnership with community groups, organized eight MPF carnivals in various districts to promote MPF messages.

9. As for youth education, a colouring competition for kindergarten children and their parents has been completed, with about 15,000 entries from over 200 kindergartens.

10. On the media front, a total of 15 articles were contributed to seven Chinese newspapers last month, covering topics on MPF investment and member protection.

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

**Mandatory Provident Fund Schemes Authority**

7 May 2004