

LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 31.5.2004	As at 30.4.2004	Change	As at 31.5.2004	As at 30.4.2004	Change
Employers	221 300	220 800	+ 500	97.6%	97.4%	+ 0.2%
Employees	1 751 500	1 751 500	-	96.3%	96.3%	-
Self-employed persons (SEPs)	296 300	297 300	-1 000	80.0%	80.3%	- 0.3%

* to the nearest 100

3. The enrolment rate of employers in May 2004 increased by 0.2%, reflecting the continued improvement of the economy and new businesses being set up. The enrolment rate of SEPs decreased by 0.3%. At the end of May 2004, 14 000 employers, 274 900 employees and 22 500 SEPs were registered under the Industry Schemes.

Complaint Handling

Complaints received by the MPFA

4. Of the total 853 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in May 2004, 97% concerned scheme members and 525 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in May 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	22
➤ 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 May 2004, the LD received 24 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 110 complaints received from 1 January 2004 to the end of May 2004:

- 34 cases were resolved after conciliation or advice given;
- 33 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 11 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;
- 16 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

- 12 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 May 2004 are summarized below:

Enforcement action in May 2004	Number of Cases
A. <u>Prosecution</u> Number of summonses applied	124
- <i>Non-enrolment of employees</i>	1
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	123
- <i>False statement</i>	0
B. <u>Contribution Surcharge</u> ⁽¹⁾ Number of Notices issued to employers	24 100
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases made	95
- Number of employees involved	221
D. <u>Submission to the District Court</u>	
- Number of cases made	2
- Number of employees involved	9
E. <u>Submission to liquidators / receivers</u>	
- Number of cases made	32
F. <u>Proactive Inspections</u>	
- Number of employment establishments visited	501

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 financial planning competition for tertiary students co-organized with the Institute of Financial Planners of Hong

Kong, which aimed at promoting the MPF System and retirement planning. Response from tertiary students was enthusiastic, and presentations of shortlisted cases were held at the end of May 2004.

9. Community outreach activities continued, and 15 talks have been organized for secondary schools, tertiary institutions, youth organizations, Labour Department and trade associations, with a total attendance of about 1 000. The MPFA has also participated in two community carnivals to promote MPF messages to about 1 100 visitors.

10. On the media front, a total of 16 articles have been contributed to the MPFA columns in seven Chinese newspapers, covering topics on MPF investment and member protection.

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

Mandatory Provident Fund Schemes Authority
8 June 2004