

LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 30.6.2004	As at 31.5.2004	Change	As at 30.6.2004	As at 31.5.2004	Change
Employers	221 600	221 300	+ 300	97.7%	97.6%	+ 0.1%
Employees	1 774 000	1 751 500	+ 22 500	95.4%	96.3%	- 0.9%
Self-employed persons (SEPs)	297 000	296 300	+ 700	81.8%	80.0%	+ 1.8%

* to the nearest 100

3. The enrolment rate of employer increased slightly by 0.1%, from 97.6% to 97.7%. The number of enrolled employees has increased by 22 500, but the universe had also increased by 40 900, resulting in a net decrease in enrolment rate of 0.9%. The enrolment rate of SEPs increased significantly by 1.8%, mainly caused by the drop in the universe by 7 100, from 370 300 to 363 200. At the end of June 2004, 14 100 employers, 277 100 employees and 22 600 SEPs were registered under the Industry Schemes.

Complaint Handling

Complaints received by the MPFA

4. Of the total 792 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in June 2004, 98% concerned scheme members and 515 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in June 2004</u>	<u>% *</u>
(A) Complaints concerning scheme members:	
➤ Wrongful reduction of wages / benefits	7
➤ Involuntary change from employee to SEP	0
➤ Non-enrolment in MPF Schemes	23
➤ Default contribution	90
➤ Others (e.g. dismissal; no pay records)	4
(B) Complaints against trustees, intermediaries, ORSO etc	4

* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In June 2004, the LD received 20 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 130 complaints received from 1 January 2004 to the end of June 2004:

- 45 cases were resolved after conciliation or advice given;
- 44 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 12 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;
- 14 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
- 11 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 June 2004 are summarized below:

Enforcement action in June 2004	Number of Cases
A. <u>Prosecution</u> Number of summonses applied	96
- <i>Non-enrolment of employees</i>	6
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	90
- <i>False statement</i>	0
B. <u>Contribution Surcharge ⁽¹⁾</u> Number of Notices issued to employers	24 800
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases made	90
- Number of employees involved	138
D. <u>Submission to the District Court</u> - Number of cases made	2
- Number of employees involved	25
E. <u>Submission to liquidators / receivers</u> - Number of cases made	27
F. <u>Proactive Inspections</u> - Number of employment establishments visited	491

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. Seminars and talks were the focus of MPFA's education and publicity programme during the month of June 2004. Two sessions of investment seminar were co-organized with a body on 6 June 2004 for members of the public. In addition, several talks have been conducted at secondary schools, vocational training centres and voluntary agencies.

9. A communication programme was kicked off last month to publicize the revised guidelines on contribution period in respect of a relevant employee reaching the age of 65. The means of publicity included briefings / talks, information leaflet, newspaper articles and messages on the websites of MPFA and our partners.

10. On the media front, a total of 14 articles have been published in the MPFA columns in five 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 July 2004