

LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 31.7.2004	As at 30.6.2004	Change	As at 31.7.2004	As at 30.6.2004	Change
Employers	221 800	221 600	+ 200	97.8%	97.7%	+ 0.1%
Employees	1 782 500	1 774 000	+ 8 500	95.8%	95.4%	+ 0.4%
Self-employed persons (SEPs)	296 500	297 000	- 500	81.6%	81.8%	- 0.2%

* to the nearest 100

3. The enrolment rate of employers increased slightly by 0.1%, from 97.7% to 97.8%. The number of enrolled employees has increased by 8 500, hence an increase in enrolment rate of 0.4%. The enrolment rate of SEPs dropped slightly by 0.2%, as more SEPs rejoined the workforce as employees. At the end of July 2004, 14 100 employers, 281 100 employees and 22 600 SEPs were registered under the Industry Schemes.

Complaint Handling

Complaints received by the MPFA

4. Of the total 759 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in July 2004, 97% concerned scheme members and 498 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in July 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	26
➤ Default contribution	85
➤ 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 July 2004, the LD received 26 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 156 complaints received from 1 January 2004 to the end of July 2004:

- 58 cases were resolved after conciliation or advice given;
- 55 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 14 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;
- 17 cases where the employees had lodged claims with the LD were awaiting conciliation;
- 3 cases were awaiting the employees' decision on whether to lodge claims with the LD for conciliation; and

- 9 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 July 2004 are summarized below:

Enforcement action in July 2004	Number of Cases
A. <u>Prosecution</u> Number of summonses applied	134
- <i>Non-enrolment of employees</i>	1
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	133
- <i>False statement</i>	0
B. <u>Contribution Surcharge</u> ⁽¹⁾ Number of Notices issued to employers	25 400
C. <u>Submission to the Small Claims Tribunal</u> - Number of cases submitted	120
- Number of employees involved	225
D. <u>Submission to the District Court</u> - Number of cases submitted	6
- Number of employees involved	167
E. <u>Submission to liquidators / receivers</u> - Number of cases submitted	38
F. <u>Proactive Inspections</u> - Number of employment establishments visited	200

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 major programme in the month of July 2004 was the publication of the Code on Disclosure for MPF Investment Funds, which aims at enhancing the transparency of fees and charges and performance. In addition to press

release and newspaper articles, a Disclosure Corner was launched on the MPFA website in early July to publicise the project and to educate the public on the new initiatives.

9. On investment education, we continued to publish articles in our newspaper columns, focusing on the features and conditions of guaranteed funds and the long-term perspective of MPF investment. During the past month, a total of 21 articles have been published in nine Chinese newspapers and one English magazine.

10. As for community outreach activities, eight talks have been conducted for audiences from secondary schools, insurance companies, district organisations and trade associations.

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

Mandatory Provident Fund Schemes Authority
6 August 2004