

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress report as at the end of October 2003

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 October 2003 is as follows:

	Number of Participants			Enrolment Rate		
	As at 31.10.2003*	As at 30.09.2003*	Change	As at 31.10.2003	As at 30.09.2003	Change
Employers	217 000	216 000	+ 600	95.2%	94.9%	+ 0.3%
Employees	1 741 000	1 739 000	+ 2 200	95.9%	95.7%	+ 0.2%
Self-employed persons (SEPs)	299 000	300 000	- 400	85.3%	85.4%	- 0.1%

* to the nearest 1 000

3. The enrolment rates of employers and relevant employees increased by 0.3% and 0.2% respectively. The enrolment rate of SEPs decreased slightly by 0.1%. At the end of October 2003, 13 700 employers, 248 800 employees and 23 200 SEPs were in the Industry Schemes.

Complaint Handling

Complaints received by the MPFA

4. Of the total 921 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in October 2003, 98% concerned scheme members and 589 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in October 2003</u>		<u>% *</u>
(A)	Complaints concerning scheme members:	
	➤ Wrongful reduction of wages / benefits	5
	➤ Involuntary change from employee to SEP	0
	➤ Non-enrolment in MPF Schemes	23
	➤ Default contribution	90
	➤ Others (e.g. dismissal; no pay records)	6
(B)	Complaints against trustees, intermediaries, ORSO etc	4

* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In October 2003, the LD received 21 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 211 complaints received from 1 January 2003 to the end of October 2003:

- 55 cases were resolved after conciliation or advice given;
- 82 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 48 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;
- 11 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 claim with the LD for conciliation;

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

Enforcement

7. The enforcement actions taken in October 2003 are summarized below:

Enforcement action in October 2003	Number of Cases
A. <u>Prosecution</u> Number of summonses applied - <i>Non-enrolment of employees</i> - <i>Non-enrolment (Employee / SEP dispute)</i> - <i>Default contribution</i> - <i>False statement</i>	65 3 1 61 0
B. <u>Contribution Surcharge</u> Number of Notices issued to employers - @ 15% p.a. - @ 20% p.a. - @ 5% flat rate	100 - 22 700
C. <u>Applications to the Small Claims Tribunal</u> - Number of applications made - Number of employees involved	115 247
D. <u>Applications to liquidators / receivers</u> - Number of applications made	48
E. <u>Proactive Inspections</u> - Number of employment establishments visited	391

Remarks: As regards contribution surcharge (item B of the above table), the notices @ 5% flat rate were issued to employers with contributions in arrears, mainly covering the contribution period of July 2003. Those at 15% p.a. and 20% p.a. covered defaulting periods before February 2003. All cases were based on reports submitted by trustees.

Education and Publicity

8. The focus of October 2003's activities was on education on MPF knowledge and investment. In addition to the broadcast of a radio MPF drama series, which started in mid-September, another 10-episode radio series was kicked off in late October to cover a wide range of MPF topics. Youth education programmes continued, with a total of 25 talks conducted for about 800 attendees from the Youth Pre-employment Training Programme, Youth Work Experience and Training Scheme, Skills Upgrading Scheme, Community Ambassador Project, and vocational training institutes.

9. The MPFA has also participated in a fun fair, which attracted over 1,000 participants from the community.

10. On the media front, more messages on MPF investment and member protection have been delivered to the general public through the publication of 14 articles in five Chinese newspapers.

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

Mandatory Provident Fund Schemes Authority

6 November 2003