

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress report as at the end of September 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 September 2003 is as follows:

	Number of Participants			Enrolment Rate		
	As at 30.09.2003	As at 31.08.2003	Change	As at 30.09.2003	As at 31.08.2003	Change
Employers	216 000	217 000*	- 400	94.9%	94.3%	+ 0.6%
Employees	1 739 000	1 729 000	+ 10 000	95.7%	95.6%	+ 0.1%
Self-employed persons (SEPs)	300 000	299 000	+ 100	85.4%	78.5%	+ 6.9%

* In the last report, the figure was reported as 218 000 due to a typographical error but the descriptive information was correct.

3. The number of enrolled employers decreased by 400. The rise in the employers' enrolment rate by 0.6% was because of a decrease of 2 000 employers in the universe. As regards the enrolment of relevant employees, the universe and the number of enrolled relevant employees increased by 7 000 and 10 000 respectively, resulting in a net increase in enrolment rate of 0.1%. The increase in enrolment rate of SEPs by 6.9% was mainly caused by the decrease in the universe by 30 000 and a slight increase of 100 enrolled SEPs. At the end of September 2003, 13 600 employers, 245 400 employees and 23 200 SEPs were in the Industry Schemes.

Complaint Handling

Complaints received by the MPFA

4. Of the total 783 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in September 2003, 98% concerned scheme members and 538 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in September 2003</u>	<u>% *</u>
(A) Complaints concerning scheme members:	
➤ Wrongful reduction of wages / benefits	8
➤ Involuntary change from employee to SEP	0
➤ Non-enrolment in MPF Schemes	20
➤ Default contribution	92
➤ Others (e.g. dismissal; no pay records)	7
(B) Complaints against trustees, intermediaries, ORSO etc	2

* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In September 2003, the LD received 14 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 190 complaints received from 1 January 2003 to the end of September 2003:

- 48 cases were resolved after conciliation or advice given;
- 78 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 45 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;
- 8 cases where the employees had lodged claims with the LD were awaiting conciliation;

- 2 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 September 2003 are summarized below:

Enforcement action in September 2003	Number of Cases
A. <u>Prosecution</u> Number of summonses applied	76
- <i>Non-enrolment of employees</i>	3
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	73
- <i>False statement</i>	0
B. <u>Contribution Surcharge</u> Number of Notices issued to employers	
- @ 15% p.a.	100
- @ 20% p.a.	100
- @ 5% flat rate	22 300
C. <u>Applications to the Small Claims Tribunal</u>	
- Number of applications made	134
- Number of employees involved	330
D. <u>Applications to liquidators / receivers</u>	
- Number of applications made	23
E. <u>Proactive Inspections</u>	
- Number of employment establishments visited	191

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. Talks given by MPFA to youngsters formed the major part of the MPFA public education programme during the month of September 2003. More than 70 talks have been organized for over 2,000 attendees from the Youth Pre-employment Training Programme, Youth Work Experience and Training Scheme, Skills Upgrading Scheme, Community Ambassador Project and vocational training institutes. Seminars have also been conducted for professionals, including MPF service providers and human resources personnel. For the wider community, the MPFA has participated in three district fun fairs to promote the MPF System.

9. A mini-campaign was launched in mid-September to remind SEPs of their obligations to enrol in MPF schemes.

10. On the media front, the MPFA continued to take proactive action to disseminate messages on MPF investment and member protection to the public. A 10-episode radio drama series started in mid-September, and 19 articles have been contributed to six Chinese newspapers.

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

Mandatory Provident Fund Schemes Authority

6 October 2003