

LegCo Panel on Manpower

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

	Number of Participants			Enrolment Rate		
	As at 30.11.2003*	As at 31.10.2003*	Change	As at 30.11.2003	As at 31.10.2003	Change
Employers	217 000	217 000	+ 400	95.3%	95.2%	+ 0.1%
Employees	1 744 000	1 741 000	+ 3 200	96.0%	95.9%	+ 0.1%
Self-employed persons (SEPs)	299 000	299 000	- 600	85.1%	85.3%	- 0.2%

* to the nearest 1 000

3. Both the enrolment rates of employers and relevant employees increased by 0.1%. The enrolment rate of SEPs decreased slightly by 0.2%. At the end of November 2003, 13 700 employers, 250 200 employees and 23 100 SEPs were in the Industry Schemes.

Complaint Handling

Complaints received by the MPFA

4. Of the total 755 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in November 2003, 98% concerned scheme members and 450 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in November 2003</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	19
➤ Default contribution	92
➤ Others (e.g. dismissal; no pay records)	5
(B) Complaints against trustees, intermediaries, ORSO etc	3

* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In November 2003, the LD received 25 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 236 complaints received from 1 January 2003 to the end of November 2003:

- 59 cases were resolved after conciliation or advice given;
- 88 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 53 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;
- 13 cases where the employees had lodged claims with the LD were awaiting conciliation;
- 7 cases were awaiting the employees' decision on whether to lodge claims with the LD for conciliation; and
- 16 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 November 2003 are summarized below:

Enforcement action in November 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>	81 1 0 80 0
B. <u>Contribution Surcharge</u> Number of Notices issued to employers - @ 15% p.a. - @ 20% p.a. - @ 5% flat rate	200 100 21 800
C. <u>Applications to the Small Claims Tribunal</u> - Number of applications made - Number of employees involved	102 187
D. <u>Applications to liquidators / receivers</u> - Number of applications made	12
E. <u>Proactive Inspections</u> - Number of employment establishments visited	328

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 August 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. Public education activities continued to be a major part of the MPFA communication programme during the month of November 2003. A total of 14 talks and seminars have been organized for over 2,000 attendees. They include trainees from the Skill Upgrading Programme, Youth Pre-employment Training Programme; students at the Vocational Training

Council and HKU-SPACE, as well as legal professionals and human resources managers.

9. The MPFA has also organized an outreach activity to distribute an information leaflet to remind SEPs of their obligations to enrol in MPF schemes.

10. On the media front, messages on MPF investment and member protection have been disseminated to the public through 14 articles contributed to six newspapers. A 10-episode radio drama series on Commercial Radio 1 was successfully completed in late November. Another 10-episode radio series, which started in late October on RTHK Radio 1, is being broadcast until early January 2004.

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

Mandatory Provident Fund Schemes Authority

2 December 2003