

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress report as at the end of February 2005

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 February 2005 is as follows:

	Number of Participants*			Enrolment Rate		
	As at 28.2.2005	As at 31.1.2005	Change	As at 28.2.2005	As at 31.1.2005	Change
Employers	223 600	223 600	-	97.9%	97.9%	-
Employees	1 847 000	1 837 200	+ 9 800	96.7%	96.2%	+ 0.5%
Self-employed persons (SEPs)	292 600	293 500	- 900	79.2%	79.5%	- 0.3%

* to the nearest 100

3. The enrolment rate of employers remained stable. The enrolment rate of relevant employees increased by 0.5% while the enrolment rate of SEPs dropped by 0.3%. The number of enrolled SEPs decreased by 900 as more SEPs re-joined the workforce as employees. As at the end of February 2005, 14 500 employers, 299 400 employees and 22 300 SEPs were registered under the Industry Schemes¹.

Complaint Handling

Complaints received by the MPFA

4. Of the total 592 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in February 2005, 98% concerned scheme

¹ Double registration of employers and employees under the Industry Schemes is allowed on operational grounds. After discounting double entries, the net number of registered employers and employees under the Industry Schemes is 14 100 and 249 100 respectively.

members and 391 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in February 2005</u>	<u>% *</u>
(A) Complaints concerning scheme members:	
➤ Wrongful reduction of wages / benefits	4
➤ Involuntary change from employee to SEP	0
➤ Non-enrolment in MPF Schemes	23
➤ Default contribution	91
➤ Others (e.g. dismissal; no pay records)	5
(B) Complaints against trustees, intermediaries, ORSO etc	2

* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In February 2005, the LD received 18 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 43 complaints received from 1 January 2005 to the end of February 2005:

- 8 cases were resolved after conciliation or advice given;
- 14 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 2 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; and
- 19 cases where the employees had lodged claims with the LD were awaiting conciliation result.

Enforcement

7. The MPFA continued to enforce the MPF Schemes Ordinance by proactive inspections of employment premises, investigation of complaints, making civil claims to recover the outstanding default contributions, and prosecuting offending employers. On 24 February 2005, the MPFA and Labour Department (LD) jointly conducted on-site inspections of the work places of Government contractors which provided security or cleaning services on the Hong Kong Island, Kowloon, and the New Territories. The inspections aimed at ensuring that workers employed by Government contractors were protected under the MPF and labour legislation.

8. The MPFA enforcement actions taken in February 2005 are summarized below:

Enforcement action in February 2005	Number of Cases
A. <u>Prosecution</u> Number of summonses applied	84
- <i>Non-enrolment of employees</i>	1
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	83
- <i>False statement</i>	0
B. <u>Contribution Surcharge</u> ⁽¹⁾ Number of Notices issued to employers	25 700
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases submitted	63
- Number of employees involved	231
D. <u>Submission to the District Court</u>	
- Number of cases submitted	3
- Number of employees involved	53
E. <u>Submission to liquidators / receivers</u>	
- Number of cases submitted	29
F. <u>Proactive Inspections</u>	
- Number of employment establishments visited	61

Note (1): The surcharge is @5% flat rate.

Education and Publicity

9. During the month under review, we participated in the “Education and Career Expo 2005” which was co-organised by the Labour Department and the Trade Development Council. An exhibition booth was staged under the theme of "Start Early, Gain More" to enhance public awareness of the concept and benefits of life-long financial planning. The Expo attracted more than 180,000 visitors.

10. For youth education, two competitions were underway for tertiary students and primary schools to promote the MPF System and financial planning among the younger generation.

11. Youth talks and community outreach activities continued. A total of 12 talks were organized for secondary schools, youth organisations and professional groups during the month. Two partnership programmes with political parties were held to disseminate MPF messages to the community through district carnivals.

12. On the media front, 18 articles were published in the newspapers in February, focusing on MPF investment, scheme member protection, and Occupational Retirement Schemes.

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

Mandatory Provident Fund Schemes Authority
4 March 2005