

LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 31.10.2004	As at 30.9.2004	Change	As at 31.10.2004	As at 30.9.2004	Change
Employers	223 200	223 200	-	97.8%	97.7%	+ 0.1%
Employees	1 809 000	1 799 500	+ 9 500	96.3%	95.8%	+ 0.5%
Self-employed persons (SEPs)	295 300	295 600	- 300	79.4%	79.4%	-

* to the nearest 100

3. The continued improvements in Hong Kong's economy has had a positive effect on MPF enrolment. The enrolment rate of employers has increased to 97.8%. About 9 500 more employees have enrolled, pushing the employees' enrolment rate to 96.3%. The number of enrolled SEPs decreased marginally by 300 as more SEPs re-joined the workforce as employees. As at the end of October 2004, 14 200 employers, 287 900 employees and 22 500 SEPs were registered under the Industry Schemes¹.

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 13 800 and 239 500 respectively.

Complaint Handling

Complaints received by the MPFA

4. Of the total 729 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in October 2004, 96% concerned scheme members and 489 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in October 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	23
➤ Default contribution	85
➤ Others (e.g. dismissal; no pay records)	7
(B) Complaints against trustees, intermediaries, ORSO etc	5

* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In October 2004, the LD received 15 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 223 complaints received from 1 January 2004 to the end of October 2004:

- 90 cases were resolved after conciliation or advice given;
- 77 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 24 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;
- 20 cases where the employees had lodged claims with the LD were awaiting conciliation;

- 5 cases were awaiting the employees' decision on whether to lodge claims with the LD for conciliation; and
- 7 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 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. In October 2004, 68 summonses were applied for, making a total of 1 009 summonses since January 2004. The enforcement actions taken in October 2004 are summarized below:

Enforcement action in October 2004	Number of Cases
A. <u>Prosecution</u> Number of summonses applied	68
- <i>Non-enrolment of employees</i>	1
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	67
- <i>False statement</i>	0
B. <u>Contribution Surcharge</u> ⁽¹⁾ Number of Notices issued to employers	25 600
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases submitted	73
- Number of employees involved	194
D. <u>Submission to the District Court</u>	
- Number of cases submitted	4
- Number of employees involved	40
E. <u>Submission to liquidators / receivers</u>	
- Number of cases submitted	29
F. <u>Proactive Inspections</u>	
- Number of employment establishments visited	338

Note (1): The surcharge is @5% flat rate. In addition, about 100 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. During the month under review, investment education efforts continued to focus on Capital Preservation Fund (CPF). A total of eight articles on CPF have been published in newspaper columns.

9. Apart from CPF, other MPF messages were disseminated to the public through the mass media. In October, a total of 15 articles were published in 11 Chinese and English newspapers, covering topics on MPF investment and member protection.

10. On the publicity front, the mini campaign for self-employed persons (SEPs) continued. In addition to the distribution of leaflets on SEPs, a poster was produced and displayed at mini-bus termini to publicize SEPs' rights and responsibilities under the MPF System. Moreover, mini calendars were distributed to SEPs in collaboration with labour unions to serve as a reminder of the MPF messages.

11. As for youth education, we started to issue invitations in late October for secondary school students to participate in a financial planning competition. It is a partnership event jointly organized with the Education and Manpower Bureau, Committee on Home-School Co-operation, and a Chinese newspaper. It aims to educate the younger generation on the concept and purposes of financial planning and MPF.

12. Youth talks and community outreach activities continued, and a total of 31 talks have been held for secondary schools, universities and youth organizations.

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