

LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 30.11.2004	As at 31.10.2004	Change	As at 30.11.2004	As at 31.10.2004	Change
Employers	223 300	223 200	+ 100	97.8%	97.8%	-
Employees	1 817 400	1 809 000	+ 8 400	96.8%	96.3%	+ 0.5%
Self-employed persons (SEPs)	294 200	295 300	- 1 100	79.1%	79.4%	- 0.3%

* to the nearest 100

3. The enrolment rate of employers remained stable. As the job market continued to improve, enrolment of 8 400 more employees was registered, pushing the employees' enrolment rate to 96.8%. The number of enrolled SEPs decreased by 1 100 as more SEPs re-joined the workforce as employees. As at the end of November 2004, 14 200 employers, 291 300 employees and 22 400 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 242 400 respectively.

Complaint Handling

Complaints received by the MPFA

4. Of the total 806 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in November 2004, 97% concerned scheme members and 491 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in November 2004</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	24
➤ Default contribution	88
➤ Others (e.g. dismissal; no pay records)	5
(B) Complaints against trustees, intermediaries, ORSO etc	4

* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In November 2004, the LD received 16 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 239 complaints received from 1 January 2004 to the end of November 2004:

- 95 cases were resolved after conciliation or advice given;
- 89 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;

- 19 cases where the employees had lodged claims with the LD were awaiting conciliation;
- 6 cases were awaiting the employees' decision on whether to lodge claims with the LD for conciliation; and
- 6 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 through the Small Claims Tribunal, District Court and the High Court to recover the outstanding default contributions, and prosecuting offending employers. In November 2004, 73 summonses were applied for, making a total of 1 082 summonses since January 2004. The enforcement actions taken in November 2004 are summarized below:

Enforcement action in November 2004	Number of Cases
A. <u>Prosecution</u> Number of summonses applied	73
- <i>Non-enrolment of employees</i>	4
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	69
- <i>False statement</i>	0
B. <u>Contribution Surcharge ⁽¹⁾</u> Number of Notices issued to employers	25 500
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases submitted	100
- Number of employees involved	182
D. <u>Submission to the District Court</u>	
- Number of cases submitted	6
- Number of employees involved	152
E. <u>Submission to liquidators / receivers</u>	
- Number of cases submitted	24
F. <u>Proactive Inspections</u>	
- Number of employment establishments visited	192

Note (1): The surcharge is @5% flat rate. In addition, about 200 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. A major programme in the month of November 2004 was the kick-off of a youth education competition on financial planning jointly organized by the MPFA, Education and Manpower Bureau, Committee on Home-School Co-operation and a Chinese newspaper. A pre-competition workshop was held in mid-November to educate secondary school students and teachers on the concept and purposes of financial planning and MPF.

9. Other MPF messages were disseminated to the public through the mass media. More than 20 articles have been published in eight Chinese newspapers in November, focusing on MPFA's special task force on repeated offenders, member protection, and MPF investment.

10. On the publicity front, the mini campaign for self-employed persons (SEPs) continued. An outreach activity was held in Wanchai in collaboration with labour unions to publicize to taxi drivers the rights and responsibilities of SEPs under the MPF System.

11. Youth talks and community outreach activities were also a major component of the MPFA's education programme. A total of 13 talks have been held for secondary schools, youth organizations and professional groups during the month.

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

Mandatory Provident Fund Schemes Authority
6 December 2004