

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress report as at the end of March 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 March 2005 is as follows:

	Number of Participants*			Enrolment Rate		
	As at 31.3.2005	As at 28.2.2005	Change	As at 31.3.2005	As at 28.2.2005	Change
Employers	223 600	223 600	-	97.9%	97.9%	-
Employees	1 888 600	1 847 000	+ 41 600	96.7%	96.7%	-
Self-employed persons (SEPs)	292 000	292 600	- 600	80.8%	79.2%	+ 1.6%

* to the nearest 100

3. The enrolment rate of employers remained stable. The increase of 41 600 enrolled employees was offset by a corresponding rise of 42 900 in the employee's universe, hence the change in the employees' enrolment rate was negligible. The increase in the enrolment rate of SEP was mainly caused by the decrease in SEPs' universe¹, by 8 100. The decrease in the number of SEP was probably caused by more SEPs re-joining the workforce as employees. As at the end of March 2005, 14 500 employers, 299 900 employees and 22 300 SEPs were registered under the Industry Schemes².

¹ The universe of employees and SEP is estimated separately, based largely on data published by the Census and Statistics Department.

² 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 249 500 respectively.

Complaint Handling

Complaints received by the MPFA

4. Of the total 895 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in March 2005, 99% concerned scheme members and 559 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in March 2005</u>	<u>% *</u>
(A) Complaints concerning scheme members:	
➤ Wrongful reduction of wages / benefits	5
➤ Involuntary change from employee to SEP	0
➤ Non-enrolment in MPF Schemes	22
➤ Default contribution	89
➤ Others (e.g. dismissal; no pay records)	6
(B) Complaints against trustees, intermediaries, ORSO etc	2

* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In March 2005, the LD received 10 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 53 complaints received from 1 January 2005 to the end of March 2005:

- 15 cases were resolved after conciliation or advice given;
- 19 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 5 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;

- 12 cases where the employees had lodged claims with the LD were awaiting conciliation result;
- 1 case was awaiting the employees' decision on whether to lodge claims with the LD for conciliation; and
- 1 case was awaiting the employees' decision on whether to lodge claims at the Labour Tribunal after conciliation.

Enforcement

7. The MPFA continued to enforce the MPF Schemes Ordinance by proactive inspections of employment premises, investigation of complaints, making claims at law courts on behalf of employees to recover the outstanding default contributions, and prosecuting offending employers. The Authority applied to the District Court for a charging order against the property of an employer who had outstanding default contributions and surcharges, and who disregarded court judgement orders and bailiff actions initiated by the Authority. The charging order was granted and a debt of about \$20,000 was recovered in March.

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

Enforcement action in March 2005	Number of Cases
A. <u>Prosecution</u> Number of summonses applied during the month	58
- <i>Non-enrolment of employees</i>	10
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	48
- <i>False statement</i>	0
B. <u>Contribution Surcharge</u> (@5% of the contributions in arrears) Number of Notices issued to employers	25 800
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases submitted	79
- Number of employees involved	110
D. <u>Submission to the District Court</u>	
- Number of cases submitted	2
- Number of employees involved	28

Enforcement action in March 2005	Number of Cases
E. <u>Submission to the High Court</u> - Number of cases submitted - Number of employees involved	1 148
F. <u>Submission to liquidators / receivers</u> - Number of cases submitted	49
G. <u>Proactive Inspections</u> - Number of employment establishments visited	132

Education and Publicity

9. A major programme in the month of March 2005 was the kick-off of a new MPF investment education TV series "MPF for the Future" (積金創未來). The 10-part TV series, which was produced in partnership with RTHK, aimed to enhance public understanding of the MPF System and MPF investment. Broadcast of the new TV series started on 6 March 2005.

10. Another major MPF investment education activity last month was an MPF investment seminar jointly organized by the MPFA, HK Retirement Schemes Association and a Chinese newspaper to enrich scheme members' MPF investment knowledge. Around 550 participants attended the seminar.

11. Youth talks and community outreach activities continued. A total of 18 talks had been organized for secondary schools, youth organisations and professional groups during the month. Six partnership programmes with political parties were held to disseminate MPF messages to the community through district carnivals.

12. On the media front, more than 20 articles were published in newspapers and magazines in March, focusing on MPF investment, scheme member protection, and early financial planning for retirement.

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