

LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 31.8.2004	As at 31.7.2004	Change	As at 31.8.2004	As at 31.7.2004	Change
Employers	221 900	221 800	+ 100	97.9%	97.8%	+ 0.1%
Employees	1 784 600	1 782 500	+ 2 100	95.9%	95.8%	+ 0.1%
Self-employed persons (SEPs)	295 800	296 500	- 700	81.4%	81.6%	- 0.2%

* to the nearest 100

3. The enrolment rate of employers increased slightly by 0.1%, from 97.8% to 97.9%. The number of enrolled employees has increased by 2 100, hence an increase in enrolment rate of 0.1%. The enrolment rate of SEPs dropped slightly by 0.2%, probably due to more SEPs re-joining the workforce as employees. As at the end of August 2004, 14 100 employers, 283 000 employees and 22 600 SEPs were registered with the two trustees 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 13 700 and 235 500 respectively.

Complaint Handling

Complaints received by the MPFA

4. Of the total 756 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in August 2004, 97% concerned scheme members and 479 employers were involved. The breakdown is as follows:

<u>Nature of complaints received in August 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	87
➤ Others (e.g. dismissal; no pay records)	6
(B) Complaints against trustees, intermediaries, ORSO etc	4

* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In August 2004, the LD received 28 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 184 complaints received from 1 January 2004 to the end of August 2004:

- 69 cases were resolved after conciliation or advice given;
- 63 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 20 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;

- 23 cases where the employees had lodged claims with the LD were awaiting conciliation;
- 3 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 enforcement actions taken in August 2004 are summarized below:

Enforcement action in August 2004	Number of Cases
A. <u>Prosecution</u> Number of summonses applied	107
- <i>Non-enrolment of employees</i>	1
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	106
- <i>False statement</i>	0
B. <u>Contribution Surcharge</u> ⁽¹⁾ Number of Notices issued to employers	25 800
C. <u>Submission to the Small Claims Tribunal</u>	
- Number of cases submitted	115
- Number of employees involved	204
D. <u>Submission to the District Court</u>	
- Number of cases submitted	5
- Number of employees involved	64
E. <u>Submission to liquidators / receivers</u>	
- Number of cases submitted	40
F. <u>Proactive Inspections</u>	
- Number of employment establishments visited	430

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. During the month under review, information on the MPF System and investment was disseminated to the public mainly through the mass media, a financial expo, education leaflets, and seminars/talks.

9. With the support of Metro Radio, a weekly MPF segment started in mid-August in a programme targetting new immigrants from the Mainland. Meanwhile, a total of 16 articles have been published in six Chinese newspapers, covering topics on MPF investment, enforcement and member protection.

10. On investment education, we have participated in the Financial World Expo organized by the Institute of Financial Planners of Hong Kong on 26 – 28 August. In addition to setting up an exhibition booth, three seminars on MPF investment have been organized for visitors to the Expo.

11. Youth talks and community outreach activities continued. A total of 27 talks have been held for the Youth Self-employment Support Scheme, the Youth Work Experience and Training Scheme, the Vocational Training Council, insurance companies, and professional bodies.

12. On the publicity front, a mini campaign on the MPF Industry Schemes was kicked off in late August 2004. A leaflet explaining the schemes' features and arrangements was published to enhance the understanding of employers and employees covered by the schemes.

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

Mandatory Provident Fund Schemes Authority
6 September 2004