

LegCo Panel on Manpower

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

	Number of Participants*			Enrolment Rate		
	As at 31.1.2005	As at 31.12.2004	Change	As at 31.1.2005	As at 31.12.2004	Change
Employers	223 600	223 400	+ 200	97.9%	97.9%	-
Employees	1 837 200	1 837 200	—	96.2%	96.2%	-
Self-employed persons (SEPs)	293 500	293 900	- 400	79.5%	79.6%	- 0.1%

* to the nearest 100

3. The enrolment rates of employers and relevant employees remained stable. The number of enrolled SEPs decreased slightly by 400 as more SEPs re-joined the workforce as employees. As at the end of January 2005, 14 400 employers, 297 800 employees and 22 400 SEPs were registered under the Industry Schemes¹.

Complaint Handling

Complaints received by the MPFA

4. Of the total 688 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in January 2005, 99% concerned scheme members and 453 employers were involved. The breakdown is as follows:

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 14 000 and 247 700 respectively.

<u>Nature of complaints received in January 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	25
➤ Default contribution	88
➤ Others (e.g. dismissal; no pay records)	5
(B) Complaints against trustees, intermediaries, ORSO etc	3

* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In January 2005, the LD received 25 MPF-related complaints, all of which were related to alleged wrongful deduction of wages. Of these:-

- 1 case was resolved after conciliation given;
- 5 cases were referred to the Labour Tribunal for adjudication;
- 18 cases where the employees had lodged claims with the LD were awaiting conciliation result; and
- 1 case was awaiting the employees' decision on whether to lodge claims with the LD for conciliation.

Enforcement

6. 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 the month, the MPFA had also stepped up inspection on those work places of Government contractors providing cleansing, pest control and security services.

7. The enforcement actions taken in January 2005 are summarized below:

Enforcement action in January 2005	Number of Cases
A. <u>Prosecution</u> Number of summonses applied	66
- <i>Non-enrolment of employees</i>	2
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	64
- <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	117
- Number of employees involved	294
D. <u>Submission to the District Court</u>	
- Number of cases submitted	4
- Number of employees involved	20
E. <u>Submission to liquidators / receivers</u>	
- Number of cases submitted	38
F. <u>Proactive Inspections</u>	
- Number of employment establishments visited	132

Note (1): The surcharge is @5% flat rate. In addition, 50 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. MPF investment education was the focus of MPFA's education and publicity efforts during the month of January 2005. A new radio series "Lunch Chats on MPF" (黃金飯局) had been launched in Mr Chan Wing-luk's "Crosstrade" programme on Commercial Radio to provide basic investment knowledge to the general public in the context of MPF investment.

9. For youth education, a competition for secondary school students was completed in the month to promote the concept of saving and financial planning for future. At primary school level, an MPF slogan design competition was kicked off in mid-January.

10. Youth talks and community outreach activities continued. A total of six talks had been organised 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.

11. On the media front, more than 20 articles were published in the newspapers in January, focusing on the rights and responsibilities of employers under the MPF System, scheme member protection, and MPF investment.

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

Mandatory Provident Fund Schemes Authority
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