

**LegCo Panel on Manpower
(Meeting to be held on 15 March 2001)**

**Implementation of the Mandatory Provident Fund System
Progress report as at the end of February 2001**

Purpose

This paper updates Members on progress in implementing the Mandatory Provident Fund (MPF) System.

Enrolment

2. The significant increase in the enrolment of employers and self-employed persons (SEPs) in January 2001 has leveled off in February 2001. At the end of February 2001, over 75% of the employers, 85% of the relevant employees and 90% of the SEPs who are covered by the MPF System have joined an MPF scheme. For the Industry Schemes, over 9 500 employers, 127 000 employees and 20 000 SEPs have been enrolled.

3. Together with the employees who are already covered by existing occupational retirement schemes or statutory pension plans, about 81% of the workforce in Hong Kong is now covered by some form of retirement protection schemes. The MPFA will sustain its efforts in enforcement and education to ensure that the remainders of the relevant employees are ultimately covered by the MPF System. In order to encourage compliance with MPF requirements by the construction industry, the MPFA will conduct proactive inspections of major construction sites in March 2001.

Enforcement

4. Enforcement comprises proactive inspections, i.e. surprise checks on employers, and reactive investigations of complaints. Over 500 business establishments in a week are covered by proactive inspections.

5. Between the commencement of the MPF System on 1 December 2000 and the end of February 2001, a total of 732 complaints have been received, of which 493 were received in February, about 66% were related to employer-employee issues. The figure includes 3 complaints referred to Labour Department (LD) and 4 complaints referred by LD to MPFA. The breakdown is as follows:

<u>Nature</u>	<u>%</u>
(A) Disputes which may be MPF-related	
➤ Reduction of salaries	19
➤ Involuntary change from employee to SEP	8
➤ Non-enrolment by employer	20
➤ Default contribution by employer	12
➤ Others (e.g. dismissal by employer)	7
(B) Others (e.g. about trustees and intermediaries, ORSO)	34
	<hr/> <u>Total</u> 100 <hr/>

6. The significant increase in the number of complaints, as compared to January 2001, was partly due to employees suspecting that their employers had failed to make mandatory contributions but in fact contributions had been made at the last moment but had yet to be processed by trustees, or were un-registered in the trustees' systems due to mistaken calculations by employers. Investigation into most of these complaints was still in progress. Difficulties had been encountered as about 17% of them were anonymous complaints. In addition, some employees are reluctant to have their identity disclosed, or are unwilling to testify as witness in court against the employer, for fear of reprisal. A preliminary assessment indicates that most of the complaint cases are either unrelated to any contravention of provisions in the MPF Schemes Ordinance or arisen from misunderstanding between employers and employees.

Complaints received by the Labour Department

7. From December 2000 to February 2001, the LD received 20 complaints on employment rights and benefits in relation to the implementation of the MPF. They include 3 complaints referred by the MPFA to the LD and 4 complaints referred by the LD to the MPFA. The breakdown is as follows:

<u>Nature</u>	<u>%</u>
➤ Dismissal allegedly due to MPF	40
➤ Variation of wages or other employment benefits	20

➤ Wrongful deduction of wages or other employment benefits	20
➤ Wrongful deduction of MPF contribution from termination payment	15
➤ Employee forced to change into self-employed person	5
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	Total
	100

8. Of these, 7 cases were resolved after conciliation or advice given, 6 were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication due to dispute on facts (2 of the cases have since been concluded), and 7 cases were under follow-up (e.g. conciliation meeting has been scheduled, awaiting the employee's decision on whether to lodge claim for conciliation or to pursue at the Labour Tribunal).

Education and Publicity

9. The MPFA's out-reaching publicity and education programmes were sustained throughout February, in the forms of talks to target groups, workshops for employers and employees, visits to Area Committees and Mutual Aid Committees, and setting up of MPF Information Stations at District Offices.

Members to Note

10. Members are requested to note the contents of this paper.

Mandatory Provident Fund Schemes Authority
March 2001