

## LegCo Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress report as at the end of February 2002

#### 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 February 2002 is summarised as follows:

	<u>Number of Participants</u>	<u>Enrolment Rate as at the end of February 2002</u>	<u>Enrolment rate as at the end of January 2002</u>
Employers	210 000	92.1%	88.2%
Employees	1 719 000	95.0%	94.7%
Self-employed persons (“SEPs”)	305 000	83.4%	91.0%

The overall enrolment rate of employers has increased. The change reflected slight growth in number of employers enrolled, as well as a decrease, by about 10 000, in the number of employers covered under the MPF system at the end of 2001. At the same time, the decrease in enrolment of SEPs was mainly due to an increase in the number of SEPs by about 35 000 people.<sup>1</sup>

3. Participation in the Industry Schemes remained stable. A total of 12 200 employers, 195 000 employees and 24 200 SEPs have joined Industry Schemes.

#### Complaint Handling

##### Complaints received by the MPFA

4. A total of 600 complaints were received by the Mandatory Provident Fund Schemes Authority (MPFA) in February 2002, 89% concerned

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<sup>1</sup> Source: Census and Statistics Department and MPFA Surveys November – December 2001.

scheme members, and involved 360 employers. The breakdown is as follows:

<u>Nature of complaints received in February 2002</u>	<u>% *</u>
(A) Complaints concerning scheme members:	
➤ Wrongful reduction of wages / benefits	6
➤ Involuntary change from employee to SEP	0
➤ Non-enrolment in MPF Schemes	20
➤ Default contribution	81
➤ Others (e.g. dismissal; no pay records)	6
(B) Complaints against trustees, intermediaries, ORSO etc	13

\* Multiple selection allowed.

#### Complaints received by the Labour Department (“LD”)

5. In February 2002, the LD received 12 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 23 complaints received from 1 January 2002 to the end of February 2002:-

- 6 cases were resolved after conciliation or advice given;
- 1 case was referred to the Labour Tribunal for adjudication;
- 2 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;
- 5 cases where the employees had lodged claims were awaiting conciliation;
- 3 cases were awaiting the employees’ decision on whether to lodge claims for conciliation;
- 2 cases were awaiting the employees’ decision on whether to lodge claims at the Labour Tribunal after conciliation; and
- 4 cases were under investigation.

## Enforcement

7. The enforcement actions taken in February are summarised below:

<b>Enforcement action</b>	<b>February 2002</b>
<b><u>A. Prosecution</u></b>	
Number of summonses applied	62
- <i>Non-enrolment (Employee)</i>	2
- <i>Non-enrolment (Employee / SEP dispute)</i>	1
- <i>Default Contribution</i>	59
<b><u>B. Contribution Surcharge</u></b>	
Number of Notices Issued	
- First Notice @ 15% p.a.	6 100
- Second Notice @ 20% p.a.	10 300
<b><u>C. Applications to the Small Claims Tribunal</u></b>	
- Number of applications made	3
- Number of employees Involved	10
<b><u>D. Applications to liquidators / receivers</u></b>	
- Number of applications made	9
<b><u>E. Proactive Inspections</u></b>	
- Number of employment establishments visited	See Note (*)

*Note*

*\* As many companies were closed during the Chinese New Year period, no proactive inspection was conducted in February 2002. It will be resumed in March 2002.*

8. As regards contribution surcharge (item B of the above table), the notices were issued to employers with contributions in arrears, covering the contribution periods of November 2001 and earlier.

## Legislative Amendment

9. The Mandatory Provident Fund Schemes (Amendment) Bill 2001 which was introduced into the Legislative Council in May 2001 was passed by the Legislative Council on 6 February 2002. The enacted Mandatory Provident Fund Schemes (Amendment) Ordinance 2002 was gazetted on 15 February 2002 and came into operation on the same day. Most of the changes were technical in nature. The MPFA has advised service providers, representatives bodies of employers, human resources professionals, and labour unions of the changes.

## **Education and Publicity**

10. Community outreach remained a major thrust of the MPFA's public education programme for the month of February. Apart from ongoing MPF Info Stations and school talks, the MPFA took part in Education and Career Expo 2002 held at HKCEC from February 21 to 24 to promote the concept of MPF rights to school leavers and job seekers. It also worked closely with relevant groups to strengthen ties with the local community. In the meantime, staff of the MPFA continued to attend meetings of Area Committees to provide updates on the MPF System.

11. For the industry, the MPFA joined hands with relevant training institutions in organizing a forum to brief MPF intermediaries on the requirements of the Continuing Professional Development programme. All registered MPF intermediaries are required to comply with these requirements in order to remain registered.

12. In parallel, the MPFA continued to disseminate MPF investment-related concepts and knowledge through regular MPF columns of newspapers and advertisements.

## **Members to Note**

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

**Mandatory Provident Fund Schemes Authority**

7 March 2002