

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress report as at the end of March 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 March 2002 is summarised as follows:

	<u>Number of Participants</u>	<u>Enrolment Rate</u>	<u>Enrolment rate as at the end of February</u>
Employers	210 000	92.1%	92.1%
Employees	1 727 000	95.5%	95.0%
Self-employed persons (“SEPs”)	300 000	85.0%	83.4%

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

Complaint Handling

Complaints received by the MPFA

4. Of the total of 874 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in March 2002, 95% concerned scheme members and involved 481 employers. The breakdown is as follows:

	<u>Nature of complaints received in March 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	19
	➤ Default contribution	89
	➤ Others (e.g. dismissal; no pay records)	5
(B)	Complaints against trustees, intermediaries, ORSO etc	6

* Multiple selection allowed.

Complaints received by the Labour Department (“LD”)

5. In March 2002, the LD received 28 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 51 complaints received from 1 January 2002 to the end of March 2002:

- 8 cases were resolved after conciliation or advice given;
- 8 cases were referred to the Labour Tribunal for adjudication;
- 7 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;
- 19 cases where the employees had lodged claims were awaiting conciliation;
- 2 cases were awaiting the employees’ decision on whether to lodge claims for conciliation;
- 5 cases were awaiting the employees’ decision on whether to lodge claims at the Labour Tribunal/Minor Employment Claims Adjudication Board after conciliation; and
- 2 cases were under investigation.

Enforcement

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

Enforcement action	March 2002
<u>A. Prosecution</u>	
Number of summonses applied	65
- <i>Non-enrolment (Employee)</i>	2
- <i>Default Contribution</i>	63
<u>B. Contribution Surcharge</u>	
Number of Notices Issued	
- First Notice @ 15% p.a.	17 400
- Second Notice @ 20% p.a.	12 300
<u>C. Applications to the Small Claims Tribunal</u>	
- Number of applications made	9

Enforcement action	March 2002
- Number of employees Involved	38
<u>D. Applications to liquidators / receivers</u>	
- Number of applications made	8
<u>E. Proactive Inspections</u>	
- Number of employment establishments visited	170

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 in December 2001 or earlier.

Education and Publicity

9. In March, the MPFA continued to organize and participate in more than 60 community outreach activities including MPF Info Stations, seminars and school talks.

10. Promoting the concept of early planning for retirement was another important aspect of the MPFA's public education programme. Plans were made to co-organize joint projects with relevant bodies to target different sectors of the community.

11. In parallel, the MPFA continued to utilize regular newspaper columns to disseminate MPF investment-related knowledge.

Members to Note

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

Mandatory Provident Fund Schemes Authority

4 April 2002