

LegCo Panel on Manpower

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

	<u>Number of Participants</u>	<u>Enrolment Rate as at 30 April 2002</u>	<u>Enrolment rate as at the end of March</u>
Employers	210 000	92.3%	92.1%
Employees	1 727 000	95.5%	95.5%
Self-employed persons (“SEPs”)	299 000	84.7%	85.0%

3. The overall enrolment rate of employers increased slightly by 0.2% while that for SEPs dropped slightly by 0.3%. The overall enrolment rate for employees remained stable at 95.5%. As at the end of April, a total of 12 350 employers, 196 600 employees and 23 500 SEPs have joined Industry Schemes. In this month, participation of employers and employees in the Industry Schemes grew by 150 and 1 600 respectively. The number of participating SEPs dropped slightly by 500.

Complaint Handling

Complaints received by the MPFA

4. Of the total 920 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in April 2002, 96% concerned scheme members, and involved 499 employers. The breakdown is as follows:

<u>Nature of complaints received in April 2002</u>		<u>% *</u>
(A)	Complaints concerning scheme members:	
	➤ Wrongful reduction of wages / benefits	5
	➤ Involuntary change from employee to SEP	0
	➤ Non-enrolment in MPF Schemes	19
	➤ Default contribution	92
	➤ Others (e.g. dismissal; no pay records)	4
(B)	Complaints against trustees, intermediaries, ORSO etc	4

* Multiple selection allowed.

Complaints received by the Labour Department (“LD”)

5. In April 2002, the LD received 30 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 81 complaints received from 1 January 2002 to the end of April 2002:

- 14 cases were resolved after conciliation or advice given;
- 18 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 13 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;
- 25 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;
- 4 cases were awaiting the employees’ decision on whether to lodge claims at the Labour Tribunal/Minor Employment Claims Adjudication Board after conciliation; and
- 4 cases were under investigation.

Enforcement

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

Enforcement action	April 2002
<u>A. Prosecution</u>	
Number of summonses applied	79
- <i>Non-enrolment</i>	6
- <i>Default Contribution</i>	73
<u>B. Contribution Surcharge</u>	
Number of Notices issued to employers	
- First Notice @ 15% p.a.	42 600
- Second Notice @ 20% p.a.	13 000
<u>C. Applications to the Small Claims Tribunal</u>	
- Number of applications made	22
- Number of employees Involved	66
<u>D. Applications to liquidators / receivers</u>	
- Number of applications made	16
<u>E. Proactive Inspections</u>	
- Number of employment establishments visited	350

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 February 2002 and earlier.

Legislative Amendment

9. The Mandatory Provident Fund Schemes (Amendment) Bill 2002 was gazetted on 19 April 2002 and introduced into the Legislative Council on 24 April 2002. Major proposals in the Bill include the setting up of a mechanism to review the minimum and maximum levels of relevant income for mandatory contribution purposes and adjustment of the minimum relevant income level from \$4,000 to \$5,000 per month; proposals to enhance the efficiency and effectiveness of the operation of the MPF system and measures to step up protection for MPF schemes members (e.g. measures to streamline the calculation and collection procedures for contribution surcharge).

10. The proposals included in the Bill are the result of the first phase of a comprehensive review of the operational aspects of the MPF system by the MPFA and the MPF Schemes Operation Review Committee. The membership

of the Review Committee comprises representatives from relevant professional bodies, trustees, employers' and trade associations and labour unions.

Education and Publicity

11. In April, community outreach remained an important part of the MPFA's public education initiative with more than 60 activities organized. These included regular MPF Info Stations (at the same spots), school talks and seminars.

12. Plans are being made to revamp the MPFA's website to enrich its content and make it more user-friendly and interactive for MPF information seekers. The revamped version of the website is expected to be in place in August/September.

13. In parallel, the MPFA continues to update the media on the work of the MPFA and the latest development of the System through press releases and regular contacts. Apart from regular MPF columns, quiz games were organized in conjunction with newspapers to arouse readers' interest in MPF investment-related knowledge.

Members to Note

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

Mandatory Provident Fund Schemes Authority
3 May 2002