

LegCo Panel on Manpower

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

| | <u>Number of</u> <u>Participants as at</u> <u>31 May 2002</u> | <u>Enrolment rate</u> | |
|-----------------------------------|---|------------------------------------|--------------------------------------|
| | | <u>as at</u> <u>31 May 2002</u> | <u>as at</u> <u>30 April 2002</u> |
| Employers | 211 000 | 92.6% | 92.3% |
| Employees | 1 722 000 | 95.2% | 95.5% |
| Self-employed persons (“SEPs”) | 298 000 | 84.3% | 84.7% |

3. The overall enrolment rate of employers increased slightly by 0.3% while that for employees and SEPs dropped slightly by 0.3% and 0.4% respectively. As at end of May, a total of 12 460 employers, 198 700 employees and 23 300 SEPs have joined the Industry Schemes, representing an increase of 110 and 2 100 employers and employees respectively. The number of SEPs participating in Industry Schemes dropped slightly by 200.

Complaint Handling

Complaints received by the MPFA

4. Of the total 878 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in May 2002, 95% concerned scheme members, and involved 471 employers. The breakdown is as follows:

| <u>Nature of complaints received in May 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 | 23 |
| | ➤ Default contribution | 88 |
| | ➤ Others (e.g. dismissal; no pay records) | 4 |
| (B) | Complaints against trustees, intermediaries, ORSO etc | 6 |

* Multiple selection allowed.

Complaints received by the Labour Department (“LD”)

5. In May 2002, LD received 33 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 114 complaints received from 1 January 2002 to the end of May 2002:

- 34 cases were resolved after conciliation or advice given;
- 36 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 14 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;
- 24 cases where the employees had lodged claims with the LD were awaiting conciliation;
- 2 cases were awaiting the employees’ decision on whether to lodge claims with the LD for conciliation;
- 2 cases were awaiting the employees’ decision on whether to lodge claims at the Labour Tribunal after conciliation; and
- 2 cases were under investigation.

Enforcement

7. The enforcement actions taken in May are summarized below:

| Enforcement action | May 2002 |
|--|-----------------|
| <u>A. Prosecution</u> | |
| Number of summonses applied | 81 |
| - <i>Non-enrolment of Employees</i> | 3 |
| - <i>Non-enrolment (Employees / SEPs dispute)</i> | 2 |
| - <i>Default Contribution</i> | 76 |
| <u>B. Contribution Surcharge</u> | |
| Number of Notices issued to employers | |
| - First Notice @ 15% p.a. | 18 500 |
| - Second Notice @ 20% p.a. | 14 300 |
| <u>C. Applications to the Small Claims Tribunal</u> | |
| - Number of applications made | 27 |
| - Number of employees Involved | 89 |
| <u>D. Applications to liquidators / receivers</u> | |
| - Number of applications made | 24 |
| <u>E. Proactive Inspections</u> | |
| - Number of employment establishments visited | 416 |

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 March 2002 and earlier.

Legislative Amendment

9. The Mandatory Provident Fund Schemes (Amendment) Bill 2002 was introduced into the Legislative Council on 24 April 2002 and is now being scrutinized by the Bills Committee. 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 streamlining MPF scheme administration and measures to step up protection for MPF schemes members.

Education and Publicity

10. In May, community outreach, remained an important part of MPFA's public education initiative, with about 50 such activities organized. These included regular sessions of the MPF Info Station, seminars and school talks.

11. Apart from MPF columns in newspapers, the MPFA continued to update the media on the latest development of the MPF System through press releases and regular contacts.

Members to Note

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

Mandatory Provident Fund Schemes Authority

7 June 2002