

LegCo Panel on Manpower

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

	<u>Number of</u> <u>Participants as at</u> <u>30 June 2002</u>	<u>Enrolment rate</u>	
		<u>as at</u> <u>30 June 2002</u>	<u>as at</u> <u>31 May 2002</u>
Employers	212 000	92.9%	92.6%
Employees	1 702 000	95.3%	95.2%
Self-employed persons (“SEPs”)	297 000	82.7%	84.3%

3. The overall enrolment rate of employers and employees increased slightly by 0.3% and 0.1% respectively while that for SEPs dropped by 1.6%. As at end of June 2002, a total of 12 600 employers, 201 000 employees and 23 200 SEPs have joined the Industry Schemes, representing an increase of 100 and 2 300 employers and employees respectively. The number of SEPs participating in Industry Schemes dropped slightly by 100.

Complaint Handling

Complaints received by the MPFA

4. Of the total 801 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in June 2002, 97% concerned scheme members, and involved 449 employers. The breakdown is as follows:

<u>Nature of complaints received in June 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		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 June 2002, the LD received 23 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 137 complaints received from 1 January 2002 to the end of June 2002:

- 45 cases were resolved after conciliation or advice given;
- 50 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 18 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;
- 17 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;
- 4 cases were awaiting the employees' decision on whether to lodge claims at the Labour Tribunal/Minor Employment Claims Adjudication Board after conciliation; and
- 1 case was under investigation.

Enforcement

7. The enforcement actions taken in June 2002 are summarized below:

Enforcement action	June 2002
<u>A. Prosecution</u>	
Number of summonses applied	32
- <i>Non-enrolment of Employees</i>	2
- <i>Default Contribution</i>	30
<u>B. Contribution Surcharge</u>	
Number of Notices issued to employers	
- First Notice @ 15% p.a.	18 750
- Second Notice @ 20% p.a.	12 640
<u>C. Applications to the Small Claims Tribunal</u>	
- Number of applications made	22
- Number of employees Involved	46
<u>D. Applications to liquidators / receivers</u>	
- Number of applications made	16
<u>E. Proactive Inspections</u>	
- Number of employment establishments visited	497

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 April 2002 and earlier.

Education and Publicity

9. In June 2002, the MPFA continued to conduct community outreach activities. A total of 45 such activities, including school talks and regular sessions of the MPF Info Station, were organized.

10. On the media front, contributions were made to the regular MPF columns in three Chinese newspapers. On top of that, the MPFA continued to update the media on the latest development of the MPF system through press releases and regular contacts.

Members to Note

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

Mandatory Provident Fund Schemes Authority
8 July 2002