

## **LegCo Panel on Manpower**

### **Implementation of the Mandatory Provident Fund System Progress report as at the end of November 2001**

#### **Purpose**

This paper updates Members on the progress of implementing the Mandatory Provident Fund (“MPF”) System.

#### **Enrolment**

2. Stable enrolment into the MPF system continued in November 2001. As at the end of November 2001, the situation was as follows:

	<u>Number of Participants</u>	<u>Enrolment Rate</u>	(no change over previous month)
Employers	209 000	88.0%	
Employees	1 743 000	94.6%	
Self-employed persons (“SEPs”)	301 000	91.0%	

3. Participation in the Industry Schemes also became stable. As at the end of November 2001, 12 000 employers, 185 000 employees and 24 200 SEPs had joined the Industry Schemes.

#### **Complaint Handling**

##### Complaints received by MPFA

4. A total of 731 complaints were received by the Mandatory Provident Fund Schemes Authority (MPFA) in November 2001. The breakdown by nature is as follows:

<u>Nature of complaints</u>	<u>% *</u>
(A) Complaints concerning scheme members:	
➤ Wrongful reduction of wages / benefits	9
➤ Involuntary change from employee to SEP	2
➤ Non-enrolment in MPF Schemes	19
➤ Default contribution	73
➤ Others (e.g. dismissal; no pay records)	10
(B) Complaints against trustees, intermediaries, occupational retirement schemes, etc	18
* Multiple selection allowed.	

5. In respect of employment-related complaints, those about default contributions have exceeded 70%.

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

6. In November 2001, the LD received 5 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

7. Of a total of 84 complaints received from 1 December 2000 to end of November 2001, 46 cases were resolved after conciliation or advice given; 23 were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication (15 of the cases have since been concluded); 4 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; 2 cases where the employees had lodged claims were awaiting conciliation; 3 cases were awaiting the employees’ decision on whether to lodge claims 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 2 cases were under investigation.

## **Enforcement**

### Prosecution

8. In November 2001, applications for 7 summonses involving 4 employers were made to the Police. Most of the cases were about failure to transfer to trustees the contribution funds deducted, and non-enrolment of employees. Arising from the summonses applied in past months, pleas from 5 employers (involving 19 summonses) were taken in the same month and 2 trials were completed. The fines involved in these cases ranged from \$2,000 to \$6,500 for each summons.

### Surcharge on default contribution

9. In November, 17 594 first payment notices (surcharge of 15% per annum) and 5 098 second payment notices (surcharge of 20% per annum) were served on defaulting employers concerned. They mainly cover the contribution periods of July, August and September 2001. The number of employers involved was about 10 000 per month. The surcharge receivable will be credited into the employees' MPF accounts. The very limited experience in this area so far has indicated that about 2.7% of employers appear to be "hard core" defaulters.

10. According to the MPF Schemes Ordinance, the recovery of the outstanding contribution in arrears may be pursued by the MPFA on behalf of employees concerned through the Small Claims Tribunal. In November 2001, the MPFA has filed 6 claims against 2 employers on behalf of 36 employees, and 1 claim was successfully awarded by the Tribunal.

## **Education and Publicity**

11. On the public education front, the MPFA continued with its Outreach Programme in November by organizing MPF Info Stations throughout Hong Kong in a "fixed-time, fixed-venue" pattern to answer public enquiries. To further promote the enhanced Info Station services, the Authority will launch a new round of publicity programmes in early December. This includes the use of TV and radio APIs, print advertisements, and handouts to inform the public of the time and venue of the Info Station services.

12. To sustain community involvement, the Authority continued to hold "MPF Meet-the-Public" sessions with various community organizations in November.

13. As a measure to strengthen communication with local community leaders, representatives of the MPFA attended Area Committee meetings and briefed committee members on the latest developments of the MPF System.

14. School talks remained the focal area of MPFA public education programmes in November.

### **Members to Note**

15. Members are requested to note the contents of this paper.

**Mandatory Provident Fund Schemes Authority**

6 December 2001