

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress report as at the end of December 2001

Purpose

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

Enrolment

2. Enrolment into the MPF System has stabilised. As at the end of December 2001, the situation was as follows:

	<u>Number of participants</u>	<u>Enrolment rate*</u>
Employers	209 000	88.0%
Employees	1 747 000	94.6%
Self-employed persons (“SEPs”)	301 000	91.0%

* No change over previous month.

3. At the same time, 12 000 employers, 185 000 employees and 24 200 SEPs had joined the Industry Schemes.

Complaint Handling

Complaints received by the MPFA

4. A total of 640 complaints were received by the Mandatory Provident Fund Schemes Authority (MPFA) in December 2001 with 92% concerning scheme members. Of these, complaints relating to default contributions accounted for about 76%. Complaints against trustees decreased

to 12%. Details are 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	1
➤ Non-enrolment in MPF Schemes	19
➤ Default contribution	76
➤ Others (e.g. dismissal; no pay records)	8
(B) Complaints against trustees, intermediaries, ORSO etc	12

* Multiple selection allowed.

Complaints received by the Labour Department (“LD”)

5. In December 2001, the LD received 7 MPF-related complaints. Of these, 6 cases (86%) were about wrongful deduction of wages or other employment benefits, and 1 case (14%) was about wrongful offsetting of severance payment against employer’s contribution.

6. Of a total of 91 complaints received from 1 December 2000 to end of December 2001: -

- 50 cases were resolved after conciliation or advice given;
- 25 were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication (18 of the cases have since been concluded);
- 6 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;
- 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
- 1 case was under investigation.

Enforcement

7. The MPFA together with concerned Government departments continued to enforce the MPF legislation at several fronts. Enforcement actions taken are summarised below: -

Enforcement action	Number of cases up to December 2001	Increase compared with cases up to November 2001
(a) Summonses	255	72
- Cases	90	19
- Plea taken / under trial	65	22
(b) Contribution surcharge notices issued		
- (@15% p.a.)	48 000	4 000
- (@20% p.a.)	21 000	6 000
(c) Applications to the Small Claims Tribunal	8	6
- Employees involved	54	18
(d) Applications to Liquidators	1	1
- Employees involved	10	10

8. Of the summonses applied, 30% were related to non-enrolment, 67% to default contribution, and 3% to under-reporting of employees' relevant income. Of the non-enrolment summonses, 13% was about disputes over the status of employees (vis-à-vis SEPs), and the remaining 17% was about non-enrolment of the relevant employees.

Review of the MPF System

9. The MPF Schemes Operation Review Committee, which comprises representatives of employer and employee bodies, service providers, professional bodies and the Government, continued to review the administrative and operational aspects of MPF schemes and make recommendations to the MPFA on necessary amendments to the MPF legislation. The Committee has agreed on a package of proposed amendments. The package includes plans to: -

- (a) adjust the minimum level of relevant income for MPF contributions;
- (b) enhance protection for scheme members;
- (c) simplify MPF scheme administration;
- (d) improve regulation of MPF schemes;
- (e) improve regulation of MPF investment; and
- (f) make certain technical amendments.

The proposals were supported by the MPF Schemes Advisory Committee and the MPFA Management Board and subsequently submitted to the Government. The Legislative Council Panel on Financial Affairs was briefed on 7 January 2002.

Education and Publicity

10. The MPFA continued its Outreach Programme by organising more than 40 MPF Info Stations in a “fixed-time, fixed-venue” manner throughout Hong Kong. A publicity programme involving the use of TV and radio APIs, print advertisement and handouts, was also launched to promote this service.

11. Two MPF road shows were held in Tseung Kwan O and Sha Tin in December 2001 to disseminate MPF-related knowledge to the local community.

12. To sustain community involvement, the MPFA continued to hold “meet-the-public” sessions in conjunction with community organizations. MPFA representatives also attended meetings of various Area Committees to brief them on the MPF System.

13. Apart from school talks, the MPFA is in the process of producing an MPF teaching kit, so as to help lower form students in secondary schools understand the importance of proper retirement planning.

14. On the media front, the MPFA continued to work with newspapers in disseminating key messages to readers through regular MPF columns.

Members to Note

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

Mandatory Provident Fund Schemes Authority

10 January 2002