

## LegCo Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress report as at the end of January 2003

#### 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 January 2003 is as follows:

	<u>Number of participants as at 31 January 2003</u>	<u>Enrolment rate</u>	
		<u>As at 31 January 2003</u>	<u>As at 31 December 2002</u>
Employers	217 000	93.7%	93.6%
Employees	1 726 000	95.6%	95.6%
Self-employed persons (“SEPs”)	302 000	81.0%	81.0%

3. The enrolment rates of employers, relevant employees and SEPs remained stable. At the end of January 2003, 13 000 employers, 226 600 employees and 23 000 SEPs have joined the Industry Schemes.

#### Complaint Handling

##### Complaints received by the MPFA

4. Of the total 794 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in January 2003, 98% concerned scheme

members and involved 493 employers. The breakdown is as follows:

<u>Nature of complaints received in January 2003</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	22
➤ Default contribution	92
➤ Others (e.g. dismissal; no pay records)	3
(B) Complaints against trustees, intermediaries, ORSO etc	3

\* *Multiple selection allowed.*

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

5. In January 2003, the LD received 26 MPF-related complaints, all of which were related to alleged wrongful deduction of wages. Of these:-

- 1 case was resolved after conciliation given;
- 9 cases were referred to the Labour Tribunal for adjudication;
- 4 cases where the employers were insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund;
- 11 cases where the employees had lodged claims were awaiting conciliation; and
- 1 case was awaiting the employee's decision on whether to lodge claim at the Labour Tribunal after conciliation.

## Enforcement

6. The enforcement actions taken in January 2003 are summarized below:

<b>Enforcement action in January 2003</b>	<b>Number of Cases</b>
<b><u>A. Prosecution</u></b>	
Number of summonses applied	21
- <i>Non-enrolment of employees</i>	1
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	20
- <i>False statement</i>	0
<b><u>B. Contribution Surcharge</u></b>	
Number of Notices issued to employers	
- First Notice @ 15% p.a.	20 700
- Second Notice @ 20% p.a.	13 300
<b><u>C. Applications to the Small Claims Tribunal</u></b>	
- Number of applications made	95
- Number of employees involved	211
<b><u>D. Applications to liquidators / receivers</u></b>	
- Number of applications made	13
<b><u>E. Proactive Inspections</u></b>	
- Number of employment establishments visited	185

7. As regards prosecution (item A of the above table), the number of cases in January 2003 had decreased because many cases were dealt with by the Small Claims Tribunal, at the wishes of employees.

## Education and Publicity

8. In addition to deploying more resources in the Call Centre for meeting the expected surge in inquiries, publicity on the full implementation of legislative amendments to the Mandatory Provident Fund Schemes Ordinance continued for the month of January 2003. The legislative changes include the raising of the minimum monthly income level for MPF contribution from

\$4,000 to \$5,000 and measures to simplify scheme administration. Two TV and radio announcements were broadcast, print-ads were placed, and leaflets and CD-Roms were distributed through a wide range of outlets and channels. In view of the good response to the all-in-one “MPF Easy Guide”, more copies were printed, of which 12 000 copies were distributed to trade unions for their members. The production of a four-episode TV series featuring MPF investment knowledge is underway and will be broadcast in February 2003.

9. A total of 25 seminars and briefings were organized on the amendments and the MPF system, attracting some 700 participants.

### **Members to Note**

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

### **Mandatory Provident Fund Schemes Authority**

February 2003