

LegCo Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress report as at the end of February 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 February 2003 is as follows:

	Number of participants			Enrolment Rate		
	As at 28.02.2003	As at 31.01.2003	Change	As at 28.02.2003	As at 31.01.2003	Change
Employers	217 000	217 000	-	93.7%	93.7%	-
Employees	1 728 000	1 726 000	+2 000	95.7%	95.6%	+0.1%
Self-employed persons (SEPs)	302 000	302 000	-	81.0%	81.0%	-

3. The enrolment rates of employers, relevant employees and SEPs remained stable. At the end of February 2003, 13 100 employers, 230 500 employees and 23 000 SEPs have joined the Industry Schemes.

Complaint Handling

Complaints received by the MPFA

4. Of the total 832 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in February 2003, 99% concerned scheme members and involved 427 employers. The breakdown is as follows:

<u>Nature of complaints received in February 2003</u>		<u>% *</u>
(A)	Complaints concerning scheme members:	
	➤ Wrongful reduction of wages / benefits	4
	➤ Involuntary change from employee to SEP	0
	➤ Non-enrolment in MPF Schemes	21
	➤ Default contribution	93
	➤ Others (e.g. dismissal; no pay records)	3
(B)	Complaints against trustees, intermediaries, ORSO etc	2

* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In February 2003, the LD received 16 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 42 complaints received from 1 January 2003 to the end of February 2003:

- 9 cases were resolved after conciliation or advice given;
- 15 cases were referred to the Labour Tribunal for adjudication;
- 8 cases where the employers were insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund;
- 5 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; and
- 3 cases were awaiting the employees' decision on whether to lodge claims at the Labour Tribunal after conciliation.

Enforcement

7. The enforcement actions taken in February 2003 are summarized below:

Enforcement action in February 2003	Number of Cases
<u>A. Prosecution</u>	
Number of summonses applied	30
- <i>Non-enrolment of employees</i>	0
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	30
- <i>False statement</i>	0
<u>B. Contribution Surcharge</u>	
Number of Notices issued to employers	
- First Notice @ 15% p.a.	19 900
- Second Notice @ 20% p.a.	13 500
<u>C. Applications to the Small Claims Tribunal</u>	
- Number of applications made	71
- Number of employees involved	168
<u>D. Applications to liquidators / receivers</u>	
- Number of applications made	23
<u>E. Proactive Inspections</u>	
- Number of employment establishments visited	88

Implementation of Legislative Amendments

8. The remaining provisions of the Mandatory Provident Fund Schemes (Amendment) (No.2) Ordinance 2002 came into operation on 1 February 2003. The main changes included raising the minimum monthly relevant income for MPF contribution from \$4,000 to \$5,000, as well as measures to streamline scheme administration. The MPFA has taken practicable measures to ensure that service providers and employers (through their trade associations) were sufficiently geared up for the changeover. This has been done through on-site checks and publicity well before the implementation date. So far, the implementation process has been smooth.

Education and Publicity

9. A four-episode TV programme featuring MPF investment knowledge was broadcast during the month of February 2003. To enable the messages to reach out to more people, the text form of the programme was published in a Chinese newspaper. Another key programme was the broadcast of the TV and radio announcements to remind the public of the full implementation of the legislative amendments on 1 February 2003.

10. MPFA took part in two large publicity events last month. A carnival jointly organized with Lok Kwan Social Service, Wong Tai Sin District Council and Wong Tai Sin District Office at Wong Tai Sin Dragon Market was successfully held on 16 February 2003. Separately, over 24,000 copies of MPF publications were distributed to job seekers and school leavers visiting our booth at the Education and Careers Expo 2003, which took place from 20 February to 23 February 2003.

11. On the media front, MPFA started to run a MPF column in a Chinese newspaper on 7 February 2003 for 13 weeks on the “Do’s” and “Don’ts” of MPF investment. The approval of the fifth recognized Continuing Professional Development institution for MPF intermediaries, School of Professional and Continuing Education of the University of Hong Kong, was publicized through press release and the MPFA website. The other four recognized institutions are Caritas Adult & Higher Education Service, Financial Services Development Centre of Vocational Training Centre, Hong Kong Securities Institute and Management and Executive Development Centre of the Hong Kong Polytechnic University.

12. A total of 24 seminars and briefings on the MPF system and investment knowledge were organized, attracting some 900 participants.

Members to Note

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

Mandatory Provident Fund Schemes Authority

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