

## LegCo Panel on Manpower

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

	<u>Number of Participants as at 31 October 2002</u>	<u>Enrolment rate</u>	
		<u>As at 31 October 2002</u>	<u>As at 30 September 2002</u>
Employers	214 000	93.6%	93.4%
Employees	1 700 000	95.6%	95.5%
Self-employed persons (“SEPs”)	296 000	81.3%	81.4%

3. The overall enrolment rates of employers and employees increased by 0.2% and 0.1% respectively while the SEPs’ enrolment rate dropped slightly by 0.1%. As at the end of October 2002, a total of 13 000 employers, 212 300 employees and 22 500 SEPs have joined the Industry Schemes. The enrolment in industry schemes largely remained stable.

#### Complaint Handling

##### Complaints received by the MPFA

4. Of the total 736 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in October 2002, 97% concerned scheme members, and involved 459 employers. The breakdown is as follows:

<u>Nature of complaints received in October 2002</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	22
➤ Default contribution	92
➤ Others (e.g. dismissal; no pay records)	4
(B) Complaints against trustees, intermediaries, ORSO etc	5
* <i>Multiple selection allowed.</i>	

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

5. In October 2002, the LD received 29 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 239 complaints received from 1 January 2002 to the end of October 2002:

- 74 cases were resolved after conciliation or advice given;
- 98 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 29 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;
- 25 cases where the employees had lodged claims with the LD were awaiting conciliation;
- 5 cases were awaiting the employees' decision on whether to lodge claims with the LD for conciliation; and
- 8 cases were awaiting the employees' decision on whether to lodge claims at the Labour Tribunal/Minor Employment Claims Adjudication Board after conciliation.

## Enforcement

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

Enforcement action	October 2002
<u>A. Prosecution</u>	
Number of summonses applied	126
- <i>Non-enrolment of employees</i>	4
- <i>Non-enrolment (Employee / SEP dispute)</i>	3
- <i>Default contribution</i>	119
- <i>False statement</i>	0
<u>B. Contribution Surcharge</u>	
Number of Notices issued to employers	
- First Notice @ 15% p.a.	20 000
- Second Notice @ 20% p.a.	12 800
<u>C. Applications to the Small Claims Tribunal</u>	
- Number of applications made	69
- Number of employees involved	248
<u>D. Applications to liquidators / receivers</u>	
- Number of applications made	24
<u>E. Proactive Inspections</u>	
- Number of employment establishments visited*	43

*\* In October 2002, proactive inspections were targeted at the cleaning & security services contractors of large residential estates, interviews of the contractors' employees were conducted during the inspections.*

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 August 2002 and earlier.

## Education and Publicity

9. In October, the MPFA continued to publicize the legislative amendments to the MPF Schemes Ordinance. A total of 9 seminars and briefings were organized for employers' groups, human resources professionals, trade unions, professional bodies, community organizations and business associations, attracting more than 400 participants.

10. Community outreach remained a crucial part of the MPFA's public education work. Activities organized included a total of 27 seminars, talks and sessions of MPF Info Stations. In addition, a series of MPF Carnivals jointly organized with political parties kicked off in late-October 2002.

### **Members to Note**

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

**Mandatory Provident Fund Schemes Authority**  
November 2002