

LegCo Panel on Manpower

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

	<u>Number of</u>	<u>Enrolment rate</u>	
	<u>Participants as at</u> <u>30 September 2002</u>	<u>As at</u> <u>30 September 2002</u>	<u>As at</u> <u>31 August 2002</u>
Employers	214 000	93.4%	93.2%
Employees	1 698 000	95.5%	95.4%
Self-employed persons (“SEPs”)	296 000	81.4%	82.4%

3. The overall enrolment rates of employers and employees increased by 0.2% and 0.1% respectively. The drop in the SEPs’ enrolment rate by 1% was mainly due to the increase of the SEPs’ universe by around 4 000. As at end of September 2002, a total of 13 000 employers, 213 600 employees and 23 000 SEPs have joined the Industry Schemes, representing an increase of 100 employers, 4 100 employees and 100 SEPs respectively over August 2002.

Complaint Handling

Complaints received by the MPFA

4. Of the total 667 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in September 2002, 98% concerned scheme members, and involved 437 employers. The breakdown is as follows:

<u>Nature of complaints received in September 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	24
➤ Default contribution	91
➤ Others (e.g. dismissal; no pay records)	4
(B) Complaints against trustees, intermediaries, ORSO etc	4

* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In September 2002, the LD received 23 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 210 complaints received from 1 January 2002 to the end of September 2002:

- 66 cases were resolved after conciliation or advice given;
- 81 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 26 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;
- 2 cases were awaiting the employees' decision on whether to lodge claims with the LD for conciliation; and
- 10 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 September 2002 are summarized below:

Enforcement action	September 2002
A. <u>Prosecution</u>	
Number of summonses applied	99
- <i>Non-enrolment of employees</i>	0
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	97
- <i>False statement</i>	2
B. <u>Contribution Surcharge</u>	
Number of Notices issued to employers	
- First Notice @ 15% p.a.	19 600
- Second Notice @ 20% p.a.	12 300
C. <u>Applications to the Small Claims Tribunal</u>	
- Number of applications made	41
- Number of employees involved	123
D. <u>Applications to liquidators / receivers</u>	
- Number of applications made	19
E. <u>Proactive Inspections</u>	
- Number of employment establishments visited	312

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 July 2002 and earlier.

Education and Publicity

9. In September 2002, the MPFA continued to publicize the enacted legislative amendments to the MPF Schemes Ordinance. A total of 14 seminars and briefings were organized for employers' groups, human resources professionals, trade unions, professional bodies, community organizations and business associations, attracting more than 1 100 participants.

10. Community outreach remained a crucial part of the MPFA's public education work. Activities organized included a total of 36 seminars, talks and

sessions of MPF Info Stations. In addition, the MPFA's website underwent a revamp in the month. Enhancements have been made to its visual attractiveness and user-friendliness so as to facilitate easier search for MPF-related information on the Internet.

Members to Note

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

Mandatory Provident Fund Schemes Authority
9 October 2002