

LegCo Panel on Manpower

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

	<u>Number of Participants as at 30 November 2002</u>	<u>Enrolment rate</u>	
		<u>As at 30 November 2002</u>	<u>As at 31 October 2002</u>
Employers	214 000	93.6%	93.6%
Employees	1 698 000	95.6%	95.6%
Self-employed persons (“SEPs”)	296 000	81.4%	81.3%

3. The overall enrolment rate of SEPs’ increased slightly by 0.1%. As regards employers and relevant employees, the enrolment rates remained stable, as addition of new members was off-set by a corresponding decrease in number due to withdrawals. At the end of November 2002, a total of 12 700 employers, 214 600 employees and 22 800 SEPs have joined the Industry Schemes.

Complaint Handling

Complaints received by the MPFA

4. Of the total 711 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in November 2002, 97% concerned scheme members and involved 410 employers. The breakdown is as follows:

<u>Nature of complaints received in November 2002</u>	<u>% *</u>
(A) Complaints concerning scheme members:	
➤ Wrongful reduction of wages / benefits	3
➤ Involuntary change from employee to SEP	0
➤ Non-enrolment in MPF Schemes	20
➤ Default contribution	95
➤ 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 November 2002, the LD received 22 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 261 complaints received from 1 January 2002 to the end of November 2002:

- 80 cases were resolved after conciliation or advice given;
- 114 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 33 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;
- 20 cases where the employees had lodged claims with the LD were awaiting conciliation;
- 1 case was awaiting the employee's decision on whether to lodge claim with the LD for conciliation;
- 12 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 enforcement actions taken in November 2002 are summarized below:

Enforcement action in November 2002	Number of Cases
<u>A. Prosecution</u>	
Number of summonses applied	75
- <i>Non-enrolment of employees</i>	1
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	74
- <i>False statement</i>	0
<u>B. Contribution Surcharge</u>	
Number of Notices issued to employers	
- First Notice @ 15% p.a.	22 900
- Second Notice @ 20% p.a.	12 700
<u>C. Applications to the Small Claims Tribunal</u>	
- Number of applications made	70
- Number of employees involved	209
<u>D. Applications to liquidators / receivers</u>	
- Number of applications made	14
<u>E. Proactive Inspections</u>	
- Number of employment establishments visited*	299

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 September 2002 and earlier.

Legislative Amendment

9. The Mandatory Provident Fund Schemes (Amendment) Bill 2002 was passed by the Legislative Council on 12 July 2002 and was gazetted on 19 July 2002 as the Mandatory Provident Fund Schemes (Amendment) (No. 2) Ordinance 2002. Most of the amendments came into operation on 19 July 2002 while the remaining amendments will become operative on 1 February 2003 as appointed by the Secretary for Financial Services and the Treasury by notice published in the Gazette on 22 November 2002.

Education and Publicity

10. A total of 10 district carnivals were organized to promote the MPF system in November. Meanwhile, a new thematic TV commercial was produced for release in December 2002, and a pocket-size MPF easy guide was published. A webpage design contest jointly organized with the Elderly Commission and a newspaper was launched in the month.

11. Furthermore, the MPFA continued to publicize the legislative amendments to the MPF Schemes Ordinance via seminars and talks. A total of 15 seminars and briefings took place, attracting about 400 participants.

Members to Note

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

Mandatory Provident Fund Schemes Authority

December 2002