

LegCo Panel on Manpower

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

	<u>Number of</u>	<u>Enrolment rate</u>	
	<u>Participants as at</u> <u>31 July 2002</u>	<u>as at</u> <u>31 July 2002</u>	<u>as at</u> <u>30 June 2002</u>
Employers	212 000	93.0%	92.9%
Employees	1 702 000	95.3%	95.3%
Self-employed persons (“SEPs”)	297 000	82.6%	82.7%

3. The overall enrolment rates of employers, employees and SEPs remained stable. As at end of July 2002, a total of 12 800 employers, 205 400 employees and 22 900 SEPs have joined the Industry Schemes, representing an increase of 200 employers and 4 400 employees respectively. The number of SEPs participating in the Industry Schemes decreased by 300.

Complaint Handling

Complaints received by the MPFA

4. Of the total 992 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in July 2002, 97% concerned scheme members, and involved 509 employers. The breakdown is as follows:

<u>Nature of complaints received in July 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	18
➤ Default contribution	92
➤ Others (e.g. dismissal; no pay records)	4
(B) Complaints against trustees, intermediaries, ORSO etc	5

* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In July 2002, the LD received 25 MPF-related complaints. Of these, 24 cases were related to alleged wrongful deduction of wages and the remaining one was about dismissal allegedly due to MPF.

6. Of a total of 162 complaints received from 1 January 2002 to the end of July 2002:

- 54 cases were resolved after conciliation or advice given;
- 61 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 18 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;
- 23 cases where the employees had lodged claims with the LD were awaiting conciliation;
- 1 case was awaiting the employees' decision on whether to lodge claims with the LD for conciliation; and
- 5 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 July 2002 are summarized below:

Enforcement action	July 2002
<u>A. Prosecution</u>	
Number of summonses applied	82
- <i>Non-enrolment of employees</i>	-
- <i>Non-enrolment (Employee / SEP dispute)</i>	-
- <i>Default contribution</i>	82
- <i>False statement</i>	-
<u>B. Contribution Surcharge</u>	
Number of Notices issued to employers	
- First Notice @ 15% p.a.	18 400
- Second Notice @ 20% p.a.	12 800
<u>C. Applications to the Small Claims Tribunal</u>	
- Number of applications made	41
- Number of employees involved	89
<u>D. Applications to liquidators / receivers</u>	
- Number of applications made	12
<u>E. Proactive Inspections</u>	
- Number of employment establishments visited	318

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 May 2002 and earlier.

Legislative Amendment

9. The Mandatory Provident Fund Schemes (Amendment) Bill 2002 was passed 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 effect on 19 July 2002 while those which concern more about employers' responsibilities and scheme administration would come into operation on a day to be appointed by the Secretary for Financial Services and the Treasury by notice published in the Gazette (tentatively 1 February 2003), in order to allow time for employers and trustees to make adjustments to their system and administrative procedures to accommodate the changes.

Education and Publicity

10. The main thrust of MPFA's public education work for the month of July was to draw public attention to the passage of the MPF Schemes Amendment Bill 2002 and to the effective dates of the amended provisions. Apart from seminars and briefing sessions organized for trustees, trade unions, Area Committees and the media, TV and radio APIs were broadcast and information leaflets were distributed at Home Affairs Department's and Labour Department's outlets.

11. Reaching out to the community continued to be an important part of MPFA's public education work. A total of 45 seminars, talks, briefings and sessions of MPF Info Stations were held.

12. On the media front, contributions were made to the regular MPF columns of three Chinese language newspapers. On top of that, the MPFA continued to update the media on the latest developments of the MPF System through press releases and regular contacts.

Members to Note

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

Mandatory Provident Fund Schemes Authority

5 August 2002