

## LegCo Panel on Manpower

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

	<u>Number of</u>	<u>Enrolment rate</u>	
	<u>Participants as at</u>	<u>As at</u>	<u>as at</u>
	<u>31 August 2002</u>	<u>31 August 2002</u>	<u>31 July 2002</u>
Employers	213 000	93.2%	93.0%
Employees	1 704 000	95.4%	95.3%
Self-employed persons (“SEPs”)	296 000	82.4%	82.6%

3. The overall enrolment rates of employers, employees and SEPs remained stable. As at end of August 2002, a total of 12 900 employers, 209 500 employees and 22 900 SEPs have joined the Industry Schemes, representing an increase of 100 employers and 4 100 employees respectively over July 2002. There was no change in the number of SEPs in the Industry Schemes.

#### Complaint Handling

##### Complaints received by the MPFA

4. Of the total 780 complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in August 2002, 97% concerned scheme members, and involved 499 employers. The breakdown is as follows:

<u>Nature of complaints received in August 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	26
➤ Default contribution	89
➤ Others (e.g. dismissal; no pay records)	6
(B) Complaints against trustees, intermediaries, ORSO etc	6

\* *Multiple selection allowed.*

Complaints received by the Labour Department (LD)

5. In August 2002, the LD received 25 MPF-related complaints, all of which were related to alleged wrongful deduction of wages.

6. Of a total of 187 complaints received from 1 January 2002 to the end of August 2002:

- 58 cases were resolved after conciliation or advice given;
- 72 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- 24 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;
- 19 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
- 9 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 August 2002 are summarized below:

Enforcement action	August 2002
<b><u>A. Prosecution</u></b>	
Number of summonses applied	54
- <i>Non-enrolment of employees</i>	1
- <i>Non-enrolment (Employee / SEP dispute)</i>	0
- <i>Default contribution</i>	53
- <i>False statement</i>	0
<b><u>B. Contribution Surcharge</u></b>	
Number of Notices issued to employers	
- First Notice @ 15% p.a.	18 100
- Second Notice @ 20% p.a.	12 800
<b><u>C. Applications to the Small Claims Tribunal</u></b>	
- Number of applications made	49
- Number of employees involved	126
<b><u>D. Applications to liquidators / receivers</u></b>	
- Number of applications made	19
<b><u>E. Proactive Inspections</u></b>	
- Number of employment establishments visited	352

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 June 2002 and earlier.

## Education and Publicity

9. The main thrust of MPFA's public education work for the month of August was to publicize the recent amendments to the MPF Schemes Ordinance. A series of 16 seminars were specially organized for employer groups, trade associations, business groups and local organizations, attracting about 5,800 attendees.

10. On the general features of the MPF System, another 32 seminars, talks, briefings and Info Stations were held in the month of August. An investment seminar jointly organized with Hong Kong Investment Funds Association and a local newspaper was held on 17 August 2002 and attracted 180 participants.

11. On the media front, contributions were made to the regular MPF columns of three Chinese language newspapers.

**Members to Note**

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

**Mandatory Provident Fund Schemes Authority**  
4 September 2002