

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – March 2019

#### Purpose

This paper is a monthly update on the implementation of the Mandatory Provident Fund (MPF) System.

#### Enrolment

2. The estimated enrolment statistics are as follows:

|                                         | Enrolment*         |                    |          | Enrolment Rate     |                    |          |
|-----------------------------------------|--------------------|--------------------|----------|--------------------|--------------------|----------|
|                                         | As at<br>31.3.2019 | As at<br>28.2.2019 | Change** | As at<br>31.3.2019 | As at<br>28.2.2019 | Change** |
| <b>Employers</b>                        | 290 900            | 290 800            | + 100    | 100%               | 100%               | -        |
| <b>Employees</b>                        | 2 632 400          | 2 632 600          | - 200    | 100%               | 100%               | -        |
| <b>Self-Employed<br/>Persons (SEPs)</b> | 208 800            | 208 700            | + 200    | 71%                | 70%                | + 1%     |

\* rounded to the nearest 100

\*\* Each figure presented in the “Change” column is derived by rounding the difference between the unrounded enrolment/enrolment rate figures of the two months. It is therefore not the simple difference between the two corresponding monthly figures presented in the table.

3. As at end March 2019, of the above estimated enrolment, 23 900 employers, 674 800 employees and 14 200 SEPs were registered under the Industry Schemes.

#### Complaint Handling

##### Complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) on System Operation

4. In March 2019, 406 complaints were received by MPFA, of which 366 (90%) complaints were made against 237 employers. A breakdown of these complaints by subject matter is as follows:

|                                                                                          | <u>Number of complaints</u> |
|------------------------------------------------------------------------------------------|-----------------------------|
| (a) Complaints concerning employers                                                      | 366 (90%)                   |
| <i>Breakdown by subject matter of complaint ^</i>                                        |                             |
| • <i>Involuntary change from “employee” status to “SEP” status</i>                       | 3                           |
| • <i>Non-enrolment in MPF Schemes</i>                                                    | 136                         |
| • <i>Default contribution</i>                                                            | 360                         |
| • <i>Others (e.g. no contribution records)</i>                                           | 9                           |
| (b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc | 40 (10%)                    |

<sup>^</sup> Since a complaint may cover more than one subject matter, the total number of the subject matters of complaints may exceed the number of complaints.

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

5. In March 2019, the LD received 59 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

6. Of the 234 complaints received from 1 January 2019 to 31 March 2019:

- (a) 8 cases (3%) were resolved after conciliation or advice given;
- (b) 151 cases (65%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 22 cases (9%) where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 53 cases (23%) where the employees had lodged claims with the LD were awaiting conciliation result.

### **Enforcement**

7. The MPFA continued to enforce the Mandatory Provident Fund Schemes Ordinance by investigating complaints, inspecting employment premises, making claims at law courts on behalf of employees to recover outstanding default contributions, and prosecuting non-compliant employers.

8. Enforcement actions taken by MPFA in March 2019 are summarized below:

(a) Prosecution

|                                                                                                                           |    |       |
|---------------------------------------------------------------------------------------------------------------------------|----|-------|
| Number of summonses applied*                                                                                              | 72 |       |
| • <i>Non-enrolment of employees</i>                                                                                       | 1  | (1%)  |
| • <i>Non-enrolment (Employee / SEP dispute)</i>                                                                           | 0  | (-)   |
| • <i>Default contribution</i>                                                                                             | 57 | (79%) |
| • <i>False statement</i>                                                                                                  | 14 | (19%) |
| • <i>Failure to comply with court order</i>                                                                               | 0  | (-)   |
| • <i>Failure to comply with a lawful requirement made by MPFA in the course of exercising or performing its functions</i> | 0  | (-)   |

(b) Contribution Surcharge

|                                           |        |
|-------------------------------------------|--------|
| - Number of employers with notices issued | 25 000 |
|-------------------------------------------|--------|

(c) Submission to the Small Claims Tribunal

|                                |     |
|--------------------------------|-----|
| - Number of cases submitted    | 43  |
| - Number of employees involved | 143 |

(d) Submission to the District Court

|                                |     |
|--------------------------------|-----|
| - Number of cases submitted    | 3   |
| - Number of employees involved | 117 |

(e) Submission to the High Court

|                                |   |
|--------------------------------|---|
| - Number of cases submitted    | 0 |
| - Number of employees involved | 0 |

(f) Submission to Liquidators / Receivers

|                             |    |
|-----------------------------|----|
| - Number of cases submitted | 10 |
|-----------------------------|----|

(g) Proactive Inspections

|                                               |     |
|-----------------------------------------------|-----|
| - Number of employment establishments visited | 223 |
|-----------------------------------------------|-----|

\* Percentages may not sum up to 100% due to rounding.

## **Education and Publicity**

9. The MPFA Chairman published a monthly blog on 3 March 2019, elaborating on the various features of different fund types with a view to helping scheme members to better manage their MPF investment portfolio. He touched on the features of Conservative Fund and Guaranteed Fund which are not fully understood by the public. He reminded scheme members not to predict market trends and engage in short-term speculation. He said the Default Investment Strategy (DIS), which offers a hassle-free and long-term retirement saving solution, is indeed an ideal option to those who have no knowledge or interest in managing their MPF.

10. To sustain the momentum of the Industry Schemes (IS) Thematic Campaign, advertisements were placed on a radio channel and a casual employment recruitment mobile application to call on casual employees in the catering and construction industries to open IS accounts. As a related IS initiative, we also conducted a seminar for the representatives of construction companies to share with them the best practice for avoiding violation of the Mandatory Provident Fund Schemes Ordinance.

11. An online publicity campaign on account management continued in March 2019 which included online marketing campaign, advertisements on popular websites, mobile applications as well as recruitment and workplace related Facebook fan pages. The campaign aimed to remind scheme members to proactively manage their MPF accounts during the high season of turnover after the Chinese New Year, and generate wider awareness and encourage usage of the e-Enquiry of Personal Account.

12. A new series of two short videos featuring renowned actor Mr Law Lok-lam (羅樂林) and key opinion leader Ms Sandy To (杜穎珊) continued to be shown via various online social media platforms. The videos aim at educating the public that self-employed persons including “Slashies” should participate in the MPF System as a means to invest for their retirement.

13. A number of talks and seminars were delivered in the month for various target groups, including those for civil servants, employers, human resources practitioners and members of the public. Update on tax deductible voluntary contributions and tips for investment and account management are some of the key messages delivered to the audience. We also kicked off a round of outreach activities in collaboration with District Council Members, providing talks and on-site enquiry services to members of the public at the community level.

14. A public seminar on MPF investment was co-organized with a university on 3 March 2019 to enhance participants' understanding of MPF investment and retirement planning. In 2018-19, a total of 25 sessions of in-company retirement planning workshops targeting scheme members were conducted to provide them with practical tips on retirement planning and MPF investment. The last session of the workshop for the year was held on 29 March 2019.

15. A full array of educational activities and school-based programmes were also launched during the month targeting students of secondary schools and tertiary institutions so as to enhance their understanding of the MPF System and MPF investment as well as the concept of retirement investment, with a view to enhancing their compliance with the legislative requirements in the long run.

16. In the month, a series of on-campus roving activities was rolled out at various tertiary institutions. These activities, which included interesting kinect game and quiz game, aim to disseminate messages about the MPF System and MPF investment to tertiary students who will shortly enter the workforce or who are currently doing part-time jobs.

17. E-copies of youth booklet carrying information on the MPF System and MPF investment were also disseminated to graduates of secondary schools. In addition, two workshops were conducted for parents of secondary school students to equip them with knowledge on financial planning, including retirement, the MPF System and MPF investment.

18. Members are invited to note the content of this paper.

Mandatory Provident Fund Schemes Authority  
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