

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – April 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 30.4.2019	As at 31.3.2019	Change**	As at 30.4.2019	As at 31.3.2019	Change**
<b>Employers</b>	290 900	290 900	-	100%	100%	-
<b>Employees</b>	2 634 600	2 632 400	+ 2 200	100%	100%	-
<b>Self-Employed Persons (SEPs)</b>	210 000	208 800	+ 1 200	71%	71%	-

\* 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 April 2019, of the above estimated enrolment, 24 000 employers, 677 700 employees and 14 100 SEPs were registered under the Industry Schemes.

#### Complaint Handling

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

4. In April 2019, 316 complaints were received by MPFA, of which 288 (91%) complaints were made against 214 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	288 (91%)
<i>Breakdown by subject matter of complaint ^</i>	
• <i>Involuntary change from “employee” status to “SEP” status</i>	4
• <i>Non-enrolment in MPF Schemes</i>	126
• <i>Default contribution</i>	278
• <i>Others (e.g. no contribution records)</i>	13
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	28 (9%)

<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 April 2019, the LD received 35 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.
6. Of the 269 complaints received from 1 January 2019 to 30 April 2019:
  - (a) 13 cases (5%) were resolved after conciliation or advice given;
  - (b) 168 cases (63%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
  - (c) 28 cases (10%) where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
  - (d) 60 cases (22%) 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 April 2019 are summarized below:

(a) Prosecution

Number of summonses applied*	50	
• <i>Non-enrolment of employees</i>	3	(6%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	1	(2%)
• <i>Default contribution</i>	46	(92%)
• <i>False statement</i>	0	(-)
• <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	19 100
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	62
- Number of employees involved	193

(d) Submission to the District Court

- Number of cases submitted	2
- Number of employees involved	25

(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	7
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(g) Proactive Inspections

- Number of employment establishments visited	134
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\* Percentages may not sum up to 100% due to rounding.

## **Education and Publicity**

9. With the implementation of the Tax Deductible Voluntary Contributions (TVC) on 1 April 2019, MPFA launched a series of publicity campaign, including a dedicated webpage, an infographic video and placement of advertisements in various media channels, to educate members of the public on the key features of TVC and the use of this tax incentive measure for boosting their retirement savings. The MPFA Chairman also published a monthly blog on TVC on 7 April 2019. The blog post attracted extensive and positive coverage in the media.

10. The MPFA also launched the application and nomination for the Good MPF Employer Award (GMEA) 2018-19 on 1 April 2019. The annual GMEA event aims to promote and foster employers' compliance with the MPF legislation, encourage employers to provide better retirement benefits for their employees, and recognize employers who are exemplary in enhancing the retirement benefits of their employees. To mark the 5th anniversary of the Award, two new awards have been introduced this year, namely the "Good MPF Employer 5 Years" and the "MPF Excellent Employer". An award presentation ceremony would be held in October 2019 to give recognition to the awardees.

11. The MPFA has commenced a Request for Information exercise to invite interested parties with relevant experience to provide information in relation to the design and development of the eMPF Centralized Platform. A press release was issued on 28 March 2019 and numerous feature interviews with local, overseas and Mainland media have been arranged to introduce the project.

12. To further enhance transparency of fund information, MPFA held a press briefing on 29 April 2019 to demonstrate the features of a one-stop MPF Fund Platform. On the new platform, the components under the MPF funds' management fees, namely administration fee, trustee fee, custodian fee, sponsor fee and investment management fee, will be revealed to facilitate scheme members to make an informed choice to select value-for-money funds according to their personal needs.

13. To spread intended MPF messages at the community level, MPFA rolled out a round of outreach activities in collaboration with District Council Members in various districts. About a dozen of MPF talks/ enquiry counters with foci on MPF account and investment management as well as obligations of self-employed persons have been scheduled for March to June 2019.

14. An MPF talk in collaboration with a non-governmental organization, Shine Skill Centre (展亮技能發展中心) was arranged in the month which was part of the initiatives organized by Vocational Training Council to provide vocational training support to people with special needs. Basic MPF knowledge and features of Default Investment Strategy were introduced to the trainees who may join the workforce after training.

15. A regular employer talk was organized in the MPFA office with an aim to brief the employers, particularly the new ones, on MPF administration and relevant matters, including enrolling new employees in MPF schemes and making timely and accurate contributions, etc. A talk was also organized for workers in the cleaning industry to equip them with basic MPF knowledge.

16. A full array of educational activities and school-based programmes were 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. In the month, e-copies of youth booklet carrying information on the MPF System and MPF investment were also disseminated to more than 51 000 graduates of tertiary institutions.

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

Mandatory Provident Fund Schemes Authority  
May 2019