

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – May 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 31.5.2019	As at 30.4.2019	Change**	As at 31.5.2019	As at 30.4.2019	Change**
<b>Employers</b>	290 900	290 900	-	100%	100%	-
<b>Employees</b>	2 637 900	2 634 600	+ 3 300	100%	100%	-
<b>Self-Employed Persons (SEPs)</b>	211 800	210 000	+ 1 900	72%	71%	+ 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 May 2019, of the above estimated enrolment, 24 100 employers, 681 100 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 May 2019, 393 complaints were received by MPFA, of which 351 (89%) complaints were made against 223 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	351 (89%)
<i>Breakdown by subject matter of complaint ^</i>	
• <i>Involuntary change from “employee” status to “SEP” status</i>	7
• <i>Non-enrolment in MPF Schemes</i>	150
• <i>Default contribution</i>	336
• <i>Others (e.g. no contribution records)</i>	6
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	42 (11%)

<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 May 2019, the LD received 28 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

6. Of the 297 complaints received from 1 January 2019 to 31 May 2019:

- (a) 14 cases (5%) were resolved after conciliation or advice given;
- (b) 182 cases (61%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 28 cases (9%) where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 73 cases (25%) 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 May 2019 are summarized below:

(a) Prosecution

Number of summonses applied*	37	
• <i>Non-enrolment of employees</i>	1	(3%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	18	(49%)
• <i>False statement</i>	16	(43%)
• <i>Failure to comply with court order</i>	2	(5%)
• <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	20 100
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	76
- Number of employees involved	340

(d) Submission to the District Court

- Number of cases submitted	7
- Number of employees involved	217

(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	11
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(g) Proactive Inspections

- Number of employment establishments visited	125
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\* Percentages may not sum up to 100% due to rounding.

## **Education and Publicity**

9. The MPFA Chairman published a monthly blog on 5 May 2019 on the measures being taken by MPFA to enhance the transparency of MPF information which aims to promote market competition and create room for fee reduction. In the article, he introduced the one-stop MPF Fund Platform which was launched in late April 2019. MPF scheme members could use this platform, which discloses for the first time the main components of fund management fees, to make informed decisions in choosing funds. It is also envisaged that the new platform will leverage consumers' collective market power to drive fee reduction. To tie in with the launch of the MPF Fund Platform, a search engine marketing programme has been arranged to run from May to June 2019 to drive traffic to the new platform.

10. An animated video and a dedicated webpage on digital transformation were launched in May 2019 to promote the use of electronic tools (e-tools) offered by trustees amongst employers and human resources practitioners. They are part of MPFA's effort to create an ambience for digitalized and paperless MPF administration which is more efficient, reliable, convenient and environmental-friendly. The animated video highlights the benefits of using digital tools for MPF administration while the dedicated webpage offers a fast and easy access to the e-tools and services provided by trustees. The new publicity deliverables would be promoted through various channels such as MPFA's engagement activities as well as platforms of trustees and industry partners.

11. A continuing professional development seminar on the latest development of the MPF System was conducted on 27 May 2019 for members of the Hong Kong Institute of Certified Public Accountants. In addition, two talks were arranged for the Hong Kong Institute of Construction and the Hong Kong Cleaning Association to equip the participants with Industry Schemes and basic MPF knowledge respectively.

12. As part of the self-employed person (SEP) awareness campaign, MPFA participated in an outreach activity at a handicraft market on 25 May 2019. SEP flyers and souvenirs were given to the participating self-employed handicraftsmen in the market. They were also briefed on the MPF obligation of SEP.

13. Twenty-five sessions of in-company retirement planning workshop targeting scheme members have been planned for 2019-20. Two sessions were conducted in May 2019 to provide them with practical tips on retirement planning and MPF investment.

14. 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.

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

Mandatory Provident Fund Schemes Authority  
June 2019