

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – June 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 30.6.2019	As at 31.5.2019	Change**	As at 30.6.2019	As at 31.5.2019	Change**
Employers	290 800	290 900	- 100	100%	100%	-
Employees	2 639 000	2 637 900	+ 1 100	100%	100%	-
Self-Employed Persons (SEPs)	213 500	211 800	+ 1 700	73%	72%	+ 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 June 2019, of the above estimated enrolment, 24 100 employers, 684 800 employees and 14 000 SEPs were registered under the Industry Schemes.

Complaint Handling

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

4. In June 2019, 313 complaints were received by MPFA, of which 286 (91%) complaints were made against 197 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	286 (91%)
<i>Breakdown by subject matter of complaint ^</i>	
• <i>Involuntary change from “employee” status to “SEP” status</i>	<i>1</i>
• <i>Non-enrolment in MPF Schemes</i>	<i>111</i>
• <i>Default contribution</i>	<i>274</i>
• <i>Others (e.g. no contribution records)</i>	<i>7</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	27 (9%)

[^] 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 June 2019, the LD received 36 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

6. Of the 333 complaints received from 1 January 2019 to 30 June 2019:

- (a) 21 cases (6%) were resolved after conciliation or advice given;
- (b) 195 cases (59%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 29 cases (9%) where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 88 cases (26%) 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 June 2019 are summarized below:

(a) Prosecution

Number of summonses applied*	25	
• <i>Non-enrolment of employees</i>	1	(4%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	19	(76%)
• <i>False statement</i>	5	(20%)
• <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	20 400
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	28
- Number of employees involved	113

(d) Submission to the District Court

- Number of cases submitted	9
- Number of employees involved	515

(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	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 2 June 2019 on the role of employers in protecting the retirement benefit of employees. In the blog, he highlighted that employers in Hong Kong face daunting challenges of attracting and retaining talents in light of the current labour market. Employers, however, can attract talents through the offering of additional retirement benefits on top of statutory basic requirements. He pointed out that the MPF System, being an important pillar of retirement protection in Hong Kong, is designed as an employment-based, privately managed and fully funded mandatory contribution system. Employers play a pivotal role in employees' retirement protection. To recognize model employers for making extra efforts in employees' retirement protection, the Good MPF Employer Award organized by MPFA since 2015 has commended over 1 400 employers who are exemplary in enhancing the retirement benefits for their employees. He called upon employers to apply for the Award and encouraged employees to nominate their employers.

10. As part of the initiatives under an awareness campaign targeting self-employed persons (SEP), MPFA and a co-working space operator jointly organized an MPF Enquiry Day for SEP on 18 June 2019. On-site enquiry, personal account checking and online personal account registration services were provided, together with a briefing on encouraging SEP enrolment and contributions for their retirement protection.

11. In the month, MPF talks on Tax Deductible Voluntary Contributions were provided for different groups of stakeholders. Outreach activities collaborated with various District Council members continued in June 2019. Five talks and enquiry counters were held in different districts with an aim to deliver messages in relation to MPF investment and latest initiatives.

12. To encourage active use of the retirement planning mobile application (app) “樂享退休 GPS” by current users and to attract new users, a new phase of a six-month loyalty programme was launched in mid-June 2019. The app helps MPF scheme members better manage their MPF and other retirement investments. It also encourages them to make use of the MPFA's online tools to make plans for their retirement. Online publicity has been arranged to promote the app and messages on retirement investment from July to September 2019.

13. The MPFA continues to arrange a series of in-company retirement planning workshops which enable direct engagement with “keen-to-know” scheme members and provide them with practical tips for retirement planning and MPF investment. Four workshops for 2019-20 have been held so far including two conducted in June 2019.

14. To enhance the knowledge of MPF rights and obligations of young scheme members, an MPF talk in collaboration with Youth Employment Start of the Labour Department was arranged in the month.

15. 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.

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

Mandatory Provident Fund Schemes Authority
July 2019