

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – July 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 31.7.2019	As at 30.6.2019	Change**	As at 31.7.2019	As at 30.6.2019	Change**
Employers	290 800	290 800	-	100%	100%	-
Employees	2 639 100	2 639 000	+ 100	100%	100%	-
Self-Employed Persons (SEPs)	214 500	213 500	+ 1 000	73%	73%	-

* 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 July 2019, of the above estimated enrolment, 24 200 employers, 685 400 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 July 2019, 324 complaints were received by MPFA, of which 301 (93%) complaints were made against 225 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	301 (93%)
<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>126</i>
• <i>Default contribution</i>	<i>290</i>
• <i>Others (e.g. no contribution records)</i>	<i>10</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	23 (7%)

[^] 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 July 2019, the LD received 24 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

6. Of the 357 complaints received from 1 January 2019 to 31 July 2019:

- (a) 34 cases (10%) were resolved after conciliation or advice given;
- (b) 217 cases (61%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 29 cases (8%) where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 77 cases (21%) 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 July 2019 are summarized below:

(a) Prosecution

Number of summonses applied*	52	
• <i>Non-enrolment of employees</i>	5	(10%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	46	(88%)
• <i>False statement</i>	1	(2%)
• <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	23 300
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	79
- Number of employees involved	332

(d) Submission to the District Court

- Number of cases submitted	10
- Number of employees involved	823

(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	5
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(g) Proactive Inspections

- Number of employment establishments visited	130
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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 7 July 2019 on the MPFA's efforts in enhancing the professionalism of the MPF industry with a view to creating added values to scheme members. In the blog, he stated that the number of MPF accounts had risen to almost 10 million at the end of 2018, and the total MPF assets rose from \$15.7 billion during the inception of the System to close to \$900 billion. Three major types of service providers, trustees, investment managers and intermediaries, are duly performing their duties respectively to ensure the smooth operation of the MPF System. The role and responsibilities of MPF intermediaries are growing as the size of the MPF assets continues to increase. MPFA will continue to partner with the industry and upskill the intermediaries in various areas, including technical knowledge, governance and discipline, to ensure they could advance with times and tackle future challenges in the market.

10. To sustain the momentum of the awareness campaign aiming to promote the obligations of self-employed persons (SEP), an SEP talk in collaboration with the Hong Kong Dental Association for their new dental practitioners was held on 28 July 2019. During the talk, the role of MPF in retirement protection, four simple steps for SEP enrolment and Tax Deductible Voluntary Contributions (TVC) were introduced with a view to encouraging the participants, especially those who operate under self-employment terms, to make MPF contributions for retirement saving.

11. In the month, a few MPF talks focusing on TVC were provided to various audience groups in collaboration with different stakeholders.

12. Two regular employer talks were organized in the offices of MPFA to brief employers, particularly those newly established companies, on MPF administration and relevant matters, including their responsibilities in enrolling new employees in MPF schemes and tips on avoiding non-compliance, etc. A similar talk was also organized for members of the Hong Kong Institute of Human Resource Management.

13. To further educate scheme members on the impact of behavioural biases in retirement planning and promote ways to make proper decisions on MPF and retirement investment, a series of six advertorials (突破盲點 樂享退休) will be publicized on various online social media platforms from July to August 2019. A quiz game was launched on the MPFA Facebook Messenger bot in mid-July 2019 to augment the publicity impact of the advertorials.

14. MPFA continues to arrange a series of retirement planning workshops at the workplaces of companies which enable direct engagement with “keen-to-know” scheme members and provide them with practical tips for retirement planning and MPF investment. Seven workshops for 2019-20 have been held so far including three conducted in July 2019.

15. A full array of educational activities and school-based programmes were conducted during the month targeting students of secondary schools 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
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