

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – August 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 31.8.2019	As at 31.7.2019	Change**	As at 31.8.2019	As at 31.7.2019	Change**
Employers	291 000	290 800	+ 200	100%	100%	-
Employees	2 639 000	2 639 100	- 200	100%	100%	-
Self-Employed Persons (SEPs)	214 900	214 500	+ 400	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 August 2019, of the above estimated enrolment, 24 300 employers, 689 400 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 August 2019, 299 complaints were received by MPFA, of which 275 (92%) complaints were made against 186 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	275 (92%)
<i>Breakdown by subject matter of complaint ^</i>	
• <i>Involuntary change from “employee” status to “SEP” status</i>	0
• <i>Non-enrolment in MPF Schemes</i>	105
• <i>Default contribution</i>	272
• <i>Others (e.g. no contribution records)</i>	13
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	24 (8%)

[^] 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 August 2019, the LD received 27 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

6. Of the 384 complaints received from 1 January 2019 to 31 August 2019:

- (a) 49 cases (13%) were resolved after conciliation or advice given;
- (b) 234 cases (61%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 30 cases (8%) where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 71 cases (18%) 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 August 2019 are summarized below:

(a) Prosecution

Number of summonses applied*	52	
• <i>Non-enrolment of employees</i>	4	(8%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	40	(77%)
• <i>False statement</i>	8	(15%)
• <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	20 600
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	82
- Number of employees involved	556

(d) Submission to the District Court

- Number of cases submitted	11
- Number of employees involved	313

(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	17
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(g) Proactive Inspections

- Number of employment establishments visited	116
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* Percentages may not sum up to 100% due to rounding.

Education and Publicity

9. MPFA launched a new collaboration with a popular local online media portal. The new bi-weekly online column, titled “積金為未來”, aims to publicize useful information pertinent to retirement financial planning to the public.

10. During the month, a talk on MPF administration was conducted for employers and human resources personnel participating in a training course organized by a local business association. Separately, a talk was conducted each for The Family Planning Association of Hong Kong and The Hong Kong Federation of Trade Unions with a view to enhancing participants' understanding of MPF investment, especially Tax Deductible Voluntary Contributions as well as useful online tools provided by MPFA. A self-employed person (SEP) talk was held in collaboration with a non-government organization in the month to introduce four simple steps for SEP enrolment and the importance of retirement planning to the participants.

11. 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. Ten workshops for 2019-20 have been held so far including three conducted in August 2019.

12. An educational talk targeting students of tertiary institution was conducted during the month 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.

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

Mandatory Provident Fund Schemes Authority
September 2019