

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – September 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 30.9.2019	As at 31.8.2019	Change**	As at 30.9.2019	As at 31.8.2019	Change**
<b>Employers</b>	290 300	291 000	- 700	100%	100%	-
<b>Employees</b>	2 639 100	2 639 000	+ 100	100%	100%	-
<b>Self-Employed Persons (SEPs)</b>	215 300	214 900	+ 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 September 2019, of the above estimated enrolment, 24 400 employers, 693 000 employees and 13 900 SEPs were registered under the Industry Schemes.

#### Complaint Handling

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

4. In September 2019, 349 complaints were received by MPFA, of which 321 (92%) complaints were made against 208 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	321 (92%)
<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>	125
• <i>Default contribution</i>	312
• <i>Others (e.g. no contribution records)</i>	13
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	28 (8%)

<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 September 2019, the LD received 37 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

6. Of the 421 complaints received from 1 January 2019 to 30 September 2019:

- (a) 56 cases (13%) were resolved after conciliation or advice given;
- (b) 252 cases (60%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 33 cases (8%) where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 80 cases (19%) where the employees had lodged claims with the LD were awaiting conciliation result.

### **Enforcement**

7. 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 September 2019 are summarized below:

(a) Prosecution

Number of summonses applied*	87	
• <i>Non-enrolment of employees</i>	9	(10%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	73	(84%)
• <i>False statement</i>	4	(5%)
• <i>Failure to comply with court order</i>	1	(1%)
• <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	20 300
-------------------------------------------	--------

(c) Submission to the Small Claims Tribunal

- Number of cases submitted	73
- Number of employees involved	219

(d) Submission to the District Court

- Number of cases submitted	4
- Number of employees involved	60

(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	13
-----------------------------	----

(g) Proactive Inspections

- Number of employment establishments visited	143
-----------------------------------------------	-----

\* Percentages may not sum up to 100% due to rounding.

## **Education and Publicity**

9. The MPF Symposium 2019 titled “The eMPF Platform: A new digital era for the MPF” was held on 6 September 2019. The themes of the Symposium were on the roadmap and challenges of digital transformation of pension systems and the latest developments of the eMPF Platform. Speakers from local and overseas shared their experiences and views on digital transformation of pension fund administration and how innovation and fintech development would reshape the MPF System. The event attracted some 300 participants from the trustee community, financial institutions, regulatory bodies and IT companies.

10. MPFA launched an official fan page “積金局 MPFA” on Facebook to facilitate communication with members of the public, and to promote the services, latest news and corporate information of MPFA.

11. With a view to enhancing scheme members' knowledge on MPF account management and investment education, five talks were conducted for employees of the Government and the Baptist Oi Kwan Social Service in the month.

12. In the month, two sessions of employers' talk were organized for employers' representatives and recipients of Payment Notices for Outstanding MPF Contributions and Surcharge. The participants were briefed on points-to-note on MPF administration, surcharge on MPF contributions in default, enforcement actions and tips to avoid non-compliance of MPF requirements.

13. To drive traffic to the MPF Fund Platform and promote the newly launched mobile app version, a four-week search engine marketing campaign has been arranged for September to October 2019. Separately, a briefing on the latest initiatives to further enhance the transparency of MPF funds was held for The Hong Kong Federation of Trade Unions.

14. MPFA continues to organize 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. A total of 13 workshops for 2019-20 have been held so far including three conducted in September 2019.

15. Educational activities and school-based programmes were conducted 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.