

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – November 2018

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 30.11.2018	As at 31.10.2018	Change**	As at 30.11.2018	As at 31.10.2018	Change**
Employers	290 400	289 300	+ 1 100	100%	100%	-
Employees	2 624 100	2 624 200	-	100%	100%	-
Self-Employed Persons (SEPs)	207 700	207 600	+ 100	70%	70%	-

* 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 November 2018, of the above estimated enrolment, 23 700 employers, 658 600 employees and 14 400 SEPs were registered under the Industry Schemes.

Complaint Handling

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

4. In November 2018, 338 complaints were received by MPFA, of which 303 complaints were made against 209 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	303
<i>Breakdown by subject matter of complaint ^</i>	
<i>(Involuntary change from “employee” status to “SEP” status)</i>	<i>(4)</i>
<i>(Non-enrolment in MPF Schemes)</i>	<i>(121)</i>
<i>(Default contribution)</i>	<i>(285)</i>
<i>(Others (e.g. no contribution records))</i>	<i>(11)</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	35

[^] 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 November 2018, the LD received 47 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

6. Of the 233 complaints received from 1 January 2018 to 30 November 2018:

- (a) 73 cases were resolved after conciliation or advice given;
- (b) 88 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 7 cases where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 65 cases 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 November 2018 are summarized below:

(a) Prosecution

Number of summonses applied	40
<i>(Non-enrolment of employees)</i>	<i>(5)</i>
<i>(Non-enrolment (Employee / SEP dispute))</i>	<i>(0)</i>
<i>(Default contribution)</i>	<i>(27)</i>
<i>(False statement)</i>	<i>(7)</i>
<i>(Failure to comply with court order)</i>	<i>(1)</i>
<i>(Failure to comply with a lawful requirement made by MPFA in the course of exercising or performing its functions)</i>	<i>(0)</i>

(b) Contribution Surcharge

- Number of employers with notices issued	20 300
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	69
- Number of employees involved	218

(d) Submission to the District Court

- Number of cases submitted	4
- Number of employees involved	146

(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	4
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(g) Proactive Inspections

- Number of employment establishments visited	146
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Education and Publicity

9. In the light of market volatility in recent months, the MPFA held a press briefing in November 2018 to reiterate that the MPF is a long-term investment and scheme members should not be overly concerned about short-term market movements. The MPFA also took the opportunity to explain to the media the key factors that MPF scheme members should take into account when making investment decisions, making reference to the relevant data in the latest edition of the MPF Schemes Statistical Digest (as at September 2018).

10. The MPFA received a delegation from the Social Security Administration of Shenzhen Municipality on 27 November 2018, sharing with the delegates its regulatory experience and the latest developments of the MPF System. Meanwhile, talks were arranged for construction workers and trainees of the Construction Industry Council, cleansing and security workers of the Housing Authority, as well as representatives of employers to disseminate messages on MPF-related matters, including their rights and obligations respectively.

11. With a view to keeping sustainable efforts to educate the public on the concepts of retirement investment in a light-hearted manner and encourage them to manage their MPF accounts proactively, four sets of comics, created by four local illustrators, were published on various online media platforms from November to December 2018. A quiz game was launched on MPFA Facebook Messenger bot in end November 2018 to augment the publicity impact of the comics and to further promote usage of the bot.

12. The MPFA continues to arrange a series of in-company retirement planning workshops targeting “keen-to-know” scheme members to provide them with practical tips on retirement planning and MPF investment. Eighteen workshops were conducted in 2018-19 so far including two in November 2018.

13. A full array of educational activities and school-based programmes were also launched during the month to educate students at various levels 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.

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