

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – December 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 31.12.2018	As at 30.11.2018	Change**	As at 31.12.2018	As at 30.11.2018	Change**
Employers	290 500	290 400	+ 100	100%	100%	-
Employees	2 633 300	2 624 100	+ 9 200	100%	100%	-
Self-Employed Persons (SEPs)	207 800	207 700	+ 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 December 2018, of the above estimated enrolment, 23 700 employers, 664 000 employees and 14 300 SEPs were registered under the Industry Schemes (IS).

Complaint Handling

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

4. In December 2018, 341 complaints were received by MPFA, of which 313 (92%) complaints were made against 168 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	313 (92%)
<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>101</i>
• <i>Default contribution</i>	<i>307</i>
• <i>Others (e.g. no contribution records)</i>	<i>8</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	28 (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 December 2018, the LD received 71 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

6. Of the 304 complaints received from 1 January 2018 to 31 December 2018:

- (a) 76 cases (25%) were resolved after conciliation or advice given;
- (b) 134 cases (44%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 7 cases (2%) where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 87 cases (29%) 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 December 2018 are summarized below:

(a) Prosecution

Number of summonses applied	42	
• <i>Non-enrolment of employees</i>	5	(12%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	26	(62%)
• <i>False statement</i>	9	(21%)
• <i>Failure to comply with court order</i>	2	(5%)
• <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	19 700
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	52
- Number of employees involved	137

(d) Submission to the District Court

- Number of cases submitted	3
- Number of employees involved	185

(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	9
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(g) Proactive Inspections

- Number of employment establishments visited	186
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Education and Publicity

9. In December 2018, MPFA received three delegations from the Civil Service Bureau and Hong Kong and Macao Affairs Office of the State Council, Social Security Fund of Macao SAR, and China Securities Regulatory Commission respectively, sharing with the delegates/ representatives its regulatory experience and the latest developments of the MPF System.

10. As part of the IS thematic campaign, MPFA collaborated with labour unions of the construction and catering industries and the two IS trustees in organizing two dinner talks to promote casual employee accounts under the IS to the workers.

11. 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. Nineteen workshops had been conducted so far in 2018-19 including one in December 2018.

12. A pilot scheme of on-campus promotional activities targeting secondary school students, co-organized with the Education Bureau, was launched in November 2018. Apart from interactive games and information display, the activities are supplemented by a teaching kit to facilitate in-class teaching through which retirement planning and MPF can be incorporated in different subjects of the school curriculum. In addition, workshops on family financial management and retirement planning are organized for the parents with a view to equipping them with knowledge on the MPF System and MPF investment as well as retirement investment.

13. A full array of educational activities and school-based programmes were also 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.

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