

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – January 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 31.1.2019	As at 31.12.2018	Change**	As at 31.1.2019	As at 31.12.2018	Change**
Employers	290 800	290 500	+ 300	100%	100%	-
Employees	2 628 300	2 633 300	- 5 000	100%	100%	-
Self-Employed Persons (SEPs)	208 300	207 800	+ 500	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 January 2019, of the above estimated enrolment, 23 800 employers, 668 800 employees and 14 300 SEPs were registered under the Industry Schemes.

Complaint Handling

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

4. In January 2019, 463 complaints were received by MPFA, of which 427 (92%) complaints were made against 244 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	427 (92%)
<i>Breakdown by subject matter of complaint ^</i>	
• <i>Involuntary change from “employee” status to “SEP” status</i>	4
• <i>Non-enrolment in MPF Schemes</i>	152
• <i>Default contribution</i>	399
• <i>Others (e.g. no contribution records)</i>	13
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	36 (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 January 2019, the LD received 112 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

6. Of the 112 complaints received in January 2019:

- (a) 78 cases (70%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication; and
- (b) 34 cases (30%) 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 January 2019 are summarized below:

(a) Prosecution

Number of summonses applied*	85	
• <i>Non-enrolment of employees</i>	3	(4%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	67	(79%)
• <i>False statement</i>	15	(18%)
• <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	22 300
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	70
- Number of employees involved	256

(d) Submission to the District Court

- Number of cases submitted	9
- Number of employees involved	596

(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	201
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* Percentages may not sum up to 100% due to rounding.

Education and Publicity

9. Due to the Lunar New Year public holidays, there were only four working days for employers to complete the MPF contribution process in February 2019, making it the shortest “contribution period” since the inception of the MPF System in 2000. The MPFA hosted a media briefing on 15 January 2019 to remind employers to allow sufficient time to handle MPF contribution before the deadline.

10. The MPFA Chairman published a monthly blog on 6 January 2019 on MPFA’s continuous efforts in enhancing the governance level of trustees and further improving the MPF System to meet the changing needs of the society. These efforts include promoting a high standard of governance amongst trustees, increasing the transparency of fees, and enhancing the efficiency of MPF through the establishment of a centralized electronic platform.

11. In January 2019, MPFA launched a Self-employed Person (SEP) Thematic Awareness Campaign targeting the transportation industry. Advertisement was placed on 200 taxis reminding SEPs, in particular taxi drivers and other self-employed drivers in the transportation industry, to open SEP MPF accounts and make contributions for their retirement. In collaboration with relevant labour associations, MPFA organized an outreach activity to encourage taxi drivers to enrol in MPF schemes. Trustees were also invited to provide on-site SEP enrolment services for taxi drivers.

12. To sustain the momentum of the Industry Schemes (IS) Thematic Campaign, MPFA collaborated with a major construction labour union and the two IS trustees in organizing an outreach activity, visiting a construction site to distribute leaflets and souvenirs as well as conduct a lunch talk to promote casual employee accounts.

13. Separately, a regular MPFA’s Employer Talk was organized on 24 January 2019 in the MPFA office, with an aim to brief the employers, particularly the new ones, on MPF administration and relevant matters, including employers’ MPF responsibilities in enrolling new employees in MPF schemes, calculating and making timely monthly contributions, etc.

14. To 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 new promotional programme entitled “突破盲點・樂享退休”, which included an advertorial placement in the online media and a publication, was launched in January 2019. A series of six advertorials were developed for publishing on various online social media platforms progressively from January to February 2019.

15. 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. Twenty three workshops had been conducted so far in 2018-19 including four in January 2019.

16. Four “MPFA TV” (積金台) videos on MPF investment and retirement investment have been telecast on online and mobile media platforms since late January and until March 2019.

17. 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.

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

Mandatory Provident Fund Schemes Authority
February 2019