

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – April 2020

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 30.4.2020	As at 31.3.2020	Change**	As at 30.4.2020	As at 31.3.2020	Change**
Employers	291 000	290 700	+ 300	100%	100%	-
Employees	2 590 900	2 595 600	- 4 800	99%	99%	-
Self-Employed Persons (SEPs)	214 800	214 800	-	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 April 2020, of the above estimated enrolment, 24 700 employers, 705 000 employees and 13 500 SEPs were registered under the Industry Schemes.

Complaint Handling

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

4. In April 2020, 211 complaints were received by the MPFA, of which 171 (81%) complaints were made against 137 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	171 (81%)
<i>Breakdown by subject matter of complaint ^</i>	
• <i>Involuntary change from “employee” status to “SEP” status</i>	<i>0</i>
• <i>Non-enrolment in MPF Schemes</i>	<i>79</i>
• <i>Default contribution</i>	<i>164</i>
• <i>Others (e.g. no contribution records)</i>	<i>2</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	40 (19%)

[^] 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.

5. During the COVID-19 outbreak, the MPFA continued to accept complaints lodged through email or its hotline in April 2020, and investigation and follow-up actions on complaints remained largely normal.

Complaints received by the Labour Department (LD)

6. In April 2020, the LD received 30 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

7. Of the 125 complaints received from 1 January 2020 to 30 April 2020:

- (a) 4 cases (3%) were resolved after conciliation or advice given;
- (b) 51 cases (41%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 0 case (0%) where the employer was insolvent was referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 70 cases (56%) where the employees had lodged claims with the LD were awaiting conciliation result.

Enforcement

8. 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.

9. Enforcement actions taken by the MPFA in April 2020 are summarized below:

(a) Prosecution

Number of summonses applied*	40	
• <i>Non-enrolment of employees</i>	2	(5%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	21	(53%)
• <i>False statement</i>	16	(40%)
• <i>Failure to comply with court order</i>	1	(3%)
• <i>Failure to comply with a lawful requirement made by the MPFA in the course of exercising or performing its functions</i>	0	(-)

(b) Contribution Surcharge

- Number of employers with notices issued	22 000
---	--------

(c) Submission to the Small Claims Tribunal

- Number of cases submitted	0
- Number of employees involved	0

(d) Submission to the District Court

- Number of cases submitted	1
- Number of employees involved	15

(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	6
-----------------------------	---

(g) Proactive Inspections

- Number of employment establishments visited	3
---	---

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

Education and Publicity

10. MPFA Chairman published a monthly blog post on 5 April 2020, advising scheme members to remain calm and try not to time the market in the face of the recent market volatility and the adverse economic impact of the COVID-19 pandemic. He stressed that despite the many challenges faced by the MPF System over the past 20 years, the System has continued to see steady long-term growth. Scheme members are advised to take a long-term view of their investment strategy. He reminded scheme members who are approaching retirement to be particularly cautious in choosing MPF funds with higher risks. They may also consider withdrawing their benefits by instalments or keeping their benefits in the MPF System for continued investment if the situation is not favourable.

11. The MPFA has started inviting applications for the Good MPF Employer Award 2019-20 (the Award) from 1 April 2020 to 30 June 2020. The Award is an annual programme which aims to recognize employers who are compliant with the MPF legislation and provide their employees with extra retirement benefits. Two new award items will be introduced this year. Companies or organizations that have been awarded the Good MPF Employer Award for six consecutive years will receive the Good MPF Employer 6 Years Award. Moreover, companies or organizations which have been awarded the Good MPF Employer 6 Years Award and have fulfilled all the following criteria, namely, offered more than one MPF scheme for employees to choose from, offered MPF voluntary contributions for selected or all of their employees, received the e-Contribution Award, and received the MPF Support Award, will be honoured as Best All-round MPF Employer.

12. With a view to educating the public about the impact of behavioural biases on retirement investment, a new video series consisting of four animated videos was recently produced. The series, titled “Unravelling Investment Biases on Retirement Investment”, was written in a light-hearted manner aiming to encourage scheme members to manage their MPF proactively. Publicity of the animated videos was rolled out on various online platforms from 27 April 2020.

13. A sharing session was delivered by the MPFA to the fintech and cybersecurity companies in the Hong Kong Science and Technology Park to apprise them of the latest initiatives of digital transformation of the MPF System being spearheaded by the MPFA and the latest development of the eMPF Platform project.

14. In the month, e-copies of youth booklet on the MPF System and MPF investment were disseminated to more than 400 secondary schools and over 40 000 graduates of tertiary institutions to enhance their understanding of the importance of early retirement planning and key features of the MPF System.

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

Mandatory Provident Fund Schemes Authority
May 2020