

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – May 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 31.5.2020	As at 30.4.2020	Change**	As at 31.5.2020	As at 30.4.2020	Change**
Employers	292 900	291 000	+ 1 900	100%	100%	-
Employees	2 593 200	2 590 900	+ 2 300	99%	99%	-
Self-Employed Persons (SEPs)	215 900	214 800	+ 1 100	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 May 2020, of the above estimated enrolment, 24 800 employers, 705 700 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 May 2020, 451 complaints were received by the MPFA, of which 394 (87%) complaints were made against 264 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	394 (87%)
<i>Breakdown by subject matter of complaint ^</i>	
• <i>Involuntary change from “employee” status to “SEP” status</i>	2
• <i>Non-enrolment in MPF Schemes</i>	154
• <i>Default contribution</i>	375
• <i>Others (e.g. no contribution records)</i>	19
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	57 (13%)

[^] *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 May 2020, the LD received 49 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.
6. Of the 174 complaints received from 1 January 2020 to 31 May 2020:
 - (a) 7 cases (4%) were resolved after conciliation or advice given;
 - (b) 66 cases (38%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
 - (c) 1 case (1%) where the employer was insolvent was referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
 - (d) 100 cases (57%) 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 the MPFA in May 2020 are summarized below:

(a) Prosecution

Number of summonses applied*	50	
• <i>Non-enrolment of employees</i>	1	(2%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	34	(68%)
• <i>False statement</i>	10	(20%)
• <i>Failure to comply with court order</i>	5	(10%)
• <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	23 000
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	31
- Number of employees involved	332

(d) Submission to the District Court

- Number of cases submitted	14
- Number of employees involved	344

(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	10
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(g) Proactive Inspections

- Number of employment establishments visited	11
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* Percentages may not sum up to 100% due to rounding.

Education and Publicity

9. MPFA Chairman published a monthly blog on 3 May 2020, advising employers to apply for the Employment Support Scheme under the second round of the Anti-epidemic Fund announced by the Government in early April 2020 to retain employees and safeguard their livelihood during the current economic downturn. He appealed to all employers and employees for their solidarity to work together to overcome the challenges so as to provide impetus to the recovery of the economy.

10. The MPFA took the occasion of the Labour Day on 1 May 2020 to roll out a new Employees' Handbook on MPF (the Handbook) as a practical guide to introduce the main features of MPF from the perspective of employees and self-employed persons (SEPs). The Handbook covers a wide variety of themes and topics, and uses lively illustrations specially designed for specific situations. The Handbook also addresses common issues that employees and SEPs may have in workplaces, enabling them to have a better understanding of their MPF rights and obligations and the key to manage MPF.

11. To encourage MPF scheme members to better manage their MPF and retirement plan, the mobile application “樂享退休 GPS” (the App) was revamped and relaunched in April 2020 with enhanced functions and streamlined interface. A new loyalty programme was rolled out to retain the existing users while attracting new users. Online publicity has been arranged to promote the App from May to December 2020.

12. The new animated video series titled “Unravelling Investment Biases on Retirement Investment”, which aims at encouraging scheme members to manage their MPF proactively and educating them about the impact of behavioural biases on retirement investment, were launched on various online social media platforms from April to May 2020. A quiz game was launched on the Messenger Bot of the MPF Investment Education Facebook Page “Workplace Incredibles” in May 2020 to augment the publicity impact of the videos and to further promote usage of the Bot.

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