

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – June 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 30.6.2020	As at 31.5.2020	Change**	As at 30.6.2020	As at 31.5.2020	Change**
Employers	298 400	292 900	+ 5 500	100%	100%	-
Employees	2 617 400	2 593 200	+ 24 200	100%	99%	+ 1%
Self-Employed Persons (SEPs)	218 400	215 900	+ 2 500	74%	73%	+ 1%

* 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. It is noted that the above enrolments all registered exceptional increases, probably due to the Government’s earlier launch of the Employment Support Scheme which made MPF enrolment a pre-requisite for getting subsidies under the Scheme.

4. As at end June 2020, of the above estimated enrolments, 25 000 employers, 706 700 employees and 13 400 SEPs were registered under the Industry Schemes.

Complaint Handling

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

5. In June 2020, 449 complaints were received by the MPFA, of which 346 (77%) complaints were made against 243 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	346 (77%)
<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>133</i>
• <i>Default contribution</i>	<i>320</i>
• <i>Others (e.g. no contribution records)</i>	<i>13</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	103 (23%)

[^] *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)

6. In June 2020, the LD received 46 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

7. Of the 220 complaints received from 1 January 2020 to 30 June 2020:

- (a) 20 cases (9%) were resolved after conciliation or advice given;
- (b) 90 cases (41%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 3 cases (1%) where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 107 cases (49%) 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 June 2020 are summarized below:

(a) Prosecution

Number of summonses applied*	66	
• <i>Non-enrolment of employees</i>	4	(6%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	41	(62%)
• <i>False statement</i>	17	(26%)
• <i>Failure to comply with court order</i>	4	(6%)
• <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	25 700
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	110
- Number of employees involved	655

(d) Submission to the District Court

- Number of cases submitted	3
- Number of employees involved	37

(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	145
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* Percentages may not sum up to 100% due to rounding.

Education and Publicity

10. MPFA Chairman published his monthly blog post on 7 June 2020, introducing new initiatives to enhance the MPF System with a view to strengthening the retirement protection of scheme members. He mentioned that in early April 2020, the MPFA issued to the MPF industry a new guideline on the development of investment solutions for scheme members in both the contribution and withdrawal phases under the framework of the MPF System. It is expected that new products will be launched in the market by the end of this year. Meanwhile, the MPFA has also been making ongoing efforts to improve MPF product choices, including expanding the asset allocation and markets for Real Estate Investment Trusts.

11. To gauge the views of key stakeholders on the legislative amendments related to the implementation of the eMPF Platform, the MPFA has arranged consultation sessions with relevant stakeholders, including chambers of commerce, employers and human resources organizations, labour unions, professional, industry and SEP bodies in June and July 2020.

12. A new burst of publicity on Default Investment Strategy (DIS) was rolled out in early June 2020 to further enhance the awareness and deepen the understanding of DIS among MPF scheme members. The video was created in the setting of a traditional Chinese clinic where a doctor diagnosed three “patients” with typical issues in MPF investment, namely, too busy to deal with MPF investment; procrastinating when faced with MPF fund choices; and having little knowledge of MPF investment. DIS was presented in the video as the handy solution to tackle those common issues amongst MPF scheme members. The video is being broadcast on MPFA’s social media platforms and various online media.

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