

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – July 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 31.7.2020	As at 30.6.2020	Change**	As at 31.7.2020	As at 30.6.2020	Change**
Employers	303 200	298 400	+ 4 800	100%	100%	-
Employees	2 638 900	2 617 400	+ 21 500	100%	100%	-
Self-Employed Persons (SEPs)	221 100	218 400	+ 2 800	75%	74%	+ 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 in July again all registered exceptional increases, similar to the situation in June. Such increases are very likely triggered by 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 July 2020, of the above estimated enrolment, 25 200 employers, 708 600 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 July 2020, 294 complaints were received by the MPFA, of which 241 (82%) complaints were made against 183 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	241 (82%)
<i>Breakdown by subject matter of complaint ^</i>	
• <i>Involuntary change from “employee” status to “SEP” status</i>	0
• <i>Non-enrolment in MPF Schemes</i>	95
• <i>Default contribution</i>	226
• <i>Others (e.g. no contribution records)</i>	11
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	53 (18%)

[^] *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 July 2020, the LD received 25 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

7. Of the 245 complaints received from 1 January 2020 to 31 July 2020:

- (a) 27 cases (11%) were resolved after conciliation or advice given;
- (b) 101 cases (41%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 4 cases (2%) where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 113 cases (46%) 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 July 2020 are summarized below:

(a) Prosecution

Number of summonses applied*	70	
• <i>Non-enrolment of employees</i>	3	(4%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	49	(70%)
• <i>False statement</i>	18	(26%)
• <i>Failure to comply with court order</i>	0	(-)
• <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	26 700
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	70
- Number of employees involved	288

(d) Submission to the District Court

- Number of cases submitted	4
- Number of employees involved	76

(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	3
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(g) Proactive Inspections

- Number of employment establishments visited	59
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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 5 July 2020 on the unstoppable trend of digital transformation. The COVID-19 pandemic has significantly changed the way people use digital tools. Following the continuous efforts by the MPFA and the MPF industry to promote digital transformation, the behaviour and habits of employers and employees in handling MPF matters have gradually changed. It is envisaged that digital MPF management would become the new normal in the future. He also said that the goal of setting up the eMPF Platform is to achieve a 90% digital take-up rate within five years after its implementation, signifying the adoption of paperless operations of the MPF System which will create multiple benefits to employees, employers, the MPF industry and the MPFA, ultimately achieving the dual goal of cost and waste reduction.

11. To gauge the views of key stakeholders on the proposed legislative amendments related to the implementation of the eMPF Platform, the MPFA arranged a series of consultation sessions with relevant stakeholders in July 2020.

12. A talk on MPF with a specific focus on the Industry Schemes was arranged for trainees of a training course offered by the Hong Kong Institute of Construction who would become labour relations officers after graduation.

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

Mandatory Provident Fund Schemes Authority
August 2020