

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – August 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 31.8.2020	As at 31.7.2020	Change**	As at 31.8.2020	As at 31.7.2020	Change**
Employers	304 800	303 200	+ 1 600	100%	100%	-
Employees	2 662 300	2 638 900	+ 23 500	100%	100%	-
Self-Employed Persons (SEPs)	224 100	221 100	+ 3 000	76%	75%	+ 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 August again all registered exceptional increases, similar to the situations in June and July. In fact, this phenomenon has appeared since June 2020. 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 August 2020, of the above estimated enrolment, 25 300 employers, 710 600 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 August 2020, 241 complaints were received by the MPFA, of which 179 (74%) complaints were made against 123 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	179 (74%)
<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>	68
• <i>Default contribution</i>	161
• <i>Others (e.g. no contribution records)</i>	13
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	62 (26%)

[^] 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 August 2020, the LD received 14 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.
7. Of the 259 complaints received from 1 January 2020 to 31 August 2020:
 - (a) 43 cases (17%) were resolved after conciliation or advice given;
 - (b) 118 cases (45%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
 - (c) 5 cases (2%) where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
 - (d) 93 cases (36%) 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 August 2020 are summarized below:

(a) Prosecution

Number of summonses applied*	94	
• <i>Non-enrolment of employees</i>	2	(2%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	77	(82%)
• <i>False statement</i>	15	(16%)
• <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	26 100
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	90
- Number of employees involved	374

(d) Submission to the District Court

- Number of cases submitted	8
- Number of employees involved	634

(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	4
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(g) Proactive Inspections

- Number of employment establishments visited	19
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* Percentages may not sum up to 100% due to rounding.

Education and Publicity

10. In August 2020, MPFA Deputy Chairman and Managing Director Ms Alice Law met the media to share the major work plans in the second half of 2020 including the development of the eMPF Platform, digital transformation amongst scheme members, employers, self-employed persons and the MPF industry as well as the roadmap of expanding the investment universe of MPF products.

11. The MPF Investment Education Facebook Page “Workplace Incredibles” conducted a 30-minute live-stream talk with netizens on 25 August 2020 on useful and practical tips to manage MPF investment and retirement planning under the current volatile market environment. The speaker, an experienced Certified Financial Planner, interacted simultaneously with the audience and answered their questions.

12. The MPFA is committed to enhancing scheme members’ understanding of the MPF System through various channels, including contributed articles on print and electronic media. In August 2020, various topics were covered including better use of digital tools for scheme members to manage MPF, the concepts of compounding effect and dollar-cost averaging and timely MPF contributions under the COVID-19 situation.

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

Mandatory Provident Fund Schemes Authority
September 2020