

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – October 2019

#### 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 31.10.2019	As at 30.9.2019	Change**	As at 31.10.2019	As at 30.9.2019	Change**
<b>Employers</b>	289 900	290 300	- 400	100%	100%	-
<b>Employees</b>	2 639 200	2 639 100	+ 100	100%	100%	-
<b>Self-Employed Persons (SEPs)</b>	215 700	215 300	+ 400	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 October 2019, of the above estimated enrolment, 24 400 employers, 696 000 employees and 13 900 SEPs were registered under the Industry Schemes.

#### Complaint Handling

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

4. In October 2019, 306 complaints were received by MPFA, of which 285 (93%) complaints were made against 214 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	285 (93%)
<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>	118
• <i>Default contribution</i>	275
• <i>Others (e.g. no contribution records)</i>	12
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	21 (7%)

<sup>^</sup> 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 October 2019, the LD received 50 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

6. Of the 471 complaints received from 1 January 2019 to 31 October 2019:

- (a) 70 cases (15%) were resolved after conciliation or advice given;
- (b) 281 cases (60%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 33 cases (7%) where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 87 cases (18%) where the employees had lodged claims with the LD were awaiting conciliation result.

### **Enforcement**

7. 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 MPFA in October 2019 are summarized below:

(a) Prosecution

Number of summonses applied*	46	
• <i>Non-enrolment of employees</i>	3	(7%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	1	(2%)
• <i>Default contribution</i>	33	(72%)
• <i>False statement</i>	5	(11%)
• <i>Failure to comply with court order</i>	4	(9%)
• <i>Failure to comply with a lawful requirement made by MPFA in the course of exercising or performing its functions</i>	0	(-)

(b) Contribution Surcharge

- Number of employers with notices issued	20 900
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	91
- Number of employees involved	436

(d) Submission to the District Court

- Number of cases submitted	5
- Number of employees involved	263

(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	8
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(g) Proactive Inspections

- Number of employment establishments visited	144
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\* Percentages may not sum up to 100% due to rounding.

## **Education and Publicity**

9. The 5th annual Good MPF Employer Award 2018-19 was concluded with a total of 1 385 employers receiving the Award. An award presentation ceremony was held on 9 October 2019 and attended by some 500 guests. As a highlight of the ceremony, two awardees shared their first-hand experience in using digital services which had greatly improved the efficiency of their operation. An exhibition was held at the venue of the ceremony to introduce the benefits of using MPF digital tools offered by MPF trustees and the key features of the eMPF Platform.

10. With a view to enhancing scheme members' knowledge on MPF account management and investment education, two talks were conducted for civil servants in October 2019. Two briefing sessions were also held for two major labour unions introducing MPFA's initiatives (including online dashboard and standardized landing page on Annual Benefit Statement) to enhance transparency and readability of account information of scheme members. Meanwhile, two talks on Industry Schemes were arranged for labour relations officers who studied the course offered by Hong Kong Institute of Construction.

11. MPFA continued the retirement planning workshops in companies which enable direct engagement with “keen-to-know” scheme members and shared with them practical tips for retirement planning and MPF investment. A total of 15 workshops for 2019-20 have been held so far, including two conducted in October 2019. Moreover, one workshop was organized for the fans of our Facebook page “全積特攻” on 19 October 2019.

12. A full array of educational activities and school-based programmes were launched during the month targeting students of secondary schools and tertiary institutions so as to enhance their understanding of the MPF System and MPF investment as well as the concept of retirement investment, with a view to enhancing their compliance with the legislative requirements in the long run.

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