

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – November 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 30.11.2019	As at 31.10.2019	Change**	As at 30.11.2019	As at 31.10.2019	Change**
Employers	290 200	289 900	+ 300	100%	100%	-
Employees	2 639 200	2 639 200	-	100%	100%	-
Self-Employed Persons (SEPs)	215 600	215 700	- 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 November 2019, of the above estimated enrolment, 24 500 employers, 698 800 employees and 13 800 SEPs were registered under the Industry Schemes.

Complaint Handling

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

4. In November 2019, 246 complaints were received by the MPFA, of which 220 (89%) complaints were made against 172 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	220 (89%)
<i>Breakdown by subject matter of complaint ^</i>	
• <i>Involuntary change from “employee” status to “SEP” status</i>	<i>1</i>
• <i>Non-enrolment in MPF Schemes</i>	<i>86</i>
• <i>Default contribution</i>	<i>215</i>
• <i>Others (e.g. no contribution records)</i>	<i>6</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	26 (11%)

[^] 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 November 2019, the LD received 36 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

6. Of the 507 complaints received from 1 January 2019 to 30 November 2019:

- (a) 81 cases (16%) were resolved after conciliation or advice given;
- (b) 310 cases (61%) 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) 83 cases (16%) 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 November 2019 are summarized below:

(a) Prosecution

Number of summonses applied*	70	
• <i>Non-enrolment of employees</i>	5	(7%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	55	(79%)
• <i>False statement</i>	3	(4%)
• <i>Failure to comply with court order</i>	7	(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	22 700
-------------------------------------------	--------

(c) Submission to the Small Claims Tribunal

- Number of cases submitted	86
- Number of employees involved	295

(d) Submission to the District Court

- Number of cases submitted	10
- Number of employees involved	739

(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
-----------------------------	---

(g) Proactive Inspections

- Number of employment establishments visited	60
-----------------------------------------------	----

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

Education and Publicity

9. On 26-27 November 2019, a two-day event titled “MPF e-Tools Experience Day” targeting employers and human resources (HR) practitioners was held. It was co-organized by the MPFA and the Environmental Protection Department, with the support of the Hong Kong Institute of Human Resource Management, the Hong Kong Trustees’ Association, and the Pension Schemes Association. An MPF Pavilion, featuring exhibition booths set up by MPF trustees and sponsors, was staged allowing participants to experience the efficiency of digital tools and services in processing HR and MPF-related tasks. The MPFA took the opportunity to introduce the key features and the latest development of the eMPF Platform. Concurrently, two speaking sessions by MPFA representatives were held to introduce the benefits of handling MPF administration work electronically, plus the key features of the eMPF Platform and its latest development.

10. The MPFA Chairman published a monthly blog on 3 November 2019, highlighting that many businesses treasured the support of their employees even in the current difficult market environment. They offered additional MPF contributions to their employees to enhance their retirement protection which would help instil a sense of belonging among them. In the face of uncertainties in the market, MPF scheme members were reminded to diversify their retirement investment portfolio rather than overly relying on funds invested in a single market or region, or might as well consider the Default Investment Strategy which adopted a diversified investment approach.

11. In November 2019, two sessions of employers’ talk were organized for employers’ representatives and recipients of Payment Notices for Outstanding MPF Contributions and Surcharge. Participants were briefed on points-to-note on MPF administration, surcharge on MPF contributions in default, enforcement actions and tips to avoid non-compliance of MPF requirements. We also briefed cleansing workers and representatives of their employers in a talk organized by the Hong Kong Cleaning Association to disseminate messages on MPF-related matters, including employees’ rights and employers’ obligations. In the month, we received a delegation from the China Securities Regulatory Commission, and briefed the delegates on an overview of the MPF System and MPFA's supervision and enforcement work.

12. The 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 17 workshops for 2019-20 have been held so far, including one conducted in November 2019.

13. 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.

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

Mandatory Provident Fund Schemes Authority
December 2019