

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – December 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 31.12.2019	As at 30.11.2019	Change**	As at 31.12.2019	As at 30.11.2019	Change**
<b>Employers</b>	290 400	290 200	+ 200	100%	100%	-
<b>Employees</b>	2 631 400	2 639 200	- 7 800	100%	100%	-
<b>Self-Employed Persons (SEPs)</b>	215 500	215 600	- 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 December 2019, of the above estimated enrolment, 24 600 employers, 701 200 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 December 2019, 264 complaints were received by the MPFA, of which 246 (93%) complaints were made against 171 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	246 (93%)
<i>Breakdown by subject matter of complaint ^</i>	
• <i>Involuntary change from “employee” status to “SEP” status</i>	2
• <i>Non-enrolment in MPF Schemes</i>	87
• <i>Default contribution</i>	230
• <i>Others (e.g. no contribution records)</i>	5
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	18 (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 December 2019, the LD received 34 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

6. Of the 541 complaints received from 1 January 2019 to 31 December 2019:

- (a) 96 cases (18%) were resolved after conciliation or advice given;
- (b) 329 cases (61%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 34 cases (6%) where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 82 cases (15%) 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 December 2019 are summarized below:

(a) Prosecution

Number of summonses applied*	57	
• <i>Non-enrolment of employees</i>	3	(5%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	37	(65%)
• <i>False statement</i>	10	(18%)
• <i>Failure to comply with court order</i>	7	(12%)
• <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	21 300
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	59
- Number of employees involved	313

(d) Submission to the District Court

- Number of cases submitted	1
- Number of employees involved	7

(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	7
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(g) Proactive Inspections

- Number of employment establishments visited	184
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\* Percentages may not sum up to 100% due to rounding.

## **Education and Publicity**

9. In his monthly blog on 1 December 2019, the MPFA Chairman highlighted the development of the eMPF Platform as the most important reform initiative since the establishment of the MPF System in 2000. Through standardizing, streamlining and automating the administration processes, the eMPF reform initiative is set to make the future MPF scheme administration faster, simpler, better and cheaper, benefiting employees, employers, the MPF industry, and the MPFA itself. He also mentioned the recent approval by the governing members of the International Organisation of Pension Supervisors (IOPS) for the MPFA to join its Executive Committee, keeping the MPFA abreast of the latest international industry trends on the regulatory framework of pension systems around the world.

10. The MPFA commenced the Request for Proposal (RFP) exercise for the eMPF Platform project on 9 December 2019 which will last until 9 April 2020. A number of media interviews and sharing sessions with the MPF and Fintech industries were also held on the latest development of the eMPF Platform and the key features of RFP exercise.

11. A stakeholder engagement exercise was carried out from October to December 2019 to solicit views from the potential users of the eMPF Platform including employers, employees, human resources professionals and relevant industry practitioners. Over 100 pieces of views and suggestions were gathered through focus group meetings, interviews and questionnaires concerning user experience and expectations on the functionalities and features of the eMPF Platform. They have been incorporated in the RFP package where appropriate.

12. In December 2019, a talk was organized for employers' representatives and recipients of Payment Notices for Outstanding MPF Contributions and Surcharge. Participants were briefed on MPFA's enforcement policy against default contributions and tips to avoid non-compliance of MPF requirements. In addition, two talks were conducted for the Hong Kong Institute of Construction and the Hong Kong Cleaning Association to equip the participants with MPF knowledge relevant to their respective industries.

13. A new publicity campaign on Default Investment Strategy (DIS) comprising two short videos was rolled out on various online social media platforms as well as Facebook fanpages of the MPFA in early December 2019 to deepen the understanding of the DIS among MPF scheme members, especially youngsters, newbies of the workforce and those who are not familiar with MPF funds or simply not interested in making investment decision. The publicity campaign aims to encourage scheme members to proactively consider DIS as an MPF investment choice by highlighting the design of the DIS, its key features and benefits to scheme members' MPF investment.

14. With a view to keeping sustainable efforts to disseminate messages on MPF and retirement investment, a series of three videos was launched in December 2019. The series, presented as a mystery drama, aims to educate scheme members about the impact of behavioural biases on retirement planning and promote ways to make proper decisions on MPF and retirement investment. Publicity of the videos has been arranged on various online platforms from mid-December 2019 to early January 2020. A game was launched on MPFA Facebook Messenger Bot in late December 2019 to augment the publicity impact of the videos and to further promote usage of the bot.

15. 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 20 workshops for 2019-20 have been held so far, including three conducted in December 2019.

16. A full array of educational activities and school-based programmes were conducted 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.

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

Mandatory Provident Fund Schemes Authority  
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