

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – January 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 31.1.2020	As at 31.12.2019	Change**	As at 31.1.2020	As at 31.12.2019	Change**
Employers	290 800	290 400	+ 300	100%	100%	-
Employees	2 633 100	2 631 400	+ 1 700	100%	100%	-
Self-Employed Persons (SEPs)	215 400	215 500	- 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 January 2020, of the above estimated enrolment, 24 600 employers, 703 900 employees and 13 700 SEPs were registered under the Industry Schemes.

Complaint Handling

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

4. In January 2020, 204 complaints were received by the MPFA, of which 185 (91%) complaints were made against 144 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	185 (91%)
<i>Breakdown by subject matter of complaint ^</i>	
• <i>Involuntary change from “employee” status to “SEP” status</i>	<i>0</i>
• <i>Non-enrolment in MPF Schemes</i>	<i>80</i>
• <i>Default contribution</i>	<i>175</i>
• <i>Others (e.g. no contribution records)</i>	<i>9</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	19 (9%)

[^] 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 January 2020, the LD received 31 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

6. Of the 31 complaints received in January 2020:

- (a) 2 cases (6%) were resolved after conciliation or advice given;
- (b) 15 cases (48%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 0 case (0%) where the employer was insolvent was referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 14 cases (46%) 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 January 2020 are summarized below:

(a) Prosecution

Number of summonses applied*	30	
• <i>Non-enrolment of employees</i>	3	(10%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	22	(73%)
• <i>False statement</i>	3	(10%)
• <i>Failure to comply with court order</i>	2	(7%)
• <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	21 200
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	79
- Number of employees involved	473

(d) Submission to the District Court

- Number of cases submitted	6
- Number of employees involved	128

(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	6
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(g) Proactive Inspections

- Number of employment establishments visited	254
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* Percentages may not sum up to 100% due to rounding.

Education and Publicity

9. The MPFA Chairman published a monthly blog post on 5 January 2020, reviewing the market situation in 2019 and sharing his views on the investment outlook for the new year. He envisaged that the global market would be filled with uncertainties in 2020 and advised MPF scheme members to consider adopting default investment strategy (DIS) to diversify risks while making tax deductible voluntary contributions (TVC) to strengthen retirement protection.

10. In January 2020, the MPFA gave a talk at a seminar organized by a local newspaper for its readers on TVC, DIS and other useful tools for managing MPF investment and account. In addition, three talks were organized in collaboration with the Civil Service Bureau for over 1 000 civil servants. Latest MPF updates including TVC and MPF Fund Platform were introduced to the participants.

11. A new video series featuring a renowned Cantonese opera performer and movie actor together with a popular key opinion leader among the younger generation was also launched in January 2020. This video series is a contemporary remake of the iconic comedy movie “Journey to the West”. The videos aim to bring out the core role of the MPF System in helping the working population accumulate retirement savings by leveraging the power of compounding effect and urge scheme members to start their retirement planning as early as possible so as to take full advantage of the System. Features of DIS are also introduced in the videos. Publicity of the videos was rolled out on various online platforms in mid-January.

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 22 workshops for 2019-20 have been held so far, including two conducted in January 2020.

13. 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.

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