

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – February 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 29.2.2020	As at 31.1.2020	Change**	As at 29.2.2020	As at 31.1.2020	Change**
Employers	290 700	290 800	-	100%	100%	-
Employees	2 607 200	2 633 100	- 25 900	100%	100%	-
Self-Employed Persons (SEPs)	215 100	215 400	- 300	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 February 2020, of the above estimated enrolment, 24 600 employers, 704 300 employees and 13 600 SEPs were registered under the Industry Schemes.

Complaint Handling

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

4. In February 2020, 135 complaints were received by the MPFA, of which 120 (89%) complaints were made against 98 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	120 (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>42</i>
• <i>Default contribution</i>	<i>117</i>
• <i>Others (e.g. no contribution records)</i>	<i>3</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	15 (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.

5. During the novel coronavirus outbreak, the MPFA continued to accept complaints lodged through email or its hotline in February 2020, and investigation and follow-up actions on complaints remained largely normal.

Complaints received by the Labour Department (LD)

6. In February 2020, the LD received 6 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

7. Of the 37 complaints received from 1 January 2020 to 29 February 2020:

- (a) 2 cases (5%) were resolved after conciliation or advice given;
- (b) 16 cases (43%) 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) 19 cases (52%) 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 February 2020 are summarized below:

(a) Prosecution

Number of summonses applied*	67	
• <i>Non-enrolment of employees</i>	3	(4%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	46	(69%)
• <i>False statement</i>	10	(15%)
• <i>Failure to comply with court order</i>	8	(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	21 400
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	0
- Number of employees involved	0

(d) Submission to the District Court

- Number of cases submitted	1
- Number of employees involved	9

(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	0
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(g) Proactive Inspections

- Number of employment establishments visited 11

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

Education and Publicity

10. The MPFA Chairman published a monthly blog post on 9 February 2020, advising that scheme members should not be overly concerned about short-term volatility in the MPF performance. He added that despite the many challenges faced by the MPF System during its implementation for nearly 20 years, it has continued to see steady growth. He also advised scheme members to utilize the various digital channels provided by trustees to manage their MPF in a more efficient way and encouraged them to open tax-deductible voluntary contribution accounts before the end of the current fiscal year to enjoy tax deduction.

11. In February 2020, a sharing session with start-ups, fintech and digital solution service enterprises of the Cyberport was held via video-conferencing facilities. The sharing session covered the MPFA's endeavours to spearhead digital transformation in the MPF System through the eMPF Platform project currently underway. Participants exchanged views on the strategies to facilitate employers, scheme members and the MPF industry to adopt digital approaches in the management of MPF.

12. In view of the novel coronavirus outbreak, some of the education and publicity activities of the MPFA were suspended in February 2020. The MPFA would keep monitoring the situation and re-schedule the activities in due course.

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

Mandatory Provident Fund Schemes Authority
March 2020