

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – March 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<br>31.3.2020 | As at<br>29.2.2020 | Change** | As at<br>31.3.2020 | As at<br>29.2.2020 | Change** |
| <b>Employers</b>                        | 290 700            | 290 700            | -        | 100%               | 100%               | -        |
| <b>Employees</b>                        | 2 595 600          | 2 607 200          | - 11 500 | 99%                | 100%               | -        |
| <b>Self-Employed<br/>Persons (SEPs)</b> | 214 800            | 215 100            | - 200    | 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 March 2020, of the above estimated enrolment, 24 600 employers, 704 500 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 March 2020, 348 complaints were received by the MPFA, of which 287 (82%) complaints were made against 215 employers. A breakdown of these complaints by subject matter is as follows:

|  | <u>Number of<br/>complaints</u> |
|--|---------------------------------|
| (a) Complaints concerning employers  | 287 (82%)                       |
| <i>Breakdown by subject matter of complaint ^</i>  |                                 |
| • <i>Involuntary change from “employee” status to “SEP” status</i>                       | 5                               |
| • <i>Non-enrolment in MPF Schemes</i>  | 107                             |
| • <i>Default contribution</i>  | 271                             |
| • <i>Others (e.g. no contribution records)</i>   | 11                              |
| (b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc | 61 (18%)                        |

<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.

5. During the COVID-19 outbreak, the MPFA continued to accept complaints lodged through email or its hotline in March 2020, and investigation and follow-up actions on complaints remained largely normal.

#### Complaints received by the Labour Department (LD)

6. In March 2020, the LD received 58 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

7. Of the 95 complaints received from 1 January 2020 to 31 March 2020:

- (a) 2 cases (2%) were resolved after conciliation or advice given;
- (b) 35 cases (37%) 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) 58 cases (61%) 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 March 2020 are summarized below:

(a) Prosecution

|   |    |       |
|---|----|-------|
| Number of summonses applied*  | 94 |       |
| • <i>Non-enrolment of employees</i>   | 11 | (12%) |
| • <i>Non-enrolment (Employee / SEP dispute)</i>   | 0  | (-)   |
| • <i>Default contribution</i>   | 64 | (68%) |
| • <i>False statement</i>  | 15 | (16%) |
| • <i>Failure to comply with court order</i>   | 4  | (4%)  |
| • <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 | 29 800 |
|---|--------|

(c) Submission to the Small Claims Tribunal

|                                |    |
|--------------------------------|----|
| - Number of cases submitted    | 10 |
| - Number of employees involved | 71 |

(d) Submission to the District Court

|                                |    |
|--------------------------------|----|
| - Number of cases submitted    | 3  |
| - Number of employees involved | 52 |

(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 5

(g) Proactive Inspections

- Number of employment establishments visited 2

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

## **Education and Publicity**

10. The MPFA Chairman published a monthly blog post on 1 March 2020, encouraging employers and employees to make good use of the digital services provided by trustees and the MPFA's online tools to handle MPF matters while staying home to help stop the spread of COVID-19 in the community. He reminded employers that if the monthly income of employees has changed because of adjustments in work arrangements, they must provide the trustees with accurate income information of the affected employees to avoid making incorrect, or defaulting on, contributions.

11. Additional publicity on tax-deductible voluntary contributions (TVC) was rolled out in March 2020. The MPFA promoted TVC through publishing articles on various online platforms and launched a mini game on the MPFA's corporate Facebook page. An animated video was also produced to promote the message on the MPFA's Youtube Channel and various outdoor media platforms.

12. A mini psychology test was launched on the Messenger Bot of the MPF Investment Education Facebook page "Workplace Incredibles" to help users identify the behavioural biases that have been affecting them in making retirement investment decisions and provide them with the tips to get rid of those biases. Online publicity has been arranged to promote the test as well as usage of the Messenger Bot from March to May 2020.

13. The second burst of publicity for a video series featuring a renowned Cantonese opera performer and movie actor together with a popular key opinion leader among the younger generation was launched in March 2020. This video series is a contemporary re-make of the iconic comedy movie "Journey to the West". It aims 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 the Default Investment Strategy are also introduced in the video series. The publicity was rolled out on various online platforms in mid-March 2020.

14. An MPF talk for the graduates of the Hong Kong Institute of Construction of the Construction Industry Council was held through video conference in March 2020 to enhance their understanding of the MPF System, especially the Industry Schemes, in preparation for their entry to the construction workforce.

15. In view of the COVID-19 outbreak, some of the education and publicity activities of the MPFA were suspended in March 2020. The MPFA would keep monitoring the situation and re-schedule the activities in due course.

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

Mandatory Provident Fund Schemes Authority  
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