

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – April 2021

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 30.4.2021	As at 31.3.2021	Change**	As at 30.4.2021	As at 31.3.2021	Change**
Employers	308 600	307 200	+ 1 400	100%	100%	-
Employees	2 686 900	2 696 700	- 9 800	100%	100%	-
Self-Employed Persons (SEPs)	230 200	230 200	- 100	78%	78%	-

* 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. After the phenomenal rise from May last year, the estimated enrolments stabilized from November. The estimated enrolment in respect of employees started to drop from January this year and registered a more significant drop of 9 800 in April.

4. As at end April 2021, of the above estimated enrolment, 25 800 employers, 721 700 employees and 12 900 SEPs were registered under the Industry Schemes.

Complaint Handling

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

5. In April 2021, 236 complaints were received by MPFA, of which 182 (77%) complaints were made against 152 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	182 (77%)
<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>	82
• <i>Default contribution</i>	163
• <i>Others (e.g. no contribution records)</i>	16
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	54 (23%)

^ 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)

6. In April 2021, the LD received 23 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

7. Of the 89 complaints received from 1 January 2021 to 30 April 2021:

- (a) 7 cases (8%) were resolved after conciliation or advice given;
- (b) 26 cases (29%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 8 cases (9%) where the employer was insolvent were referred to the Legal Aid Department and/or the Protection of Wages on Insolvency Fund; and
- (d) 48 cases (54%) where the employees had lodged claims with the LD were awaiting conciliation result.

Enforcement

8. MPFA continued to enforce the Mandatory Provident Fund Schemes Ordinance (MPFSO) 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 MPFA in April 2021 are summarized below:

(a) Prosecution

Number of summonses applied*	11	
• <i>Non-enrolment of employees</i>	1	(9%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	0	(-)
• <i>False statement</i>	8	(73%)
• <i>Failure to comply with court order</i>	2	(18%)
• <i>Failure to comply with a lawful requirement made by MPFA in the course of exercising or performing its functions</i>	0	(-)

(b) Contribution Surcharge

- Number of employers with notices issued	25 800
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	80
- Number of employees involved	473

(d) Submission to the District Court

- Number of cases submitted	5
- Number of employees involved	189

(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	9
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(g) Proactive Inspections

- Number of employment establishments visited	125
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* Percentages may not sum up to 100% due to rounding.

Education and Publicity

10. MPFA's Good MPF Employer Award (the Award) 2020-21 was opened for applications and nominations from 1 April to 30 June 2021. This annual Award, launched since 2015, aims to promote and foster employers' compliance with the MPF legislation and give recognition to employers that are exemplary in enhancing the retirement benefits of their employees. Two special awards are introduced this year. Companies or organizations that have been awarded the Good MPF Employer Award for five consecutive years or more will receive the Good MPF Employer 5 Years+ Award. Companies or organizations that meet five criteria, including receiving the Good MPF Employer Award for seven consecutive years, offering more than one MPF scheme for their employees to choose from, offering MPF voluntary contributions for their employees, receiving the e-Contribution Award and receiving the MPF Support Award, will be honoured with the Best All-round MPF Employer Award. This year's results will be announced in October 2021.

11. MPFA Deputy Chairman and Managing Director delivered a keynote speech at a webinar sharing the MPFA's initiatives and regulatory experience on sustainable investing with the representatives from listed and non-listed companies. The speech was published in a financial newspaper.

12. An MPFA representative joined a virtual briefing session for the human resources personnel of the Hospital Authority, providing an overview of the MPF System and its latest developments as well as tips on retirement planning and management of retirement benefits. MPFA representatives also spoke at a seminar provided for the recruits of the Labour Department, introducing the basics of the MPF System and employers' and employees' rights and responsibilities under the MPFSO.

13. MPFA continued the retirement planning workshops in companies which enable direct engagement with "keen-to-know" scheme members and shared with participants practical tips for retirement planning and MPF investment. Twenty-five sessions of workshop (either in face-to-face or online format) have been planned for 2021-22. The first online workshop was conducted in April 2021.

14. MPFA also launched the publicity of a new video series on MPF investment education featuring a popular artiste among the younger generation in early April 2021. Riding on a critically-acclaimed Japanese TV drama, the videos were created in the setting of a hair salon where the hair stylist would offer solutions to his clients on MPF investments while fixing their hair problems. The series aims to educate scheme members on the important factors in choosing their MPF portfolio, as well as key features of the default investment strategy as a quick and trouble-free option for MPF scheme members.

15. 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 compliance with the legislative requirements.

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

Mandatory Provident Fund Schemes Authority
May 2021