

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – June 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 30.6.2021	As at 31.5.2021	Change**	As at 30.6.2021	As at 31.5.2021	Change**
Employers	311 200	309 800	+ 1 400	100%	100%	-
Employees***	2 671 200	2 671 600	- 400	100%	100%	-
Self-Employed Persons (SEPs)	230 000	230 000	-	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.

*** Around 220 000 employees under the Industry Schemes were holders of inactive accounts and were not included in the estimated number of employees in the table.

3. The enrolment rates of employers, employees and SEPs remained stable. As at end June 2021, 25 900 employers, 725 000 employees and 12 800 SEPs were registered under the Industry Schemes.

Complaint Handling

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

4. In June 2021, 332 complaints were received by MPFA, of which 264 (80%) complaints were made against 170 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	264 (80%)
<i>Breakdown by subject matter of complaint ^</i>	
• <i>Involuntary change from “employee” status to “SEP” status</i>	3
• <i>Non-enrolment in MPF Schemes</i>	99
• <i>Default contribution</i>	254
• <i>Others (e.g. no contribution records)</i>	8
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	68 (20%)

^ 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 June 2021, the LD received 45 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

6. Of the 153 complaints received from 1 January 2021 to 30 June 2021:

- (a) 30 cases (20%) were resolved after conciliation or advice given;
- (b) 66 cases (43%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 14 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) 43 cases (28%) where the employees had lodged claims with the LD were awaiting conciliation result.

Enforcement

7. 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 MPFA in June 2021 are summarized below:

(a) Prosecution

Number of summonses applied*	29	
• <i>Non-enrolment of employees</i>	1	(3%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	8	(28%)
• <i>False statement</i>	20	(69%)
• <i>Failure to comply with court order</i>	0	(-)
• <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	90
- Number of employees involved	437

(d) Submission to the District Court

- Number of cases submitted	2
- Number of employees involved	105

(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	3
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(g) Proactive Inspections

- Number of employment establishments visited	94
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* Percentages may not sum up to 100% due to rounding.

Education and Publicity

9. In June 2021, MPFA Chairman shared her vision on the MPF System and introduced her work plans in two TV programmes. She also elaborated in the programmes her commitment to protecting the interests of scheme members as well as the progress update of the eMPF Platform project.

10. In response to the Government's initiative to create job opportunities for fresh graduates, MPFA launched the Young Engagement Ambassadors (YEA) Programme in late 2020 which aimed to help young people accumulate work experience and broaden their horizons, as well as nurturing talent for the MPF industry. A six-month collaboration with a non-government organization to provide MPF enquiry services and tailor-made outreaching activities for ethnic minorities employees was arranged by the YEA in the month.

11. To disseminate basic MPF knowledge to the grassroots members of the public (including new arrivals from the Mainland and young trainees with disabilities) who will enter the workforce in the future, a number of talks were arranged in collaboration with various non-government organizations to enhance their understanding of MPF rights.

12. MPFA continued to organize retirement planning workshops in companies aiming to provide practical tips on retirement planning and MPF investment to scheme members. Twenty-five sessions of the workshop, in either physical or online formats, have been planned for 2021-22. Two online workshops and one face-to-face workshop were conducted in June 2021.

13. A full array of educational activities and school-based programmes were organized during the month targeting students of secondary schools and tertiary institutions so as to enhance 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. Meanwhile, financial planning cum MPF webinars were conducted by a certified financial planner for parents to provide them with practical tips of family budgeting, retirement planning and MPF investment.

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