

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – July 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 31.7.2021	As at 30.6.2021	Change**	As at 31.7.2021	As at 30.6.2021	Change**
Employers	312 700	311 200	+ 1 500	100%	100%	-
Employees***	2 676 300	2 671 200	+ 5 100	100%	100%	-
Self-Employed Persons (SEPs)	230 200	230 000	+ 200	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 July 2021, 25 900 employers, 727 300 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 July 2021, 309 complaints were received by MPFA, of which 246 (80%) complaints were made against 168 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	246 (80%)
<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>93</i>
• <i>Default contribution</i>	<i>239</i>
• <i>Others (e.g. no contribution records)</i>	<i>6</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	63 (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 July 2021, the LD received 46 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

6. Of the 199 complaints received from 1 January 2021 to 31 July 2021:

- (a) 33 cases (17%) were resolved after conciliation or advice given;
- (b) 103 cases (52%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 17 cases (8%) where the employer was insolvent were referred to the Legal Aid Department and/or the Protection of Wages on Insolvency Fund; and
- (d) 46 cases (23%) 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 July 2021 are summarized below:

(a) Prosecution

Number of summonses applied*	25	
• <i>Non-enrolment of employees</i>	0	(-)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	10	(40%)
• <i>False statement</i>	14	(56%)
• <i>Failure to comply with court order</i>	1	(4%)
• <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	25 500
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	81
- Number of employees involved	233

(d) Submission to the District Court

- Number of cases submitted	5
- Number of employees involved	98

(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	7
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(g) Proactive Inspections

- Number of employment establishments visited	65
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* Percentages may not sum up to 100% due to rounding.

Education and Publicity

9. MPFA Chairman attended a live radio programme on 15 July 2021 sharing the latest investment performance of the MPF System and investment objectives of different MPF fund types. She also encouraged MPF scheme members to make voluntary contributions on top of mandatory contributions to strengthen their retirement protection.

10. MPFA Chairman published a blog post on 18 July 2021, citing a recent report published by the Organisation for Economic Co-operation and Development that the MPF System recorded a remarkable outcome of 12.4% of real investment rate of return in 2020, ranking first among the 48 reporting jurisdictions. She stressed that the MPF System is one of the pillars of the multi-pillar retirement protection framework advocated by the World Bank, which aims to provide basic retirement protection for the working population. It must be complemented by other pillars for comprehensive retirement protection. She also mentioned that the MPFA is working full steam on the eMPF Platform project, which is a major reform initiative to improve the overall efficiency of the MPF System.

11. To sustain the momentum of reaching out to specific cohorts including ethnic minorities (EM), new arrivals (NA) from the Mainland and young self-employed persons (SEP) via the Young Engagement Ambassadors (YEA) programme, a number of MPF enquiry counters specially designed for EM and a tailor-made MPF talk for NA were arranged in collaboration with dedicated non-government organizations. YEA also assisted in operating an enquiry counter in a large-scale two-day job fair organized by the Labour Department for providing MPF enquiry services to job seekers.

12. In the month, a virtual discussion session was held for “Friends of MPF” to gauge their views on various aspects of the MPF System and to apprise them of the major developments of the MPF System over the past two decades. In addition, a talk on the MPF System and account management was conducted in collaboration with Labour Department’s Youth Employment Resource Centre, targeting young adults who are entering the workforce soon. Separately, two talks were arranged for Hong Kong Institute of Construction (under the Construction Industry Council) and Hong Kong Cleaning Association to disseminate MPF messages to meet the needs of Labour Relations Officers as well as cleansing workers and representatives of their employers respectively. Messages included MPF administration, employers’ responsibilities, key features of the MPF Industry Schemes, and employees’ rights.

13. MPFA continued to organize in-company retirement planning workshops 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. Three online workshops were conducted in July 2021.

14. To reinforce scheme members' understanding of fundamental MPF investment concepts and encourage them to take good care of their MPF investment, a new wave of publicity including a series of three short videos, which is presented through a live-action adaptation of a renowned cartoon series, has been arranged on various online platforms, from July to August 2021.

15. To further enhance the awareness of the default investment strategy among MPF scheme members, a new wave of publicity, including search engine marketing programme and online advertisement on social media and display network, was arranged from July to December 2021.

16. A full array of educational activities and school-based programmes were organized in early July 2021 targeting students of secondary schools and tertiary institutions 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.

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

Mandatory Provident Fund Schemes Authority
August 2021