

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – August 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 31.8.2021	As at 31.7.2021	Change**	As at 31.8.2021	As at 31.7.2021	Change**
<b>Employers</b>	314 000	312 700	+ 1 300	100%	100%	-
<b>Employees***</b>	2 679 300	2 676 300	+ 3 000	100%	100%	-
<b>Self-Employed Persons (SEPs)</b>	230 200	230 200	+ 100	79%	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 (i.e. accounts which have not received contributions in the past year) 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 August 2021, 26 000 employers, 730 100 employees and 12 700 SEPs were registered under the Industry Schemes.

#### Complaint Handling

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

4. In August 2021, 339 complaints were received by MPFA, of which 253 (75%) complaints were made against 175 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints against employers	253 (75%)
<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>95</i>
• <i>Default contribution</i>	<i>241</i>
• <i>Others (e.g. no contribution records)</i>	<i>13</i>
(b) Complaints against trustees / intermediaries, or concerning occupational retirement schemes, etc	86 (25%)

^ Since a complaint may cover more than one subject matter, the number of the subject matters of complaints may exceed that of complaints.

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

5. In August 2021, the LD received 27 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contributions.

6. Of the 226 complaints received from 1 January 2021 to 31 August 2021:

- (a) 43 cases (19%) were resolved after conciliation or advice given;
- (b) 117 cases (52%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 18 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) 48 cases (21%) 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 August 2021 are summarized below:

(a) Prosecution

Number of summonses applied*	30	
• <i>Non-enrolment of employees</i>	3	(10%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	12	(40%)
• <i>False statement</i>	14	(47%)
• <i>Failure to comply with court order</i>	1	(3%)
• <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	24 800
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	91
- Number of employees involved	437

(d) Submission to the District Court

- Number of cases submitted	2
- Number of employees involved	90

(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	15
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(g) Proactive Inspections

- Number of employment establishments visited	55
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\* Percentages may not sum up to 100% due to rounding.

## **Education and Publicity**

9. MPFA Chairman published a blog post on 22 August 2021 which emphasized that safeguarding MPF rights of employees, especially for the grassroots, is one of her key work targets, and she has met with various frontline employees to understand their views on MPF and retirement protection. The blog post also mentioned that in 2020-21, the MPFA recovered almost \$200 million in MPF default contributions on behalf of over 100 000 affected employees.

10. In the month, MPFA Chairman participated in a meeting cum outreach activity with a catering labour union, listening to the views of frontline catering workers with a view to encouraging them to make good use of MPF for retirement.

11. To sustain the momentum of the Young Engagement Ambassador programme, two meetings cum outreach activities were organized, at which MPFA Chairman met with and listened to the professional drivers and ethnic minorities about their views on the MPF System, and publicity leaflets and souvenirs were disseminated to target cohorts. MPFA also issued reminder letters to sport associations and recreational clubhouses to encourage self-employed coaches or trainers to enrol for self-employed persons MPF accounts.

12. 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 format, have been planned for 2021-22. A total of 12 workshops have been conducted so far including two online workshops in August 2021.

13. With a view to sustaining the efforts to disseminate MPF messages to a broader horizon and in a more interesting manner, the MPFA has recently produced a new series of 12 “buzzword cards” in the form of illustrations carrying MPF messages designed by a popular illustrator. To augment the publicity effect, a burst of promotional campaign via popular social media platforms has been rolled out from August and will last till December 2021.

14. Educational and school-based talks were organized in August 2021 targeting students of primary and secondary schools to enhance their understanding of money management, the MPF System and MPF investment as well as the concept of retirement investment, with a view to enhancing compliance with the legislative requirements.

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

Mandatory Provident Fund Schemes Authority  
September 2021