

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – September 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 <sup>1</sup>			Enrolment Rate		
	As at 30.9.2021	As at 31.8.2021	Change <sup>2</sup>	As at 30.9.2021	As at 31.8.2021	Change <sup>2</sup>
<b>Employers</b>	315 300	314 000	+ 1 300	100%	100%	-
<b>Employees<sup>3</sup></b>	2 685 900	2 679 300	+ 6 600	100%	100%	-
<b>Self-Employed Persons (SEPs)</b>	230 400	230 200	+ 200	80%	79%	+ 1%

3. The enrolment rates of employers and employees remained stable, while that of SEPs increased by 1 percentage point. As at end September 2021, 26 100 employers, 514 900 employees<sup>3</sup> and 12 600 SEPs were registered under the Industry Schemes.

#### Complaint Handling

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

4. In September 2021, 336 complaints were received by MPFA, of which 291 (87%) complaints were made against 182 employers. A breakdown of these complaints by subject matter is as follows:

<sup>1</sup> Rounded to the nearest 100.

<sup>2</sup> 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.

<sup>3</sup> Around 217 100 and 217 900 employees under the Industry Schemes were holders of inactive accounts (i.e. accounts which have not received contributions in the past year) in August 2021 and September 2021 respectively. They were not included in the estimated number of employees.

	<u>Number of complaints</u>
(a) Complaints against employers	291 (87%)
<i>Breakdown by subject matter of complaint<sup>4</sup></i>	
• <i>Involuntary change from “employee” status to “SEP” status</i>	2
• <i>Non-enrolment in MPF Schemes</i>	102
• <i>Default contribution</i>	269
• <i>Others (e.g. no contribution records)</i>	11
(b) Complaints against trustees / intermediaries, or concerning occupational retirement schemes, etc	45 (13%)

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

5. In September 2021, the LD received 23 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contributions.

6. Of the 249 complaints received from 1 January 2021 to 30 September 2021:

- (a) 54 cases (22%) were resolved after conciliation or advice given;
- (b) 132 cases (53%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 24 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) 39 cases (16%) 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.

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<sup>4</sup> Since a complaint may cover more than one subject matter, the number of the subject matters of complaints may exceed that of complaints.

8. Enforcement actions taken by MPFA in September 2021 are summarized below:

(a) Prosecution

Number of summonses applied <sup>5</sup>	32	
• <i>Non-enrolment of employees</i>	2	(6%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	18	(56%)
• <i>False statement</i>	11	(34%)
• <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	25 800
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	90
- Number of employees involved	391

(d) Submission to the District Court

- Number of cases submitted	2
- Number of employees involved	62

(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	18
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(g) Proactive Inspections

- Number of employment establishments visited	107
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<sup>5</sup> Percentages may not sum up to 100% due to rounding.

## **Education and Publicity**

9. The MPFA Chairman published a blog post on 26 September 2021 which highlighted the importance of collaboration between employers and employees, and encouraged employers to make voluntary contributions to enhance employees' retirement protection. The blog also mentioned her recent visits to two leading business associations to exchange views with their leadership on the latest development of the MPF System, and introduced the benefits to employers to be brought by the eMPF Platform.

10. To encourage casual employees in catering and construction industries to enrol in the MPF Industry Schemes and manage their MPF regularly, MPFA launched a new animated video featuring the catering industry on MPFA's social media platform on 13 September 2021. MPFA also took the opportunity to share relevant messages in respect of the construction industry via publicity on the social media.

11. In September 2021, a series of outreach activities were arranged for the MPFA Chairman and executives to listen to the views of different stakeholder groups on the MPF System. Apart from visiting business associations, the Chairman also met with three labour unions to discuss issues concerning MPF and retirement protection. Besides, she joined a meeting with an industry association to introduce the major work targets of MPFA, the latest progress of the eMPF Platform project and the related legislative amendments. She also participated in a meeting cum outreach activity with a non-governmental organization (NGO), listening to the views of grassroots women with a view to cultivating a better understanding of MPF rights and obligations among them. Separately, MPFA's senior executives attended two retirement industry forums to share their views on the current MPF product landscape and investment regulations, as well as the latest MPFA initiatives and employees' financial wellbeing from the MPF perspective.

12. To sustain the momentum of the Young Engagement Ambassadors (YEA) programme, a series of outreach activities were launched in collaboration with various stakeholders, including an outreach activity at a handicraft market organized by an NGO, an MPF enquiry counter at a large-scale job fair arranged by the Labour Department, an MPF game booth on the open day of an NGO and an outreach activity targeting ethnic minorities. These outreach events aimed to disseminate MPF messages and provide tailor-made services to target cohorts as well as training opportunities for YEA for planning and launching outreach events. MPFA also issued reminder letters to primary and secondary schools to encourage self-employed coaches or tutors engaged for extra-curricular activities to enrol in MPF schemes.

13. Various talks were arranged in the month, one of which was organized for employers' representatives and recipients of Payment Notices for Outstanding MPF Contributions and Surcharge. The talks focused on MPF administration, surcharges imposed on MPF contributions in default, enforcement actions, and tips to avoid non-compliance with MPF requirements. Another talk was conducted for foremen in the cleaning service industry to help them understand their employers' MPF responsibilities and their MPF rights as employees.

14. 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 15 workshops have been conducted so far, including one face-to-face workshop and two online workshops in September 2021.

15. To disseminate messages on MPF investment and retirement investment in a gimmicky and appealing manner, MPFA has arranged a series of Facebook Live on the Facebook fan page for investment education. Different KOLs will be invited to chit-chat and share their own experiences in relation to general money management and retirement investment. The first live chat was held on 9 September 2021.

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