

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – November 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 ¹			Enrolment Rate		
	As at 30.11.2021	As at 31.10.2021	Change ²	As at 30.11.2021	As at 31.10.2021	Change ²
Employers	320 800	318 100	+ 2 600	100%	100%	-
Employees³	2 681 400	2 683 000	- 1 600	100%	100%	-
Self-Employed Persons (SEPs)	231 100	230 800	+ 300	80%	80%	-

3. The enrolment rates of employers, employees and SEPs remained stable. As at end November 2021, 26 200 employers, 518 700 employees³ and 12 500 SEPs were registered under the Industry Schemes.

Complaint Handling

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

4. In November 2021, 267 complaints were received by MPFA, of which 226 (85%) complaints were made against 173 employers. A breakdown of these complaints by subject matter is as follows:

¹ Rounded to the nearest 100.

² 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 Around 218 700 and 219 500 employees under the Industry Schemes were holders of inactive accounts (i.e. accounts which have not received contributions in the past year) in October 2021 and November 2021 respectively. They were not included in the estimated number of employees.

	<u>Number of complaints</u>
(a) Complaints against employers	226 (85%)
<i>Breakdown by subject matter of complaint⁴</i>	
• <i>Involuntary change from “employee” status to “SEP” status</i>	2
• <i>Non-enrolment in MPF Schemes</i>	110
• <i>Default contribution</i>	214
• <i>Others (e.g. no contribution records)</i>	9
(b) Complaints against trustees / intermediaries, or concerning occupational retirement schemes, etc	41 (15%)

Complaints received by the Labour Department (LD)

5. In November 2021, the LD received 18 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contributions.

6. Of the 284 complaints received from 1 January 2021 to 30 November 2021:

- (a) 77 cases (27%) were resolved after conciliation or advice given;
- (b) 148 cases (52%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 27 cases (10%) where the employer was insolvent were referred to the Legal Aid Department and/or the Protection of Wages on Insolvency Fund; and
- (d) 32 cases (11%) 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.

⁴ 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 November 2021 are summarized below:

(a) Prosecution

Number of summonses applied ⁵	64	
• <i>Non-enrolment of employees</i>	1	(2%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	1	(2%)
• <i>Default contribution</i>	45	(70%)
• <i>False statement</i>	16	(25%)
• <i>Failure to comply with court order</i>	1	(2%)
• <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	26 900
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	76
- Number of employees involved	308

(d) Submission to the District Court

- Number of cases submitted	4
- Number of employees involved	795

(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	94
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⁵ Percentages may not sum up to 100% due to rounding.

Education and Publicity

9. The MPFA Chairman published her latest blog post on 28 November 2021 highlighting that MPFA would continue to devote efforts to enhancing adequacy of the MPF System as the System is approaching its 21st anniversary in December. She said that adequacy of MPF is dependent on a number of factors including investment returns, fee levels, contribution amount, voluntary contributions and the abolition of the “offsetting” arrangement. She also elaborated on how MPFA would facilitate the expansion of investment choices while protecting scheme members’ interests.

10. In her media interviews conducted in November 2021, the MPFA Chairman talked about the significance of the passage of the Mandatory Provident Fund Schemes (Amendment) Bill 2021 to the eMPF Platform project, key challenges in the development journey of this mega project and other work foci of MPFA in the coming year.

11. MPFA organized the MPF Symposium 2021 on 26 November 2021. On the two topics of the event, namely digital transformation and sustainable investing, speakers from relevant sectors and fellow regulators were invited to share their experience and insights. Over 180 guests from the MPF industry, financial regulators, professional bodies, government officials and other relevant stakeholders attended the event in person, while over 450 guests joined the event online.

12. Several speaking engagements were arranged for the MPFA Chairman and senior management during this month to promote MPFA’s major initiatives on various fronts including sustainable investing, retirement solutions as well as providing an update on the progress of the eMPF Platform project to stakeholders from the pension and wealth management industry, information technology and human resources sectors, etc. The MPFA Chairman met with a union of industry practitioners to introduce the latest development progress of the eMPF Platform and listen to their views and concerns. Separately, Chairman, along with Chairman of the MPF Industry Schemes Committee and a construction industry labour union, visited a major construction site in Kowloon to promote MPF Industry Schemes to construction workers and listen to their opinions on the MPF System.

13. To reach out to target cohorts under the Young Engagement Ambassadors programme, an MPF enquiry counter was set up at Tai Pei Square Playground to handle MPF enquiries raised by ethnic minorities. A physical MPF talk for Nepalese and Pakistanis women was arranged to enhance their understanding of the key features of the MPF System. Meanwhile, we continued to issue a series of advertorials on social media platforms with a view to disseminating MPF messages to new arrivals. In collaboration with a non-governmental organization, an MPF talk for grassroots women was

arranged to clarify common misconceptions on MPF and promote the benefits of MPF investment. In addition, reminder letters were issued to handicraft market organizers to encourage self-employed store owners to enrol in MPF schemes.

14. Various talks were arranged in the month for Government's clerical staff, foremen in the cleaning service industry, staff of the Vocational Training Council and trainees of the Hong Kong Institute of Construction. While the focus of the talks for each group differed, they invariably covered MPF messages including MPF administration, tips on managing MPF and choosing MPF funds, employers' responsibilities, employees' rights and the development of the eMPF Platform, etc.

15. A new series of infographic videos presented through mimicking a fans-favourite movie "Back to the Future" was launched in early November 2021. It aims to remind scheme members to better manage their MPF investment and retirement planning with alerts on longevity risk, inflation risk and investment risk. Publicity has been arranged on various online platforms from early to late November 2021. A game would also be launched on MPFA Facebook Messenger Bot to augment the publicity impact of the videos and to further promote the usage of the bot.

16. 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 20 workshops have been conducted so far, including one face-to-face workshop and one online workshop in November 2021.

17. 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, MPF investment and the concept of retirement investment, with a view to enhancing compliance with the legislative requirements. A workshop for parents was also organized to provide them with practical tips on family budgeting, retirement planning and MPF investment.

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