

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – October 2020

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 31.10.2020	As at 30.9.2020	Change**	As at 31.10.2020	As at 30.9.2020	Change**
Employers	306 400	305 700	+ 700	100%	100%	-
Employees	2 700 100	2 685 000	+ 15 100	100%	100%	-
Self-Employed Persons (SEPs)	229 100	227 000	+ 2 100	78%	77%	+ 1%

* 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.

3. The above enrolments in October continued to register exceptional increases, similar to the situation in May - September. As compared with April 2020, the total numbers of increases in enrolments in May – October 2020 are 15 300 in employers, 109 200 in employees and 14 300 in SEPs. Such increases are likely triggered by the Government’s earlier launch of the Employment Support Scheme which made MPF enrolment a pre-requisite for getting subsidies under the Scheme.

4. As at end October 2020, of the above estimated enrolment, 25 400 employers, 713 700 employees and 13 300 SEPs were registered under the Industry Schemes.

Complaint Handling

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

5. In October 2020, 277 complaints were received by the MPFA, of which 191 (69%) complaints were made against 137 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	191 (69%)
<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>112</i>
• <i>Default contribution</i>	<i>177</i>
• <i>Others (e.g. no contribution records)</i>	<i>11</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	86 (31%)

[^] 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)

6. In October 2020, the LD received 22 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

7. Of the 315 complaints received from 1 January 2020 to 31 October 2020:

- (a) 75 cases (24%) were resolved after conciliation or advice given;
- (b) 148 cases (47%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 9 cases (3%) where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 83 cases (26%) where the employees had lodged claims with the LD were awaiting conciliation result.

Enforcement

8. The 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.

9. Enforcement actions taken by the MPFA in October 2020 are summarized below:

(a) Prosecution

Number of summonses applied*	78	
• <i>Non-enrolment of employees</i>	6	(8%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	50	(64%)
• <i>False statement</i>	16	(21%)
• <i>Failure to comply with court order</i>	6	(8%)
• <i>Failure to comply with a lawful requirement made by the MPFA in the course of exercising or performing its functions</i>	0	(-)

(b) Contribution Surcharge

- Number of employers with notices issued	26 000
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	80
- Number of employees involved	428

(d) Submission to the District Court

- Number of cases submitted	4
- Number of employees involved	71

(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	14
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(g) Proactive Inspections

- Number of employment establishments visited	190
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* Percentages may not sum up to 100% due to rounding.

Education and Publicity

10. MPFA Chairman published a monthly blog post on 4 October 2020 to look back on the inception of the MPF System and the original intent of the System as it approaches its 20th anniversary in December 2020. It pointed out that financial sustainability is of utmost importance for the effective implementation of the retirement protection system in Hong Kong. It also mentioned that the intent of the MPF System is to help the workforce develop the discipline to save for retirement by making regular contributions for investment which, based on the concept of “dollar cost averaging”, together with the compounding effect, will provide greater retirement protection for employees.

11. The 6th annual Good MPF Employer Award 2019-20 was concluded with a total of 1 671 employers receiving the Award. This year, two special awards, namely “Good MPF Employer 6 Years” and “Best All-round MPF Employer”, were introduced to recognize exemplary employers who have been making continuous efforts to enhance the retirement benefits of their employees. Award results this year were announced online. Two “Best All-round Employers” award winners shared their experience in giving extra retirement protection to their employees through a pre-recorded interview.

12. A webinar conducted by a certified financial planner was held for over 50 MPF scheme members on 21 October 2020 to educate them on how to make effective retirement plan, including MPF and other retirement initiatives that best suit their needs.

13. The MPFA participated in a webinar on 15 October 2020 organized by an MPF industry operator for around 200 corporate decision-makers, human resources, and finance practitioners to dispel some of the common misunderstandings about the MPF System and apprise them of the latest MPF developments.

14. A series of three infographic videos was launched in late October 2020 to encourage MPF scheme members to make good use of readily available tools to manage their MPF. The concept of “physical fitness” was used to introduce the key features of Annual Benefit Statement, Fund Fact Sheet and MPF Fund Platform in a light-hearted manner. Publicity of the videos was rolled out on various online platforms from late October to mid-November 2020.

15. A total of 17 workshops for over 660 students of tertiary institutions, including MPF talks and financial planning cum MPF workshops, were conducted during the month so as to enhance their understanding of the MPF System and MPF investment as well as the concept of retirement investment, with a view to enhancing their compliance with the legislative requirements in the long run. Meanwhile, a financial planning cum MPF webinar was conducted by a certified financial planner for over 90 parents to provide them with practical tips of family budgeting, retirement planning and MPF investment.

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

Mandatory Provident Fund Schemes Authority
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