

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – September 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 30.9.2020	As at 31.8.2020	Change**	As at 30.9.2020	As at 31.8.2020	Change**
<b>Employers</b>	305 700	304 800	+ 800	100%	100%	-
<b>Employees</b>	2 685 000	2 662 300	+ 22 600	100%	100%	-
<b>Self-Employed Persons (SEPs)</b>	227 000	224 100	+ 2 900	77%	76%	+ 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. It is noted that the above enrolments in September continued to register exceptional increases, similar to the situations in May - August. As compared with April 2020, the total numbers of increases for the period May – September 2020 are 14 600 in employers, 94 100 in employees and 12 200 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 September 2020, of the above estimated enrolment, 25 300 employers, 712 100 employees and 13 400 SEPs were registered under the Industry Schemes.

## Complaint Handling

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

5. In September 2020, 294 complaints were received by the MPFA, of which 224 (76%) complaints were made against 185 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	224 (76%)
<i>Breakdown by subject matter of complaint ^</i>	
• <i>Involuntary change from “employee” status to “SEP” status</i>	0
• <i>Non-enrolment in MPF Schemes</i>	105
• <i>Default contribution</i>	202
• <i>Others (e.g. no contribution records)</i>	21
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	70 (24%)

<sup>^</sup> 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 September 2020, the LD received 34 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

7. Of the 293 complaints received from 1 January 2020 to 30 September 2020:

- (a) 60 cases (21%) were resolved after conciliation or advice given;
- (b) 133 cases (45%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 7 cases (2%) where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 93 cases (32%) 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 September 2020 are summarized below:

### (a) Prosecution

Number of summonses applied*	77	
• <i>Non-enrolment of employees</i>	5	(6%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	55	(71%)
• <i>False statement</i>	17	(22%)
• <i>Failure to comply with court order</i>	0	(-)
• <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	24 900
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### (c) Submission to the Small Claims Tribunal

- Number of cases submitted	91
- Number of employees involved	484

### (d) Submission to the District Court

- Number of cases submitted	8
- Number of employees involved	273

### (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	22
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(g) Proactive Inspections

- Number of employment establishments visited 70

\* *Percentages may not sum up to 100% due to rounding.*

## **Education and Publicity**

10. MPFA Chairman published a monthly blog post on 6 September 2020 on MPFA's continuous efforts to help MPF scheme members better manage their MPF including a three-step approach to enhance the transparency of MPF performance and fees, account information as well as product information. Firstly, the MPFA rolled out in April 2019 the one-stop MPF Fund Platform which revealed the three components of the fund management fees to enable scheme members to compare MPF performance and fees. The second step is to improve the presentation of MPF account information in the MPF Annual Benefit Statement with standardized format of an online dashboard. The third step is the introduction of "Risk Class" which aims to help scheme members better evaluate the risk of MPF funds.

11. A media briefing was held on 10 September 2020 to introduce the transparency initiatives launched by the MPFA and the 2019 Statistical Analysis of Accrued Benefits Held by Scheme Members of MPF Schemes. As at end 2019, there were 10.1 million MPF accounts, with the total MPF benefits amounting to \$969 billion. About 340 000 accounts and 60 000 accounts had MPF benefits of more than \$500,000 and \$1,000,000 respectively. MPF scheme members were reminded that MPF is a long-term investment and their investment decision should be based on their risk tolerance level and investment objectives.

12. A new territory-wide publicity campaign targeting all MPF scheme members was launched in September 2020, with a view to promoting the use of digital services and tools offered by MPF trustees and the MPFA for easier and more efficient management of MPF accounts. An appeal was made to MPF scheme members for immediate actions to open and activate online MPF accounts, and opt to receive electronic versions of MPF statements, fund fact sheet and other information to save time and paper. Under this campaign, a new Announcement in the Public Interest was launched on all local TV and radio channels. Concurrently, an "All-in-one Virtual Hub for MPF Account Management" was also launched in the MPFA corporate website. This campaign was jointly launched by the MPFA and the Environmental Protection Department (EPD) to promote "GREEN MPF" under the main theme of digitalizing MPF account management. Publicity messages were also issued on MPFA's Facebook fan pages and EPD's "Big Waster" pages on Facebook and Instagram.

13. The MPFA was awarded the Fintech Ecosystem Contribution Honorary Award in the Fintech Achievement Awards 2019 hosted by the Institute of Financial Technologists of Asia in recognition of its efforts in fostering fintech development in Hong Kong through the eMPF Platform project.

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

Mandatory Provident Fund Schemes Authority  
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