

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – November 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 30.11.2020	As at 31.10.2020	Change**	As at 30.11.2020	As at 31.10.2020	Change**
Employers	306 300	306 400	- 100	100%	100%	-
Employees	2 700 800	2 700 100	+ 700	100%	100%	-
Self-Employed Persons (SEPs)	229 600	229 100	+ 600	78%	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.

3. The enrolments in November 2020 appear to have plateaued after a continuous phenomenal rise in May - October 2020 likely to have been 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 November 2020, of the above estimated enrolment, 25 500 employers, 715 300 employees and 13 200 SEPs were registered under the Industry Schemes.

Complaint Handling

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

5. In November 2020, 279 complaints were received by the MPFA, of which 204 (73%) complaints were made against 159 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	204 (73%)
<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>104</i>
• <i>Default contribution</i>	<i>187</i>
• <i>Others (e.g. no contribution records)</i>	<i>10</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	75 (27%)

[^] 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 November 2020, the LD received 20 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

7. Of the 335 complaints received from 1 January 2020 to 30 November 2020:

- (a) 84 cases (25%) were resolved after conciliation or advice given;
- (b) 163 cases (49%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 12 cases (3%) where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 76 cases (23%) 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 November 2020 are summarized below:

(a) Prosecution

Number of summonses applied*	75	
• <i>Non-enrolment of employees</i>	7	(9%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	1	(1%)
• <i>Default contribution</i>	58	(77%)
• <i>False statement</i>	4	(5%)
• <i>Failure to comply with court order</i>	5	(7%)
• <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	26 400
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	64
- Number of employees involved	592

(d) Submission to the District Court

- Number of cases submitted	5
- Number of employees involved	146

(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	19
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(g) Proactive Inspections

- Number of employment establishments visited	140
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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 15 November 2020 to recap the major developments in MPF investment over the past 20 years. The Employee Choice Arrangement was launched in 2012, resulting in the introduction of more diversified MPF products. Over the years, MPF investment restrictions were relaxed through legislative amendments, attracting more low-fee funds and funds offering stable returns. The Default Investment Strategy was introduced in 2017 with the aim to help employees who lack investment knowledge or time to manage their MPF. As the MPF System moves into its third decade, the MPFA will continue to improve MPF investment choices.

11. In November 2020, a number of speaking engagements were arranged for MPFA Chairman and senior management. In a webinar targeting local fund management industry, Chairman recapped the major reform initiatives of the MPF System in the past 20 years and re-affirmed the value propositions of the System. MPFA Deputy Chairman and Managing Director (MD) attended a fireside chat at the Hong Kong FinTech Week 2020 to discuss how the eMPF Platform could transform the ecosystem of the MPF System and pension industry in Hong Kong. MD also delivered a keynote speech at a forum to discuss how MPF could help foster environmental, social and governance, green and sustainable finance development in Hong Kong. In a virtual meeting and a webinar targeting regional/global fund management industry practitioners and local financial industry practitioners respectively, MD talked about the latest development of the MPF System and MPFA's initiatives to expand the MPF investment universe. Chief Corporate Affairs Officer and Executive Director participated in a webinar organized by an MPF industry operator for human resources and financial executives coming from employers in Hong Kong to recount the development of the MPF System over the past 20 years and apprise the audience of the MPFA's vision for the future.

12. A couple of talks were conducted in the month. A talk in collaboration with a non-governmental organization was arranged for young people who are employees, job-seekers or self-employed persons, where tailor-made MPF messages including scheme members' rights and obligations, investment education and case study of MPFA's enforcement action were introduced. Two talks, organized by the Chinese Manufacturers' Association of Hong Kong and Labour Department respectively, were conducted for employers on their MPF obligations. In addition, a talk hosted by the Hong Kong Housing Authority was held for security/cleaning workers to disseminate messages on employees' rights and employers' obligations under the MPF System, with a view to protecting the MPF rights of front-line workers. A talk focusing specifically on the Industry Schemes was arranged for trainees who study the course offered by the Hong Kong Institute of Construction for future labour relations officers.

13. With a view to keeping sustainable efforts to disseminate messages on MPF and retirement investment, a series of three videos was launched in late November 2020. Presented through a live-action adaptation of a renowned cartoon series, it aims to reinforce scheme members' understanding of fundamental MPF investment concepts and encourage them to take good care of their MPF investment. Publicity of the videos was arranged on various online platforms from late November to mid-December 2020. A game would also be launched on MPFA Facebook Messenger Bot to augment the publicity impact of the videos and to further promote usage of the bot.

14. Two retirement planning workshops were conducted in November 2020. The workshops enabled direct engagement with "keen-to-know" scheme members, and shared with them practical tips for retirement planning and MPF investment.

15. A total of 12 workshops for students of secondary schools and tertiary institutions, including money management drama performances, 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 when they join the workforce in the future. Meanwhile, a training workshop was held for teachers to provide them with basic money management educational knowledge as well as practical tips on family budgeting, retirement planning and MPF investment.

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