

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – January 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*			Enrolment Rate		
	As at 31.1.2021	As at 31.12.2020	Change**	As at 31.1.2021	As at 31.12.2020	Change**
Employers	307 000	306 400	+ 600	100%	100%	-
Employees	2 702 800	2 705 100	- 2 300	100%	100%	-
Self-Employed Persons (SEPs)	230 100	229 900	+ 200	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. Following the 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, the enrolments appeared to have stabilized from November and started to drop in respect of employees in December 2020.

4. As at end January 2021, of the above estimated enrolment, 25 600 employers, 718 800 employees and 13 100 SEPs were registered under the Industry Schemes.

Complaint Handling

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

5. In January 2021, 233 complaints were received by the MPFA, of which 152 (65%) complaints were made against 121 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	152 (65%)
<i>Breakdown by subject matter of complaint ^</i>	
• <i>Involuntary change from “employee” status to “SEP” status</i>	2
• <i>Non-enrolment in MPF Schemes</i>	57
• <i>Default contribution</i>	140
• <i>Others (e.g. no contribution records)</i>	8
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	81 (35%)

[^] 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 January 2021, the LD received 13 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

7. Of the 13 complaints received from 1 January 2021 to 31 January 2021:

- (a) 3 cases (23%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication; and
- (b) 10 cases (77%) 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 January 2021 are summarized below:

(a) Prosecution

Number of summonses applied*	45	
• <i>Non-enrolment of employees</i>	4	(9%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	34	(76%)
• <i>False statement</i>	6	(13%)
• <i>Failure to comply with court order</i>	1	(2%)
• <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	25 900
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	43
- Number of employees involved	286

(d) Submission to the District Court

- Number of cases submitted	6
- Number of employees involved	159

(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	9
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(g) Proactive Inspections

- Number of employment establishments visited	0
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* Percentages may not sum up to 100% due to rounding.

Education and Publicity

10. MPFA Chairman published a blog post on 10 January 2021 on how the MPFA dutifully provided public services amid the COVID-19 pandemic over the past year with an objective to protect MPF scheme members' interests and improve MPF investment choices to achieve better returns for scheme members. Looking ahead, Chairman said the eMPF Platform project would enter a critical development phase this year. The MPFA would remain committed to creating a new digital MPF ecosystem at a steady pace. It would press ahead to enhance the digital capability of the MPF industry in order to help practitioners cope with the challenges, while helping new market players ride on the technology wave to enter the MPF market. This would help promote industry competition and benefit the working population at large.

11. In January 2021, the eMPF Platform Provisional Office joined a virtual "Meetup with Hong Kong Regulators" Panel Session at the Asian Financial Forum 2021. The audience was shared with the latest development of the eMPF Platform project and benefits to be brought about to users of the Platform, the industry and the MPF System through digitalization of MPF scheme administration processes.

12. With a view to sustaining efforts to educate MPF scheme members to plan ahead for their retirement, a new series of four articles on how to develop appropriate strategies for retirement investment according to the different circumstances and advantages at four different career stages had been developed and published on the MPFA Investment Education thematic website. Online publicity was arranged to promote the series on various online platforms from late January to March 2021.

13. An interactive drama for secondary school students on money management was conducted through live streaming in January 2021. Its aim was to enhance understanding of the MPF System and MPF investment as well as the concept of retirement investment, with a view to enhancing compliance with the legislative requirements. Meanwhile, an online training workshop was held for teachers to provide them with basic money management educational knowledge, family budgeting as well as retirement planning and MPF investment.

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