

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – February 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 28.2.2021	As at 31.1.2021	Change**	As at 28.2.2021	As at 31.1.2021	Change**
Employers	306 500	307 000	- 500	100%	100%	-
Employees	2 702 300	2 702 800	- 500	100%	100%	-
Self-Employed Persons (SEPs)	230 300	230 100	+ 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 estimated enrolments appeared to have stabilized from November 2020 and started to drop in respect of employees and employers from January 2021 and from February 2021 respectively.

4. As at end February 2021, of the above estimated enrolment, 25 600 employers, 719 600 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 February 2021, 215 complaints were received by MPFA, of which 161 (75%) complaints were made against 136 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	161 (75%)
<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>	65
• <i>Default contribution</i>	148
• <i>Others (e.g. no contribution records)</i>	10
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	54 (25%)

^ 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 February 2021, the LD received 22 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

7. Of the 35 complaints received from 1 January 2021 to 28 February 2021:

- (a) 1 case (3%) was resolved after conciliation or advice given;
- (b) 6 cases (17%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 1 case (3%) where the employer was insolvent was referred to the Legal Aid Department/Protection of Wages on Insolvency Fund; and
- (d) 27 cases (77%) where the employees had lodged claims with the LD were awaiting conciliation result.

Enforcement

8. 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 MPFA in February 2021 are summarized below:

(a) Prosecution

Number of summonses applied*	17	
• <i>Non-enrolment of employees</i>	2	(12%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	3	(18%)
• <i>False statement</i>	10	(59%)
• <i>Failure to comply with court order</i>	2	(12%)
• <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	26 500
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	79
- Number of employees involved	383

(d) Submission to the District Court

- Number of cases submitted	1
- Number of employees involved	37

(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	7
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(g) Proactive Inspections

- Number of employment establishments visited	13
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* Percentages may not sum up to 100% due to rounding.

Education and Publicity

10. MPFA Chairman met the media in late February 2021 to review the major development of the MPF System during his six-year tenure and highlight the merits of the System.

11. During the month, MPFA Deputy Chairman and Managing Director was interviewed by the media on the investment performance of MPF and the work of MPFA in protecting scheme members' interest, taking forward the eMPF Platform project and enhancing regulatory efficiency through technologies amid the COVID-19 pandemic in 2020. She also introduced the major work foci of MPFA in 2021, including the expansion of the investment universe and the enhancement of digital capability of MPFA.

12. MPFA participated in a webinar organized by a local media organization on 2 February 2021 to share views on how scheme members could better manage their MPF investment under the current economic and investment environment by utilizing practical tools provided by MPFA.

13. In February 2021, an interactive drama on money management for secondary school students was conducted through live streaming. The aim of the drama 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.

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

Mandatory Provident Fund Schemes Authority
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