

## Legislative Council Panel on Manpower

### Implementation of the Mandatory Provident Fund System Progress Report – March 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 31.3.2021	As at 28.2.2021	Change**	As at 31.3.2021	As at 28.2.2021	Change**
<b>Employers</b>	307 200	306 500	+ 700	100%	100%	-
<b>Employees</b>	2 696 700	2 702 300	- 5 600	100%	100%	-
<b>Self-Employed Persons (SEPs)</b>	230 200	230 300	-	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 earlier by the Government’s launch of the Employment Support Scheme which made MPF enrolment a pre-requisite for getting subsidies under the Scheme, the estimated enrolments stabilized from November 2020. The estimated enrolment in respect of employees started to drop from January 2021 and registered a significant drop of 5 600 in March 2021.

4. As at end March 2021, of the above estimated enrolment, 25 700 employers, 720 200 employees and 13 000 SEPs were registered under the Industry Schemes.

## Complaint Handling

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

5. In March 2021, 296 complaints were received by MPFA, of which 216 (73%) complaints were made against 158 employers. A breakdown of these complaints by subject matter is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning employers	216 (73%)
<i>Breakdown by subject matter of complaint ^</i>	
• <i>Involuntary change from “employee” status to “SEP” status</i>	3
• <i>Non-enrolment in MPF Schemes</i>	77
• <i>Default contribution</i>	211
• <i>Others (e.g. no contribution records)</i>	9
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	80 (27%)

<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 March 2021, the LD received 31 MPF-related complaints, all of which were on alleged wrongful deduction of wages and default contribution.

7. Of the 66 complaints received from 1 January 2021 to 31 March 2021:

- (a) 5 cases (8%) were resolved after conciliation or advice given;
- (b) 14 cases (21%) were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 7 cases (11%) where the employer was insolvent were referred to the Legal Aid Department/Protection of Wages on Insolvency Fund; and
- (d) 40 cases (60%) 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 March 2021 are summarized below:

### (a) Prosecution

Number of summonses applied*	18	
• <i>Non-enrolment of employees</i>	1	(6%)
• <i>Non-enrolment (Employee / SEP dispute)</i>	0	(-)
• <i>Default contribution</i>	6	(33%)
• <i>False statement</i>	9	(50%)
• <i>Failure to comply with court order</i>	2	(11%)
• <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	27 100
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### (c) Submission to the Small Claims Tribunal

- Number of cases submitted	90
- Number of employees involved	293

### (d) Submission to the District Court

- Number of cases submitted	6
- Number of employees involved	88

### (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	15
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### (g) Proactive Inspections

- Number of employment establishments visited	209
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\* Percentages may not sum up to 100% due to rounding.

## **Education and Publicity**

10. In March 2021, a new publicity campaign on tax-deductible voluntary contributions (TVC) was launched on MPFA's corporate online and social media platforms with an aim to promote the advantages of TVC and remind scheme members to make TVC before the end of tax year. The campaign includes infographic video, advertisement and a series of social media feeds highlighting that TVC could help scheme members strengthen their retirement protection while enjoying tax savings.

11. A public webinar on MPF investment was held on 27 March 2021 to enhance participants' understanding of MPF investment and retirement planning. The event was co-organized with a local university for keen-to-know MPF scheme members.

12. A new video series on MPF investment education featuring a popular artiste among the younger generation was launched in the month. Riding on a critically-acclaimed Japanese TV drama, the videos themed “深夜髮廊” were created in the setting of a hair salon where the hair stylist would offer solutions to his clients on MPF investments while fixing their hair problems. The series aims to educate scheme members on the important factors in choosing their MPF portfolio, as well as key features of the default investment strategy as a quick and trouble-free option for MPF scheme members. The videos were rolled out on various online platforms in late March 2021.

13. A full array of educational activities and school-based programmes were launched during the month targeting students of secondary schools and tertiary institutions so as 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.