

LCQ6: Employers' contributions to Mandatory Provident Fund

Following is a question by the Hon Chan Kin-por and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (November 13):

Question:

The Mandatory Provident Fund Schemes Authority (MPFA) will issue the "Payment Notice for Mandatory Provident Fund Contributions and Surcharge" (Payment Notice) to employers defaulting on Mandatory Provident Fund (MPF) contributions to recover the default contributions and a surcharge calculated at 5 per cent of the default amount. In this connection, will the Government inform this Council:

(1) of the MPFA's recovery of default MPF contributions from employers in the past five years, including the number of Payment Notice issued, the respective number and percentage of successful recovery cases (including default contributions recovered both before and after the deadlines specified in the Payment Notice) and cases where recovery is ongoing, as well as the amounts involved;

(2) given that the MPFA will soon be able to directly track the situation of employers' contributions when the eMPF Platform is fully operational, how the MPFA will expedite the processing of default contribution cases; and

(3) as the MPFA indicated in April 2023 that it was studying amending the legislation to improve the existing mechanism and introduce a tiered surcharge arrangement, so as to further increase the deterrent effect on employers' defaulting on MPF contributions and to protect employees' rights and interests, of the progress and timetable of the relevant work?

Reply:

President,

In consultation with the Mandatory Provident Fund Schemes Authority (MPFA), our reply to the three parts of the question is as follows:

(1) Figures concerning the recovery of default Mandatory Provident Fund (MPF) contributions by the MPFA in the past five financial years (FYs) are set out in the table below:

FY	2019-20	2020-21	2021-22	2022-23	2023-24
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Number of "Payment Notices for MPF Contributions and Surcharge" (PNs) issued (Note 1)	261 100	304 000	317 500	346 700	376 300
Amount successfully recovered for affected employees (Note 2)	\$158 million	\$196 million	\$140 million	\$145 million	\$155 million
Number of affected employees	95 300	108 000	82 800	96 600	96 600

Note 1: The data show the total number of PN's issued by the MPFA for each contribution period within the same FY. In other words, if the same employer continuously fails to make MPF mandatory contribution, the MPFA will issue one PN to that employer every month.

Note 2: Amount successfully recovered for affected employees included default MPF contributions and the relevant surcharge.

In the past five FYs, about 30 per cent of the cases were settled on or before the due date (i.e. 14 days from the date of issuance of PN's) after the MPFA having issued PN's. The MPFA will continue to investigate the remaining 70 per cent of the cases and initiate civil proceedings to recover the arrears for affected employees having regard to the actual circumstances. In FY 2023-24, the MPFA filed a total of 1 621 civil claims on default contributions, including 1 378 cases to the Small Claims Tribunal, 54 cases to the District Court, and 189 proofs of debt filed with the liquidators or the Official Receiver's Office.

(2) The eMPF Platform launched this June aims to streamline, standardise and automate MPF scheme administration processes, thereby enhancing the overall operational efficiency of the MPF System, including the recovery of default MPF contributions from non-compliant employers. Upon the full implementation of the eMPF Platform, in the event of default contributions, the MPFA will be able to swiftly and directly verify the MPF contribution status of employers via the Platform, and issue PN's to relevant employers earlier to remind them to settle the arrears as soon as possible. The entire process is expected to be expedited by about three weeks as compared to the time before the Platform was launched. In addition, the eMPF Platform could also enable the MPFA to expedite the handling of suspected non-compliance cases and improve the efficiency of investigation and enforcement work, thereby offering more effective protection of employees' MPF benefits.

(3) The MPFA is all along committed to safeguarding employees' MPF accrued benefits by actively promoting awareness among employers and employees to fulfill their statutory obligations on one hand, and proactively conducting investigations and taking enforcement actions against suspected non-compliant employers to recover default MPF contributions for affected employees on the

other. Depending on the circumstances of individual cases, the MPFA's investigation and enforcement actions involve a number of procedures, including verifying relevant contribution information with trustees; issuing PNs to defaulting employers; contacting defaulting employers to collate relevant income information of affected employees and demanding employers to settle the arrears as soon as possible; in the event of persistent default, initiating civil procedures and filing claims on behalf of the affected employee with the Small Claims Tribunal or other courts to recover the arrears, as well as considering whether criminal prosecution should be taken; and submitting proof of debt to the liquidators or Official Receiver's Office on behalf of the affected employees, etc. Regarding the suggestion on implementing tiered surcharge for default contributions, the Government and the MPFA will give due considerations and follow up as appropriate.