

# Member Protection



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(Member Protection and Services Division)

Our problem-solving skills, experience in investigation and knowledge of relevant legislation, coupled with a “can-do” mindset, allow us to overcome challenges and drive towards our goal of protecting the interests of MPF scheme members.

## Protecting Retirement Benefits

MPFA has the powers to enforce the law regarding the MPF System with the following objectives:

- To ensure compliance with the Mandatory Provident Fund Schemes Ordinance (MPFSO) and the Occupational Retirement Schemes Ordinance (ORSO);
- To protect the legitimate rights of MPF scheme members; and
- To uphold the integrity and credibility of the MPF System.

## Non-Compliant Employers under MPFSO

MPFA’s powers enable it to investigate non-compliance of employers such as failing to pay MPF contributions for their employees or not enrolling employees in an MPF scheme by the prescribed date.

MPFA has provided various means including hotline, website and enquiry counter to make it easy for employees to lodge complaints when they suspect that their MPF rights have been infringed. MPFA also proactively follows up suspected default contributions reported by trustees and closely monitors and follows up media reports and other intelligence sources on any news of possible default contributions to protect the interests of affected employees.

MPFA pursues defaulting employers to recover default contributions. If they fail to comply, MPFA will initiate legal proceedings against non-compliant employers including filing civil claims to pursue default contributions on behalf of affected employees and initiating criminal prosecution via the Police and the Department of Justice to instil deterrent effect.

In 2023–24, following the return to normalcy after the COVID-19 pandemic, MPFA conducted more inspections at the employers’ establishments to ascertain the MPF compliance of the employers and filed more civil claims to recover default contributions from defaulting employers. The amount recovered was \$155 million, which was the highest in the recent three years.



Regular inspection on MPF compliance by employers

### Cases Investigated (Breakdown by Suspected Non-Compliances)\*

	2023-24	2022-23	2021-22
Default contributions	37 475	39 608	44 596
Non-enrolment	1 048	1 136	1 080
Forced change to self-employed persons	14	24	17
Others <sup>1</sup>	111	136	129
<b>Total:</b>	<b>38 648</b>	<b>39 645</b>	<b>44 651</b>

\* Since a case may involve more than one type of suspected non-compliance, the total number of suspected non-compliances may exceed the total number of cases investigated.

<sup>1</sup> Failure to notify trustees of termination of employment, failure to issue monthly pay record, etc.

## Actions against Non-Compliant Employers under MPFSO

	2023-24	2022-23	2021-22
Employment establishments inspected	1 234	929	858
Payment notices issued in respect of default contributions	376 300	346 700	317 500
Financial penalty imposed on repeated defaulters <sup>2</sup>	125	93	46
Employers involved	120	88	43
Total penalty	\$1,054,000	\$531,000	\$397,000
Default contributions <sup>3</sup> recovered for employees	\$155 million	\$145 million	\$140 million
Employees involved	96 600	96 600	82 800

## Civil Claims Filed in respect of Default Contributions

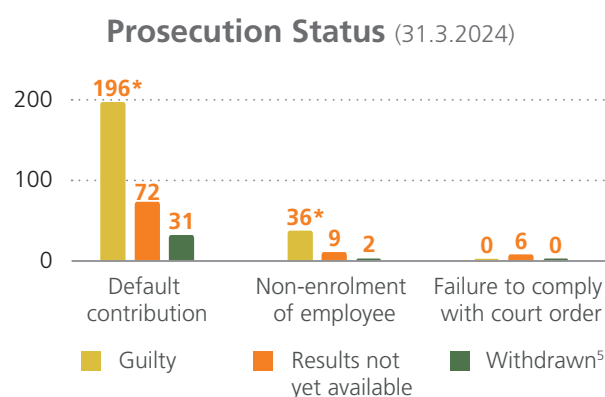
	2023-24	2022-23	2021-22
Small Claims Tribunal	1 378	1 208	864
District Court	54	43	36
High Court	0	0	0
Liquidators <sup>4</sup>	189	114	128
<b>Total:</b>	<b>1 621</b>	<b>1 365</b>	<b>1 028</b>

## Court Actions Taken

	2023-24	2022-23	2021-22
Garnishee Orders granted by court to seize money from defaulting employers' bank accounts	133	80	124
Bailiff actions taken to seize assets of defaulting employers	67	36	78
Court orders granted to compel convicted employers to rectify non-compliance	4	2	3

## Prosecution Actions

During the year, 352 summonses were issued to employers and directors/managers of limited companies for prosecution in respect of suspected non-compliance.



\* Involving 52 employers and two directors of two limited companies (total fine: \$518,300)

2 Failure to pay MPF contributions in respect of an employee to the trustee within the prescribed period.

3 This amount includes surcharge calculated at 5% of the amount of MPF contributions in arrears imposed on employers who failed to make MPF contributions for their employees within the prescribed period. The surcharges received are credited into the MPF accounts of the employees concerned.

4 If there is a winding-up or bankruptcy order against an employer, MPFA, on behalf of the affected employees, will file proof of debt with the liquidator or Official Receiver to recover default contributions.

5 Summonses were withdrawn for the following reasons: defendants had become untraceable, resignation of all directors/company secretaries or upon plea bargaining discussion.

## Non-Compliant Employers under ORSO

The following actions were taken to recover default contributions on behalf of affected employees under Occupational Retirement schemes (ORSO schemes):

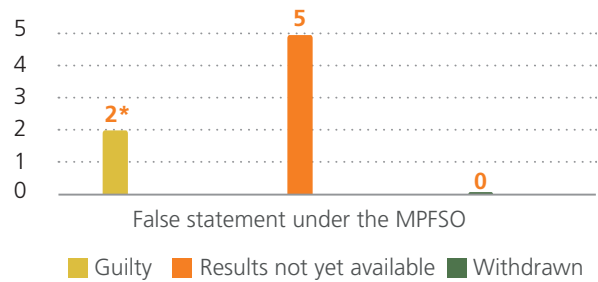
	2023–24	2022–23	2021–22
Payment notices issued in respect of default contributions under MPF exempted ORSO registered schemes <sup>6</sup>	25	104	112
Default contributions in MPF exempted ORSO registered schemes recovered for employees	\$4,000	\$31,000	\$91,000

## Non-Compliant Scheme Members

MPFA prosecutes members of MPF or ORSO schemes who make false or misleading statements to trustees for early withdrawal of MPF on grounds of permanent departure from Hong Kong. In 2023–24, seven summonses were issued to MPF scheme members for making false statements.

To tackle syndicate crime relating to the inducement of scheme members to make such false statements, MPFA refers cases to the Police for investigation from time to time. In 2023–24, one syndicate member involved in cases referred to the Police earlier was convicted of money laundering and was sentenced to imprisonment for 26 months.

Prosecution Status (31.3.2024)



\* Involving two MPF scheme members with an average fine of about \$3,700

## Non-Compliant Employer and Officer Records

MPFA maintains a database of Non-Compliant Employer and Officer Records (NCEOR) on the [MPFA website](#) to enhance the deterrent effect on non-compliant employers and officers as well as increasing the transparency of MPFA's enforcement actions. Members of the public can view and search for information on employers and officers with MPF non-compliance records resulting from legal proceedings initiated by MPFA.

### Records in NCEOR Database

	2023–24	2022–23	2021–22
Civil awards or judgements	3 578	3 112	2 787
Criminal conviction records	477	502	541
<b>Total:</b>	<b>4 055</b>	<b>3 614</b>	<b>3 328</b>

<sup>6</sup> A surcharge calculated at 15% or 20% of the amount of ORSO contributions in arrears is imposed on employers who failed to make ORSO contributions for their employees. No surcharge will be imposed in the first payment notice in respect of ORSO contributions.