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\$10b earmarked for pension fund

By KENT CHEN

THE Government is ready to set aside a \$10 billion fund for settling future retirement benefits claims from the 186,000-strong civil service, according to legislator Peter Wong Hong-yuen.

Mr Wong, who represents the accounting profession, estimated that the Government would need a total of about \$50 billion for the proposed retirement fund.

He said he had learned of the Government's intention during a recent session with senior officials in charge of public finances.

Mr Wong hailed the move as a step

in the right direction, even though the civil servants might not feel the figure was big enough.

At present the Government pays pensioners from its annual budget, as there is no special retirement fund.

"There is nothing wrong with the current practice when our economy is strong. But we should protect the civil servants against future possible economic slumps," he said.

"We need to assure the civil servants that their retirement benefits are guaranteed, irrespective of any future political and economic changes."

The present pensions scheme is governed by the Pension Ordinance

and the Pension Benefits Ordinance, which are unfunded.

Mr Wong believes that a "pay as you go" policy for civil service pensions is inappropriate for Hongkong.

"Just as we have shown a distinct lack of trust in the Chinese signatory of the Joint Declaration, so the pensioner is likely to raise queries about the ability of the post 1997 Hongkong Government to honour its obligations.

"The Government finances should follow prudent commercial lines, unless there are overwhelming reasons for not doing so."

Mr Wong said there was a good case for civil service pensions being funded separately.

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