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# Accountants urge clarity on pension bill

By NICK THOMPSON  
 HONGKONG'S accountants have joined the chorus of professional bodies expressing doubts over the Government's proposed legislation on pensions.

Echoing a comment made by the Actuarial Association earlier this week, the Hongkong Society of Accountants (HKSA) has called for clearer and more simplified rules than those suggested in the Occupational Pension Schemes Bill.

"Overall, we feel that the

Bill has been drawn up in such a way that it is much more complicated than it need be to achieve its objective of providing a measure of protection to members of employee pension schemes," the HKSA says in its formal submission to the Monetary Affairs Branch.

"The drafting is not without flaws, especially in the provisions for cancellation and the resulting winding-up of schemes. The lack of provisions for cancellation of a scheme on failure of the

employer's business renders the amendments to the bankruptcy and liquidation laws on preferential payments ineffective.

"There is a need to reconsider the whole cancellation provisions."

The HKSA is also concerned about a number of other ambiguities, including the treatment of "end of contract" gratuities — a common form of payment in the territory. It warns that if they are covered, it will impose such an administra-

tive burden on some companies that they might end the practice, to the disadvantage of their employees.

On the other hand, the Bill does not contain any requirement for the registrar to review an employer's financial state before registering a pension scheme — thus leaving a loophole which makes it easier for schemes to be set up with the deliberate intention of defrauding creditors.

Another area of doubt is over the proposed require-

ment that a designated person in each scheme should submit an annual auditor's certificate in a form acceptable to the registrar.

But the HKSA says it is not clear just what the auditor is meant to certify, nor whether the certificate has the same meaning as the auditor's report on the accounts of the scheme as required by the Bill.

Equally, they say the provisions on the content of pension scheme accounts are unclear and inadequate.