

Chan's answer on SAR reserves clarified

# \$7b fund leads to confusion

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THE proposed \$7 billion pension reserve fund for civil servants will be separate from the reserves put aside for the future Special Administrative Region (SAR) government, it was revealed last night.

The clarification was made by the Government after the Secretary for Civil Service, Anson Chan Fang On-sang, was asked whether the money would be drawn from the \$25 billion reserves promised under the Memorandum of Understanding (MOU) on the new airport signed in September 1991.

During a briefing session for Legislative Councillors, Mrs Chan had not ruled out the possibility that the pension reserve fund would be included in the SAR reserves.

"We are well aware of the commitments that we entered into as part of the MOU, and we have every intention of keeping to those commitments," she said.

"If you look at the MOU, you will know that the \$25 billion is not subject to any constraint."

The comment raised concern that the two funds might not be separate from each other and were likely to be opposed by China.

Pro-China legislator Tam Yiu-chung asked Mrs Chan to clarify, but she refused to give a flat reply.

"I can't answer that. We need to discuss it with China," she said.

But she added that the final decision rested with the Financial Secretary, Hamish Macleod and the Secretary for the Treasury, Donald Tsang Yam-kuen.

Mr Tam doubted whether China would agree to count the \$7 billion as part of the \$25 billion reserve as it would limit the SAR government's freedom in operating the reserve.

He also asked why a hasty decision was made to



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No comment . . . when asked whether or not the pension fund would be excluded from post-1997 reserves, Anson Chan stood her ground.

inject \$7 billion into the pension fund when details of the fund had not yet been mapped out.

"The Government has said before that they would not decide on the matter until the end of 1994. Now a decision is quickly made, why is it so?" he asked.

The Government issued a statement later in the evening clarifying the comments made by Mrs Chan.

"The proposed \$7 billion civil service pension reserve fund would be in addition to the Hong Kong Government's commitments under the airport Memorandum of

Understanding," it said.

Earlier, when asked how the figure of \$7 billion was arrived at, as staff were demanding an amount of no less than \$15 billion, Mrs Chan said the proposal was made after detailed deliberations on the Government's financial situation.

Deputy Secretary for Civil Service Stuart Harbinson added that the Government had no immediate plan to inject more money than the \$7 billion.

"The \$7 billion is essentially what we feel we can afford," he said.

Mr Harbinson estimated

the total expenditure needed to spend on civil service pensions in the current financial year would be about \$4 billion.

Regarding localisation, Mrs Chan said the policy had been broadly successful except in a few departments.

She reiterated that the new policy allowing overseas contract officers to switch to local terms was only an interim measure which would affect fewer than 100 officers.

She said they were working towards a common set of terms which would provide a long-term solution.