

\$10 billion injected to kick-start pensions

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in Beijing
and LOUIS WON

THE Government would kick off an old age pension scheme with a \$10 billion down-payment, according to a new package adopted after a consultancy study, pro-China legislator Tam Yiu-chung has disclosed.

The level of government input is higher than industry expected but falls at the low end of estimates of the cost of the scheme in its first year.

Details are contained in a report on the scheme which would cover everyone 65 and older.

It is understood the report has been passed on to China.

Mr Tam, chairman of the left-wing Federation of Trade Unions, said in Beijing last night he had learned from official sources that the total amount of contribution by employer and employee would not exceed four per cent of a worker's monthly salary.

This is two per cent lower than originally proposed by the Government when the scheme was first outlined earlier this year.

The possibility of paying an old age pension was floated after the administration rejected the idea of setting

up a Central Provident Fund.

Under the original proposal, those aged 65 or above would receive \$2,100 monthly from the Government, regardless of how much they had contributed.

Mr Tam said he had been told that the monthly allowance would now be increased to \$2,300, but a means test mechanism would be added to prevent those with a certain amount of assets obtaining assistance.

Employees whose monthly salary was below \$4,000 will not have to make contributions.

Unionists, however, insisted that the scheme should be funded by three parties - the Government, employers and employees.

All three leading political parties - the United Democrats, the Liberal Party and Meeting Point - expressed reservations about the proposal when it was first announced.

Legislators have accused the Government of working out a scheme which saw it paying contributions only in its capacity as the employer of civil servants rather than accepting responsibility for assisting all of its elderly citizens.

They are opposed to the idea that the Government make only a one-off contri-

bution to the pension scheme.

Representatives of the Liberal Party, United Democrats of Hong Kong and Meeting Point, met Deputy Secretary for Education and Manpower Lam Woon-kwong yesterday afternoon.

After the meeting, United Democrat legislator Lau Chin-shek said the three parties had demanded the Government make long-term contributions.

The Government appointed consultancy group the Wyatt Company to conduct a feasibility study on the scheme in March and the report is set to be presented to the Executive Council on Tuesday.

Mr Tam said the Federation of Trade Unions welcomed the new proposals, if the Government agreed to contribute \$10 billion.

He believed the present package would also be acceptable to the Chinese Government.

However, China's working panel on the post-1997 Government had rejected the proposal as originally laid out by the Government, saying that it was merely a kind of welfare scheme to assist the elderly.

It is not known whether Chinese officials will have sufficient time to study the new proposals and make

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their views known before Tuesday's Exco meeting.

However, the Chinese Government yesterday gave its strongest signal that it wanted to co-operate with Britain on Hong Kong's economic and livelihood issues.

State President Jiang Zemin reportedly said Beijing would forge discussions with London through the normal diplomatic channels on economic matters even though co-operation on political issues had collapsed.

That was because the continued prosperity and stability of Hong Kong was also beneficial to China.

At the end of its three-day plenum today, members of China's Preliminary Working Committee (PWC) are to call for the formation of additional groups that will broaden contact with the community.

Some will also suggest the expansion of the PWC secretariat in Hong Kong to provide more efficient back-up to the working panel.

A report concluding its discussions during the past six months will also be released today after being endorsed by members.

PWC member Professor Lau Siu-kai said members in the sub-group discussion were generally in favour of the formation of a provisional legislature to fill the vacuum after the disbanding of the Legislative Council elected in 1995.

The provisional legislature was one of the options suggested by the PWC politi-

cal sub-group to deal with legislations prior to the setting up of the first legislature of the Special Administrative Region (SAR).

Other options include the delegation of the law-making power to the SAR chief executive or that the central government should legislate for the SAR.

Professor Lau said the PWC had yet to assess the need to legislate immediately following the sovereignty change but members were reserved on the delegating of

the law-making power to the Chief Executive without a proper check and balance mechanism.

They were also worried that the lack of an efficient political system would lead to confusion and obstruct the effective ruling of the SAR.

An assistant director of Xinhua (the New China News Agency), Lee Wui-ting, said the PWC had yet to decide how to handle the reorganisation of the district organisations.

SOUTH CHINA MORNING POST
9 JUL 1994