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Bosses' chairman backs CPF scheme

A COMPULSORY non-government operated central provident fund, with contributions from both employers and employees, would be a solution to the current argument on what kind of scheme should be set up to benefit employees when they retired.

The chairman of the Employers' Federation of Hong Kong, Mr William Turnbull, made this suggestion in a report which will be tabled before the federation for endorsement.

The federation is expected to submit the report to the Government for consideration.

In the report, Mr Turnbull called on all concerned parties to "remove from their minds the preconceived and perhaps biased concept which they now seem to have and approach this vast, important and complex subject with open minds."

He said it was shortsighted and dangerous to jump to the conclusion that a central provident fund is not what Hongkong wants or needs.

At present, according to Mr Turnbull, there seem to be four main possibilities open to us, namely:

- A Singapore-style central provident fund
- A welfare state-type provision of other countries with a form of contributory national insurance with welfare benefits.

• STUDY what we have already created and then establish a policy of how it can be further promoted and developed in the future

- DO nothing which would be deemed irresponsible.

Mr Turnbull favoured the third possibility which he described as acceptable, workable and possibly attractive, particularly a long service or provident

fund-type scheme based on the employer and employee making compulsory contributions of an amount equal to between five per cent and 10 per cent of basic salary or wages.

If wisely invested, Mr Turnbull said, this scheme would be able to provide the employees with a meaningful lump sum on ultimate retirement of something between one to one-and-a-half-months' retirement date pay for each year of service.

Having established the principle of such a compulsory provident fund scheme, Mr Turnbull said it would be necessary to introduce regulations to govern those who seek to establish and operate such funds.

He suggested that only top leading financial institutions with significant financial backing and impeccable track records should be permitted to offer such funds.