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Boom prompts union call for provident fund

By MAUREEN FAN and BRIAN WONG

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THE Government should take advantage of the economic boom and set up a central provident fund, unionists said yesterday.

The 170,000-strong Federation of Trade Unions will petition the Office of Members of the Executive and Legislative Councils today to press the Government to introduce a fund, which they say will provide long-term protection for workers.

The unionists were reacting to the mid-year economic review of Financial Secretary Piers Jacobs, who announced on Monday that the surplus by the end of the years was expected to be $5 billion, with economic growth standing at 12 per cent compared with forecasts of six per cent.

Unionists said Hongkong's record growth provided a favourable climate for implementing measures to protect labourers and to improve working conditions so as to attract workers back to factories.

Union chairman Mr Cheng Yiu-tong said although workers had contributed much to the surging economic growth, they did not enjoy higher wages nor more benefits.

Legislative Councillor Mr Tam Yiu-chung said workers should have the right to enjoy the fruits of the economic growth to which they had contributed so much.

Mr Lee Cheuk-yan of the Christian Industrial Committee said: "The economic boom means that employees have made promising profits and it is the right time to set up the provident fund to protect workers."

Legislative councillors Mr Desmond Lee and Mr Hui Yin-fat both said the setting up of the fund would help stabilise the economy as well as the community.

It is believed that Governor, Sir David Wilson, will comment on the controversial issue of a fund when he delivers his maiden policy speech in Legco next month.

The Government has already rejected plans to set up such a fund.

Meanwhile, Chinese University Professor of Economics Lin Tzong-biau said yesterday Hongkong's economic prosperity put the Government in a position to lower taxes.

The professor said the time was ripe during the current economic boom to lower Hongkong's standard taxation rate of 16.5 per cent and to introduce indirect taxation.

"I would be interested to know what the Government thinks about this ... I don't think the Financial Secretary said too much about the Government's plans," he said.

Director of the Hongkong General Chamber of Commerce Mr Jimmy McGregor said, however, the Government was unlikely to lower taxes.

Although there was a case for slightly lowering taxes – to keep attracting outside business and to encourage local investment in Hongkong – Mr McGregor said he would like to see any available revenue go towards helping the elderly.

"As the economy continues to expand and improve, there has to be a greater concern with the health and welfare of workers. They should have the right to retire in dignity."

Dr Y.C. Jao, a reader in economics at Hongkong University, was cautious about altering the tax rate. "The rate could be lower but it must be done at the same time as the gross rate of public expenditure is lowered."

Professor Lin also thought Mr Jacobs' speech could have been more analytical.

"Why does the Government have such a surplus? The growth rate has been revised from 6.2 per cent to 12 per cent. There could have been more explanation for the extraordinary additional growth and a little more analysis," Professor Lin said.