

2 Dec. 1988

Bus strike adds fuel to call for pensions

LINDA YEUNG and JOHN DYKES look at a major issue brought to a head by this week's CMB drivers' strike: the need for adequate pension plans for Hongkong's workforce

IRRITATING it may have been, but there can be no doubting the positive effect this week's CMB bus drivers' strike has had on the public's conscience.

In true Hongkong style, a problem that had for so long been brushed under the legislative carpet at last sat up and demanded attention. The whole question of adequate pension arrangements for the Hongkong workforce now demands to be addressed.

Transport Advisory Committee Chairman Maria Tam may have offered stirring exhortations about not forgetting we are stepping into the 1990s, but a more practical comment came from Wong Kwok-hing, deputy director of the Hongkong Federation of Trade Unions' Hongkong Island Office.

"Long service payment can't solve the retirement problem," he said. "It is so little and it is being offered because there is no Central Provident Fund available."

And so to those three dif-

...of service required fall as the age increases. Those 65 or older who are due to retire, or those possessing medical evidence which shows they are unsuitable for their kind of employment, are also entitled to long service payment.

As of this moment, provident or retirement funds are not governed by any legislation and it is solely up to the employer's discretion as to whether such benefits are provided or not.

That's the state of play and, as both the CMB drivers and Wong Kwok-hing have pointed out, it won't do.

According to Mr Wong, out of Hongkong's 24,000 or so firms, only 7,184 organisations offer pension fund systems of any kind.

Of those, 857 offer prescribed benefits schemes (contributed by employers only), while 6,324 have retirement schemes contain-

...ing contributions by employers and employees.

Mr Wong argued that workers in Hongkong deserved greater legal protection and greater government consideration of the CPF concept.

"Employees should have the right to know how the fund is being managed," he said.

"They need to know whether it is a separate sum from the company's assets or a fund that employees can administer. They should also have the right to negotiate retirement terms with their employers."

Wong Yiu-tim, lecturer in human resources management at the Baptist College, agreed long service payments were far from adequate.

"It is not protection, it is only compensation," he argued. "The long service payment is just a compromise solution."

He suggested that should a compulsory provident fund scheme be introduced, a two- to three-year grace period should be offered to factories (small or medium-sized) which to date have not included retirement benefits in their operating costs.

Mr Wong stressed, though, that the Government needed to enforce both short and long-term policies. In the short-term, he suggested the Government increase the amount of long service payments.

Long-term, he advocated the implementation of compulsory provident fund schemes, reasoning: "People are more willing to stay with their jobs if such protection is offered and that bodes well for Hongkong in the face of the labour shortage."

He also supported the setting up of a CPF.

"It's the Government's responsibility," he said. "Even if no such provision were made, the Government would still have to shoulder the costs for retired workers through giving out welfare benefits for old people."

He recognised, though, the constraints a CPF would place upon the Hongkong economy.

"The Government may not want to be tied up with extra responsibility at this time of political uncertainty," he said.

"It is a matter of education, and values. Many workers (from the middle to lower class particularly) in Hongkong don't like to tie up their money in a scheme, and especially so since wages are already low."

Further arguments against a CPF came from Peter Williams, general manager of National Mutual, who said a bureaucratic solution Singapore-style would not be appropriate for Hongkong.

"People are more fearful of self-regulation," he said. "But self-regulation proves effective in other countries. What is needed is to get a framework for self-regulations to work, by having good rules and a limited number of skilled servants who oversee the rules."

According to Mr Williams, the Government is considering bringing long

service payments and pension schemes together. "The idea is to let employers finance long-service payments by using contributions to provident funds," he explained.

He supports the idea, saying: "Many employers are not aware of the liabilities of long service payments; it could mean millions of dollars for a medium-sized company under the existing ordinance."

Mr Williams expects new pension regulations to be in force by the first half of next year, but he does not agree with setting up a CPF.

"It is better for the Government to provide the environment to encourage people to come forward with contributions," he said.

Although he argued that the Government should not contribute to a CPF because it would lead to an increase in taxes and a consequent blow to Hongkong's free enterprise, he did believe the Government could help in one way.

"There needs to be an advertising campaign to promote the benefits of provident funds," he suggested. Rather than more strikes.