

CIVIL SERVICE PENSION RESERVE FUND

Memorandum Note

On 25 January 1995, the Legislative Council established the Civil Service Pension Reserve Fund by Resolution to provide a reserve to meet payment of civil service pension in the unlikely event that the Government cannot meet its liabilities for such payment from the General Revenue Account. The Resolution provides that—

- (a) the Fund shall be administered by the Financial Secretary who may delegate his power of administration to other public officers;
 - (b) there shall be credited to the Fund—
 - (i) such moneys as may be appropriated for the purpose; and
 - (ii) all sums received by way of interest or dividend on moneys invested under paragraph (e) below;
 - (c) the Financial Secretary may expend moneys from the Fund for the purpose of meeting the liabilities for payment of pensions, gratuities or other allowances under the Pensions Ordinance (Cap. 89), the Pension Benefits Ordinance (Cap. 99) or the Pension Benefits (Judicial Officers) Ordinance (Cap. 401) if, at the end of any month in a financial year, he believes that the balance in the General Revenue Account will be in deficit at the end of that financial year, having taken into account all anticipated receipts and payments;
 - (d) the Director of Accounting Services shall, under the authority of a funds warrant issued by the Financial Secretary, pay from the Fund such sums as may be required to meet expenditures from the Fund; and
 - (e) the Financial Secretary in his discretion may authorise the investment in such manner as he may determine of any moneys held in the Fund at any time.
- 2 On 17 February 1995, the Finance Committee approved an appropriation of \$7 billion for payment to the Fund.
- 3 No payments are expected to be made in 2000–01 and 2001–02.
- 4 Receipts for 2000–01 and 2001–02 are estimated at \$601,048,000 and \$1,000,000,000 respectively.

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(Receipts)

Sub-head (Code)	Actual receipts 1999-2000	Revised estimate 2000-01	Estimate 2001-02
	\$'000	\$'000	\$'000
Investment income	1,015,686	601,048	1,000,000
Transfer from General Revenue	—	—	—
Total (Receipts)	<u>1,015,686</u>	<u>601,048</u>	<u>1,000,000</u>

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Movement of the Account

	Actual				Revised Estimate	Estimate
	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02
	\$m	\$m	\$m	\$m	\$m	\$m
OPENING BALANCE	7,384	7,885	9,032	10,123	11,139	11,740
Expenditure	—	—	—	—	—	—
Revenue	501	647	1,091	1,016	601	1,000
Surplus/(Deficit) before Transfer from GRA	501	647	1,091	1,016	601	1,000
Transfer from GRA	—	500	—	—	—	—
Surplus/(Deficit) after Transfer from GRA	501	1,147	1,091	1,016	601	1,000
CLOSING BALANCE	7,885	9,032	10,123	11,139	11,740	12,740

Note: The Civil Service Pension Reserve Fund was established by the Legislative Council by Resolution on 25 January 1995.

Expenditure Analysis

	Actual				Revised Estimate	Estimate
	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02
	\$m	\$m	\$m	\$m	\$m	\$m
Payments	—	—	—	—	—	—
Total Expenditure	—	—	—	—	—	—

Note: The Civil Service Pension Reserve Fund is to be used exclusively for paying civil service pensions in the unlikely event that the Government cannot meet its liabilities for the payment of pensions from the General Revenue Account. No payment is expected in 2001-02.

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Revenue Analysis

	Actual				Revised Estimate	Estimate
	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02
	\$m	\$m	\$m	\$m	\$m	\$m
Investment income	501	647	1,091	1,016	601	1,000
Total Revenue	501	647	1,091	1,016	601	1,000