

**CIVIL SERVICE PENSION
RESERVE FUND**

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 pensions 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 2005–06 and 2006–07.
- 4 Receipts for 2005–06 and 2006–07 are estimated at \$519,230,000 and \$978,156,000 respectively.

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(Receipts)

Sub-head (Code)	Actual receipts 2004-05	Revised estimate 2005-06	Estimate 2006-07
	\$'000	\$'000	\$'000
Investment income	771,184	519,230	978,156
Total (Receipts)	<u>771,184</u>	<u>519,230</u>	<u>978,156</u>

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Movement of the Account

	Actual				Revised Estimate	Estimate
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	\$m	\$m	\$m	\$m	\$m	\$m
Opening Balance	11,577	11,746	12,377	14,523	15,256	15,813
Revenue	5	631	1,146	771	519	979
Expenditure	—	—	—	—	—	—
Surplus before Transfer from GRA	5	631	1,146	771	519	979
Transfer from GRA	—	—	1,000	—	—	—
Surplus after Transfer from GRA	5	631	2,146	771	519	979
Write-back of Provision for Loss in Investments with the Exchange Fund	164§	—	—	(38)ç	38γ	—
Closing Balance	11,746	12,377	14,523	15,256	15,813	16,792

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

§ In 2001-02, the amount refers to the write-back of the provision made in 2000-01.

ç In 2004-05, the amount refers to provision for the diminution in the market value of investments with the Exchange Fund during the period from 1 January to 31 March 2005.

γ In 2005-06, the amount refers to the write-back of the provision made in 2004-05.

Revenue Analysis

	Actual				Revised Estimate	Estimate
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
	\$m	\$m	\$m	\$m	\$m	\$m
Investment Income	5	631	1,146	771	519	979
Total Revenue	5	631	1,146	771	519	979