

**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 2016–17 and 2017–18.

4 The investment income for 2015–16 on the balance of the Civil Service Pension Reserve Fund placed with the Exchange Fund is \$1,487,958,000. This, along with the investment income on other parts of the fiscal reserves, has been set aside and retained within the Exchange Fund for the Housing Reserve.

5 Receipts for 2016–17 and 2017–18 are estimated at \$970,540,000 and \$931 million respectively.

**CIVIL SERVICE PENSION RESERVE FUND
(Receipts)**

	Actual receipts 2015-16	Revised estimate 2016-17	Estimate 2017-18
	\$'000	\$'000	\$'000
Investment income	—*	970,540	931,000
Transfer from General Revenue	100,000	3,800,000	2,300,000
Total (Receipts)	<u>100,000</u>	<u>4,770,540</u>	<u>3,231,000</u>

* The investment income for 2015-16 on the balance of the Civil Service Pension Reserve Fund placed with the Exchange Fund is \$1,487,958,000. This, along with the investment income on other parts of the fiscal reserves, has been set aside and retained within the Exchange Fund for the Housing Reserve.

CIVIL SERVICE PENSION RESERVE FUND

Movement of the Account

	Actual				Revised Estimate	Estimate
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	\$m	\$m	\$m	\$m	\$m	\$m
Opening Balance	24,373	25,742	27,029	27,029	27,129	31,899
Revenue	1,369	1,287	—*	—*	970	931
Expenditure	—	—	—	—	—	—
Surplus before Transfer from GRA	1,369	1,287	—	—	970	931
Transfer from GRA	—	—	—	100	3,800	2,300
Surplus after Transfer from GRA	1,369	1,287	—	100	4,770	3,231
Closing Balance	25,742	27,029	27,029	27,129	31,899	35,130

Revenue Analysis

	Actual				Revised Estimate	Estimate
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	\$m	\$m	\$m	\$m	\$m	\$m
Investment Income	1,369	1,287	—*	—*	970	931
Total Revenue	1,369	1,287	—	—	970	931

* The investment incomes for 2014-15 and 2015-16 on the balance of the Civil Service Pension Reserve Fund placed with the Exchange Fund are \$973,038,000 and \$1,487,958,000 respectively. These, along with the investment income on other parts of the fiscal reserves, have been set aside and retained within the Exchange Fund for the Housing Reserve.