

# Action on pension loophole

THE Secretary for the Civil Service, Mr Barrie Wiggam, is seeking legal advice on how to plug a loophole concerning the suspension of pensions for re-employed pensioners, which will cost taxpayers \$3.3 million this fiscal year.

Re-employed pensioners in subvented organisations continue receiving their pensions, but their civil service counterparts have their pensions suspended during their re-employment.

Such a difference, the Director of Audit was told, could only be removed by amending the Pensions Ordinances so that the suspension of pension would no longer require the pensioner's consent.

However, the problem for Mr Wiggam is that the Joint Declaration promises

that the post-1997 government should pay pensions on terms no less favourable than before; the deletion of the requirement could be construed as making pensions less favourable.

The confusion follows the Executive Council's decision in 1986 to abolish two of the three pension schemes for re-employed pensioners in both the Government and subvented institutions, which were criticised as being too generous.

Under the two abolished scheme, pensioners can have their salary plus an extension of pensionable service or their salary plus pension.

The remaining scheme allows pensioners to receive salary and a 25 per cent gratuity, with payment of pension being suspended during the currency of the contract.

The suspension, however, requires the pensioner's consent according to Section 11 of the Pensions Ordinance for officers who had retired under the old pension scheme.

Thirty-eight pensioners in the subvented sector, however, did not consent to the suspension and the Civil Service Regulations were amended to include the suspension as a condition of re-employment in the civil service.

The discontent was reported to the Director of Accounting Services after the Government last August informed all pensioners who had retired under the old pension scheme and were re-employed by a subvented organisation that their pensions would be suspended during their re-employment.

This rendered it impossible to fully implement the policy of pension suspension.

The Director of Audit believed a review should be conducted to ascertain if there were any effective measures to fully implement the policy of suspension of pensions in accordance with the Exco decision.

Mr Wiggam, however, rejected the need of any review to make their offer of employment conditional upon consent to the suspension of pensions.

He explained that his power to suspend an officer's monthly pension comes from the Hongkong pension legislation and does not come from the employment contract signed between the officer and the appropriate institution.