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## Bill to replace pension scheme 'showing its age'

A BILL seeking to grant new pension benefits to civil servants and to amend existing ordinances containing references to pension matters, was introduced yesterday.

Moving the second reading of the Pension Benefits Bill, the Chief Secretary, Mr David Ford, said the existing civil service pension scheme had been in operation since 1949 and had begun to show its age.

A review was undertaken following requests from staff and this confirmed that the pension arrangements needed modernisation, he said.

"In the light of this review, a new scheme was devised which, it was felt, was more in keeping with the requirements of the Hongkong civil service of today," he said.

Noting that after 1997, pensions would be the responsibility of the Special Administrative Region Government, Mr Ford said the Chinese authorities had been informed of the new pension scheme and had indicated they found it fully acceptable.

The following are the main elements of the scheme:

- The normal retirement age is raised from 55 to 60.

- The pension earning factor for pensionable staff will be adjusted from 1/600 to 1/675 as a result of raising the retirement age.

- Civil servants will be allowed to commute up to 50 per cent of their pension for a lump sum instead of the present 25 per cent.

- Civil servants who complete not less than 10 years' service will be eligible to receive their earned pension benefits on reaching normal retirement age.

- Pensions are made a right rather than a privilege as is the case at present.

- The head of the disciplined services or the Governor (in the case of directorate staff) will be empowered to prescribe an officer of any grade, rank or category should retire on operational grounds at a specified age between 55 and 60.

When the retirement age is set at below 60, officers retired under these circumstances will receive an enhanced pension.

- Serving officers will be allowed to retire with their pension benefits at any time after reaching the age of 55.

The new pension scheme would apply to all civil servants appointed after the date of its introduction but serving officers might transfer to it if they preferred, Mr Ford said.

"There is provision in the Bill for the Secretary for the Civil Service not to accept applications to transfer to the new scheme where he considered such action is in the best interests of the public service," he said.

"It is an unfortunate and unavoidable fact that while the basic provisions of civil service pension schemes are straightforward, the legislation necessary to implement them tends to be technically complex.

"This is because of all the different circumstances which have to be covered - officers dying, officers injured on duty, officers retiring through illness, officers transferring to other countries or officers retired on disciplinary grounds and so on," he said.

Mr Ford said that Clauses 1 to 35 of the Bill did no more than build the elements of the new pension scheme onto an existing foundation of civil service pension principles and practice.

Debate on the Bill was adjourned.