

**Legislative Council Subcommittee to  
Study the Proposed Accountability System for  
Principal Officials and Related Issues**

**Retirement Arrangements for Pensionable Civil Servants**

**Purpose**

This paper briefs Members of the proposed retirement arrangements for pensionable civil servants to be appointed as Principal Officials (PO) under the accountability system.

**Existing Retirement Arrangements for Pensionable Civil Servants**

2. The Government operates two statutory, non-contributory pensions schemes for civil servants who are employed on permanent and pensionable terms –

- (a) the Old Pension Scheme (OPS), governed by the Pensions Ordinance (Cap 89), is applicable to civil servants appointed before 1 July 1987; and
- (b) the New Pension Scheme (NPS), governed by the Pension Benefits Ordinance (Cap 99), is applicable to civil servants appointed on or after 1 July 1987 as well as officers formerly on the OPS but have opted to join the NPS.

The retirement age and circumstances for the grant of pension benefits under the two pension schemes are laid down in the pensions legislation.

3. Under the OPS, the normal retirement age is 55 but voluntary early retirement may be approved upon reaching the age of 45. Upon normal or early retirement, officers will be granted their pension benefits immediately. However, if an officer leaves before the age of 45, no pension benefits will be granted.

4. Under the NPS, the normal retirement age is 60 and for those

officers who were appointed before 1 July 1987 and opted to join the NPS, they can choose to retire once they reach the age of 55. On retirement, they will be granted their pension benefits immediately. If an officer who has completed more than 10 years of service resigns from the civil service before he reaches the age of 55, he will be entitled to a deferred pension which will be payable when he reaches the age of 60 (if he is appointed on or after 1 July 1987) or 55 (if he is appointed before 1 July 1987 and opted to join the NPS).

5. The pensions legislation also provides that the monthly pension of a pensioner may be suspended if he is re-appointed to the public service or appointed to service in any subvented organizations determined to be public service for the purpose of pension suspension by the Chief Executive (CE) by notice in the Gazette. Since 1987, we have been invoking this provision to suspend the monthly pension of pensioners who are re-appointed to the public service. However, appointments which are of short-term or part-time nature are not subject to this arrangement.

### **Proposed Retirement Arrangements for Civil Servants Appointed as Principal Officials**

6. We consider it appropriate to allow pensionable civil servants to retire or resign from the civil service for taking up the appointments as PO within the framework of the pension legislation –

- (a) for civil servants who have already reached the earliest permissible retirement age (45 under OPS or 55 under NPS), they will be given approval to retire immediately. In accordance with the pensions legislation, they will be granted both the commuted pension gratuity and monthly pension immediately on retirement under such circumstances;
- (b) for civil servants who have not reached the earliest permissible retirement age, they will be given approval to resign if they are on the NPS. The CE will make a directive under the Pension Benefits Ordinance to grant the commuted pension gratuity immediately on resignation. As regards the monthly pension, it will be suspended until they reach their earliest permissible retirement age or after they have stepped down from their PO positions and are no longer in the public service, whichever is the earlier; and

- (c) to provide a clean break from the civil service, the retired/resigned civil servants will be given approval to encash all their accumulated leave balance and leave passage account on a no-gain-no-loss basis.

7. We believe that the above retirement arrangements are appropriate having regard to the following –

- (a) the accountability system is an important initiative to enhance the governance of the Hong Kong Special Administrative Region. It is therefore essential to allow the CE to choose from within the civil service the persons he considers to be the most suitable for particular positions and not to place any unnecessary impediment on the transfer arrangements;
- (b) the civil servants leaving the civil service to take up the PO appointments will not receive any enhanced pension. They will only get what they have earned for the period they have served in the civil service;
- (c) it is not appropriate to withhold the monthly pension due to pensioners when they become principal officials because :
  - (i) the nature of the appointment is very different from a normal public service appointment : there is no security of tenure and the principal official may be required to step down any time for major policy failures.
  - (ii) more importantly, the remuneration of the principal official does not contain any gratuity or retirement benefits (other than the statutory minimum MPF). (At present, if a pensioner is re-employed in the public service, he receives a contract gratuity.); and
- (d) the purpose of the special arrangement for the ex civil servant principal officials (i.e. they can receive their monthly pension once they step down from the PO position and are no longer in the public service although they have not reached their permissible retirement age) is not to unnecessarily inhibit

younger officers to consider the PO appointments, if offered. It is also conditional on their not taking up any jobs in the public service.

Civil Service Bureau  
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