

LCQ16: Pensions of civil servants and judicial officers

Following is a question by Dr the Hon Chiang Lai-wan and a written reply by the Secretary for the Civil Service, Mr Patrick Nip, in the Legislative Council today (March 17):

Question:

According to the forecast in the Budget published last month, the Government will record deficits in the coming five financial years. Under the situation that the fiscal reserves will continue to dwindle, quite a number of retired and serving civil servants and judicial officers who are entitled to pensions are worried whether the Government is able to continuously fulfill its obligation to make pension payments. In this connection, will the Government inform this Council:

(1) of the respective numbers, as at December 31 last year, of (a) civil servants and (b) judicial officers who are (i) retired and receiving pensions and (ii) serving under pensionable appointment terms;

(2) of the total amount of pension payments (including lump sum and monthly payments) made by the Government in each of the past 10 years, and its year-on-year rate of change;

(3) on the premise that there is no appropriation from the General Revenue Account (GRA), how many months of pension expenditure that the current balance of the Civil Service Pension Reserve Fund represents; and

(4) whether it has devised a contingency plan for the situation that appropriations from GRA to the said Fund are inadequate?

Reply:

President,

Pension arrangement for civil servants are governed by relevant pension legislation (including Pensions Ordinance (Cap. 89), Pension Benefits Ordinance (Cap. 99) and Pension Benefits (Judicial Officers) Ordinance (Cap. 401). It is stipulated in relevant pension legislation that pensions shall be charged on and paid out of the general revenue; and that for civil servants appointed on pensionable terms, their entitlement to pension benefits shall be a right. The Government established the Civil Service Pension Reserve Fund (the Fund) in 1995 to provide a reserve to meet payment of civil service pensions in the event that the Government cannot meet its obligations for such payment from the General Revenue Account (unlikely though it will be). It is the Government's intention to maintain the balance of the Fund in any year at a level not less than the estimated pension expenditure for that

year. No payment has been (or is expected to be) made by the Government since the Fund was set up in 1995.

The Government will honour its commitment of paying pensions to retired civil servants and judicial officers in accordance with their respective terms of appointment.

My reply to the questions of Dr Hon Chiang is as follows:

(1) As at December 31, 2020, there are about 146 000 public and judicial services pensioners; and about 67 000 serving public and judicial service officers appointed on pensionable terms.

(2) The recurrent expenditure of pension payments (including lump sum pension gratuity and monthly pension) in each of the past 10 years, and its year-on-year rate of change are as follows:

Financial year	Total amount	Variation	
	\$ million	\$ million	Rate of change (%)
2011-12	18,934.7	—	—
2012-13	20,917.5	+ 1,982.8	+ 10.47
2013-14	22,992.6	+ 2,075.1	+ 9.92
2014-15	25,455.0	+ 2,462.4	+ 10.71
2015-16	28,318.1	+ 2,863.1	+ 11.25
2016-17	30,843.4	+ 2,525.3	+ 8.92
2017-18	33,191.0	+ 2,347.6	+ 7.61
2018-19	35,510.0	+ 2,319.0	+ 6.99
2019-20	37,385.7	+ 1,875.7	+ 5.28
2020-21 (Revised Estimate)	41,688.9	+ 4,303.2	+ 11.51

(3) and (4) The opening balance of the Fund for 2021-22 is \$42.77 billion and investment income for the year is estimated to be \$3.04 billion. It is expected that the Government will transfer \$3.02 billion from the General Revenue Account to the Fund in 2021-22 in order to bring the closing balance of the Fund for 2021-22 to \$48.83 billion, at a level not lower than the estimated pension expenditure of \$45.79 billion for the year.