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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order provides for the making of certain supplementary payments to overseas public servants and their dependants if their income from Hong Kong service or dependant's pensions, or if the value of pensionable officers' gratuities, is reduced as a consequence of a significant fall in the exchange rate between the Hong Kong dollar and the pound sterling.

The Order applies to pensions awarded, whether before or after the commencement of the Order, under the four Hong Kong ordinances applicable to service or injury pensions and the two further ordinances applicable to dependants' pensions and to gratuities payable after the Order comes into force. The Ordinances are defined in article 2 as "relevant laws".

In the case of public servants pensions and pensions based on the extent of an officer's public service, the amounts protected by this Order are designed to be broadly comparable with pensions and gratuities paid to United Kingdom public servants. This is provided for by articles 4 and 7 and the various Heads in the Schedule, the latter of which prescribe rules for determining sterling values of a "notional Hong Kong pension" and a "notional Hong Kong gratuity". The rules provide for updating the sterling value of the notional Hong Kong pension or gratuity in line with the United Kingdom Retail Price Index. Articles 5 and 8 provide that if the actual monthly income of a pensioner, or the actual amount of a relevant gratuity, falls below the notional pension or gratuity, the pensioner or person entitled to the gratuity will be entitled to a supplementary payment in sterling of the difference between the two.

The rules for determining the notional pensions and gratuities in the Heads of the Schedule take account of the different circumstances in which pensions and gratuities may be awarded under Hong Kong law, whether on retirement after pensionable service solely in Hong Kong or after mixed service with other public services.