

For discussion on
20 February 2012

Legislative Council Panel on Public Service

Civil Service-related Issues Featuring in the 2012-13 Budget

Purpose

This paper provides some highlights on the civil service-related issues featuring in the 2012-13 Budget.

Control of the civil service establishment

2. With the established strategy of “Market Leads, Government Facilitates”, our policy is to prevent overspending by the Government, which will stifle the development of the private market, while sparing no effort to provide quality services for our people¹. Accordingly, the Government will continue to keep the civil service establishment under control, and provide additional civil service posts when the operational need is fully justified, when the work involved cannot be undertaken by re-deployment of existing staff, and when alternative modes of service delivery (e.g. automation, outsourcing, etc.) are considered inappropriate.

3. The yearly changes to the civil service establishment since end-March 2008 are set out below -

(a) end-March 2008: 161 960 (actual)

(b) end-March 2009: 163 216 (actual)

(c) end-March 2010: 164 504 (actual)

(d) end-March 2011: 165 078 (actual)

¹ Please refer to paragraphs 88, 199 and 209 of the 2012-13 Budget Speech by the Financial Secretary.

(e) end-March 2012: 168 025 (Revised Estimate)

4. The 2012-13 Draft Estimates of Expenditure provide for an additional 1 535 civil service posts in various bureaux and departments, representing an increase of 0.9% over the 2011-12 Revised Estimate of the civil service establishment. Subject to the approval of the 2012-13 Draft Estimates by the Legislative Council, the civil service establishment is estimated to stand at 169 560 posts at the end of March 2013.

Financial provisions for work related to central management of the civil service

5. The 2012-13 Draft Estimates of Expenditure seek the following financial provisions which are directly related to the policy area of central management of the civil service –

- (a) Head 37 Department of Health: Programme 7 “Medical and Dental Treatment for Civil Servants”: \$974.4 million;
- (b) Head 46 General Expenses of the Civil Service: \$2,902.6 million;
- (c) Head 143 Government Secretariat: Civil Service Bureau: \$459.6 million;
- (d) Head 174 Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service: \$30.2 million;
- (e) Head 120 Pensions: Programme 1 “Public and Judicial Service Pension Benefits”: \$23,064.3 million; and
- (f) Head 136 Public Service Commission Secretariat: \$18.1 million.

6. The provision of \$974.4 million sought under Head 37 (paragraph 5(a) above) is for providing medical and dental services for serving civil servants, pensioners and their eligible dependants at government families clinics and dental clinics, as well as for reimbursement of medical fees and hospital charges to them. For the former, an allocation of \$564.4 million is proposed, representing an increase of \$43.6 million (or 8%) over the 2011-12 Revised Estimate. The additional provision is mainly for setting up additional dental surgeries and enhancing the service at the Hong Kong Families Clinic. With respect to the

reimbursement of medical fees and hospital charges, an allocation of \$410 million is proposed, representing an increase of \$90 million (or 28%) over the 2011-12 Revised Estimate. The additional provision is to meet an anticipated increase in applications for reimbursement of medical expenses from eligible persons.

7. Of the total provision sought under Head 46 (paragraph 5(b) above), an amount of \$776.4 million is proposed for the payment of local and overseas education allowances to eligible civil servants. This represents an increase of \$35.9 million (or 4.8%) over the 2011-12 Revised Estimate. Over time, the overseas and local education allowances will be phased out as recruits to the civil service since 1 August 1996 and 1 June 2000 are no longer eligible for these allowances respectively. The remaining provision sought is mainly for housing allowances, passages, the Long and Meritorious Service Travel Award Scheme, payments to estates of deceased officers and staff relief and welfare expenses, etc., which represents an increase of \$134 million (or 6.7%) over the 2011-12 Revised Estimate.

8. The total provision sought under Head 174 (paragraph 5(d) above) is \$30.2 million, representing an increase of \$9.8 million (or 48%) over the 2011-12 Revised Estimate. The increase is due to the full-year effect of increased expenditure arising from the provision of secretariat support to the Advisory Committee on Post-service Employment of Civil Servants (which had been provided by the Civil Service Bureau until 1 September 2011) and for the conduct of the 2012 Starting Salaries Survey and the coming Pay Level Survey by the Standing Commission on Civil Service Salaries and Conditions of Service.

9. Of the total provision sought under Head 120 (paragraph 5(e) above), an amount of \$22,150.4 million is proposed for pension payments to eligible retired public officers. This represents an increase of \$2,904.4 million (or 15.1%) over the 2011-12 Revised Estimate. The increase is due to an estimated increase in the number of new retirees in 2012-13 and the full-year effect of pension payments to those retiring in 2011-12. As at the end of March 2011, the present value of public officers pension obligation was over \$530 billion².

10. Since 1 June 2000, new recruits to the civil service are employed on terms which attract retirement benefits either under the Mandatory Provident Fund (MPF) Scheme or the Civil Service Provident Fund (CSPF) Scheme. In the 2012-13 Draft Estimates of Expenditure, a total provision of \$1,336.9 million (under the expenditure heads of individual bureaux/departments) is sought for

² Please refer to paragraph 211 of the 2012-13 Budget Speech by the Financial Secretary.

contributions to these Schemes. This represents an increase of \$287.7 million or 27.4% over the 2011-12 Revised Estimate, in view of an estimated increase in the number of new MPF/CSPF members in 2012-13 and the full-year effect of contributions to new members joining the respective Schemes in 2011-12.

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