

For discussion on  
18 March 2013

## **Legislative Council Panel on Public Service**

### **Civil Service-related Issues Featured in the 2013-14 Budget**

#### **Purpose**

This paper provides some highlights on the civil service-related issues featured in the 2013-14 Budget.

#### **Civil service establishment**

2. Fiscal sustainability and prudent management of public finances require us to strictly contain the growth of government expenditure.<sup>1</sup> 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 2009 are set out below -

- (a) end-March 2009: 163 216 (actual)
- (b) end-March 2010: 164 504 (actual)
- (c) end-March 2011: 165 078 (actual)
- (d) end-March 2012: 167 011 (actual)
- (e) end-March 2013: 169 714 (revised estimate)

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<sup>1</sup> Paragraph 142 of the 2013-14 Budget Speech by the Financial Secretary is relevant.

4. The 2013-14 Draft Estimates of Expenditure provide for 1 708 additional civil service posts in various bureaux and departments, representing an increase of 1% over the 2012-13 Revised Estimate of the civil service establishment. The growth in civil service establishment includes some 460 posts for replacing non-civil service contract positions the long term need for which is established. Subject to the approval of the 2013-14 Draft Estimates by the Legislative Council, the civil service establishment is estimated to stand at 171 422 posts at the end of March 2014.

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

5. The 2013-14 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”: \$1,047.3 million;
- (b) Head 46 General Expenses of the Civil Service: \$3,044.3 million;
- (c) Head 143 Government Secretariat: Civil Service Bureau: \$499.2 million;
- (d) Head 174 Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service: \$30.1 million;
- (e) Head 120 Pensions: Programme 1 “Public and Judicial Service Pension Benefits”: \$25,482.5 million; and
- (f) Head 136 Public Service Commission Secretariat: \$20.1 million.

6. The provision of \$1,047.3 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 \$627.3 million is proposed, representing an increase of \$45.3 million (or 7.8%) over the 2012-13 Revised Estimate. The additional provision is mainly for setting up additional dental surgeries,

enhancing the services at the Kowloon Families Clinic, and procuring additional equipment. With respect to the reimbursement of medical fees and hospital charges, an allocation of \$420 million is proposed, representing an increase of \$70 million (or 20%) over the 2012-13 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 \$733.8 million is proposed for the payment of local and overseas education allowances to eligible civil servants. This represents an increase of \$35.2 million (or 5%) over the 2012-13 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 \$227.5 million (or 10.9%) over the 2012-13 Revised Estimate.

8. The total provision sought under Head 174 (paragraph 5(d) above) is \$30.1 million. This represents an increase of \$2.6 million (or 9.5%) over the 2012-13 Revised Estimate. It is mainly due to the increase in expenses arising from the conduct of the next Pay Level Survey and the replacement of obsolete conference equipment.

9. Of the total provision sought under Head 120 (paragraph 5(e) above), an amount of \$24,568.7 million is proposed for pension payments to eligible retired public officers. This represents an increase of \$3,444.5 million (or 16.3%) over the 2012-13 Revised Estimate. The increase is due to an estimated increase in the number of new retirees in 2013-14 and the full-year effect of pension payments to those retiring in 2012-13. As at the end of March 2012, the present value of public officers pension obligation was about \$600 billion<sup>2</sup>.

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 2013-14 Draft Estimates of Expenditure, a total provision of \$1,715.2 million (under the expenditure heads of individual bureaux/departments) is sought for contributions to these Schemes. This represents an increase of \$314.1 million or 22.4% over the 2012-13 Revised Estimate, in view of an estimated increase in the

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<sup>2</sup> Please refer to paragraph 139 of the 2013-14 Budget Speech by the Financial Secretary.

number of new MPF/CSPF members in 2013-14 and the full-year effect of contributions to new members joining the respective Schemes in 2012-13.

Civil Service Bureau  
March 2013