

For discussion on
17 March 2014

Legislative Council Panel on Public Service

Civil Service-related Issues Featured in the 2014-15 Budget

Purpose

This paper provides some highlights on the civil service-related issues featured in the 2014-15 Budget.

Civil service establishment

2. In 2014-15, the Government will continue to keep the civil service establishment under control, while maintaining effectiveness and allowing a justified increase to address manpower needs including those arising from new and improved services. Additional civil service posts will be provided 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 2010 are set out below -

- (a) end-March 2010: 164 504 (actual)
- (b) end-March 2011: 165 078 (actual)
- (c) end-March 2012: 167 011 (actual)
- (d) end-March 2013: 168 594 (actual)
- (e) end-March 2014: 171 405 (revised estimate)

4. The 2014-15 Draft Estimates of Expenditure provide for 2 556 additional civil service posts in various bureaux and departments (B/Ds), representing an increase of 1.5% over the 2013-14 Revised Estimate of the civil service establishment. The year-on-year growth of the civil service establishment in 2014-15 is the highest since 2007-08. The change in civil service establishment by B/Ds in 2014-15 is at **Annex**. In 2014-15, some 670 posts will be created in B/Ds for replacing non-civil service contract positions the long term need for which is established. Subject to the approval of the 2014-15 Draft Estimates by the Legislative Council, the civil service establishment is estimated to stand at 173 961 posts at the end of March 2015.

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

5. The 2014-15 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”: \$1,088.7 million;
- (b) Head 46 General Expenses of the Civil Service: \$3,170.4 million;
- (c) Head 143 Government Secretariat: Civil Service Bureau: \$521.4 million;
- (d) Head 174 Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service: \$29.7 million;
- (e) Head 120 Pensions: Programme 1 “Public and Judicial Service Pension Benefits”: \$27,291.1 million; and
- (f) Head 136 Public Service Commission Secretariat: \$20.8 million.

6. The provision of \$1,088.7 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 payment and reimbursement of medical fees and hospital charges to them. For the former, an allocation of \$688.7 million is proposed, representing an increase of \$64.6 million (or 10.4%) over the 2013-14 Revised

Estimate. The additional provision is mainly for setting up additional general and specialised dental surgeries, starting the preparatory work for establishment of a new families clinic, and procuring additional equipment. With respect to the payment and reimbursement of medical fees and hospital charges, an allocation of \$400 million is proposed, representing an increase of \$40 million (or 11.1%) over the 2013-14 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 \$709.9 million is proposed for the payment of local and overseas education allowances to eligible civil servants. This represents an increase of \$32.8 million (or 4.8%) over the 2013-14 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 (the "LMSTA Scheme") and payments to estates of deceased officers, etc., which represents an increase of \$283.5 million (or 13%) over the 2013-14 Revised Estimate. With respect to the LMSTA Scheme, an allocation of \$116.67 million is proposed in 2014-15, representing an increase of \$22.04 million (or 23.3%) over the 2013-14 Revised Estimate. The additional provision is largely to cater for the improvement of the quota ratio of awards from one award for every 30 eligible officers (1:30) to one award for every 27 eligible officers (1:27). The existing quota ratio has been in place since 1997 and the improved ratio will provide better incentives to motivate civil servants to deliver quality service to meet the rising expectations of the general public.

8. The total provision sought under Head 174 (paragraph 5(d) above) is \$29.7 million. This represents a slight decrease of \$0.6 million (or 2%) over the 2013-14 Revised Estimate. It is mainly due to the reduced requirement for general departmental expenses, partly offset by increased provision for salary increase.

9. Of the total provision sought under Head 120 (paragraph 5(e) above), an amount of \$26,331.7 million is proposed for pension payments to eligible retired public officers. This represents an increase of \$3,351.5 million (or 14.6%) over the 2013-14 Revised Estimate. The increase is due to an estimated increase in the number of new retirees in 2014-15 and the full-year effect of pension payments to those retiring in 2013-14. As at the end of March 2013, the present value of public officers pension obligation was \$714.7 billion.

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 2014-15 Draft Estimates of Expenditure, a total provision of \$2,131.2 million (under the expenditure heads of individual bureaux/departments) is sought for contributions to these Schemes. This represents an increase of \$365.1 million or 20.7% over the 2013-14 Revised Estimate, in view of an estimated increase in the number of new MPF/CSPF members in 2014-15 and the full-year effect of contributions to new members joining the respective Schemes in 2013-14.

Civil Service Bureau
March 2014

Change in Civil Service Establishment by Bureaux/Departments in 2014-15

Bureau/Department	Change in Establishment
Agriculture, Fisheries and Conservation Department	19
Architectural Services Department	14
Audit Commission	4
Auxiliary Medical Service	3
Buildings Department	215
Census and Statistics Department	73
Chief Executive's Office	1
Chief Secretary and Financial Secretary's Office	21
Civil Aid Service	-
Civil Aviation Department	-4
Civil Engineering and Development Department	61
Civil Service Bureau	3
Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)	2
Commerce and Economic Development Bureau (Communications and Technology Branch)	10
Companies Registry	-1
Constitutional and Mainland Affairs Bureau	12
Correctional Services Department	44
Customs and Excise Department	138
Department of Health	117
Department of Justice	35
Development Bureau (Planning and Lands Branch)	10
Development Bureau (Works Branch)	5
Drainage Services Department	21
Education Bureau	90
Electrical and Mechanical Services Department	17
Environment Bureau	4
Environmental Protection Department	90
Financial Services and the Treasury Bureau (Financial Services Branch)	-
Financial Services and the Treasury Bureau (The Treasury Branch)	1
Fire Services Department	137
Food and Environmental Hygiene Department	30
Food and Health Bureau (Food Branch)	1
Food and Health Bureau (Health Branch)	-5
Government Flying Service	-1
Government Laboratory	16
Government Logistics Department	2
Government Property Agency	-
Highways Department	2
Home Affairs Bureau	-2
Home Affairs Department	41
Hong Kong Monetary Authority	-2
Hong Kong Observatory	-

Bureau/Department	Change in Establishment
Hong Kong Police Force	169
Hospital Authority	-144
Housing Authority	206
Immigration Department	138
Independent Commission Against Corruption	45
Information Services Department	-
Inland Revenue Department	6
Innovation and Technology Commission	16
Intellectual Property Department	10
Invest Hong Kong	-
Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	1
Judiciary	66
Labour and Welfare Bureau	7
Labour Department	62
Land Registry	-
Lands Department	101
Legal Aid Department	-
Leisure and Cultural Services Department	165
Marine Department	13
Office for Film, Newspaper and Article Administration	12
Office of the Communications Authority	2
Office of the Government Chief Information Officer	4
Official Receiver's Office	7
Overseas Economic and Trade Offices	1
Planning Department	35
Post Office	-
Public Service Commission Secretariat	1
Radio Television Hong Kong	35
Rating and Valuation Department	2
Registration and Electoral Office	75
Secretariat, Commissioner on Interception of Communications and Surveillance	-
Security Bureau	3
Social Welfare Department	202
Student Financial Assistance Agency	-28
Trade and Industry Department	6
Transport and Housing Bureau (Transport Branch)	-2
Transport Department	105
Treasury	-
University Grants Committee	3
Water Supplies Department	10
Vocational Training Council	-2
TOTAL	2 556