

For discussion
on 16 March 2015

Legislative Council Panel on Public Service

Civil Service-related Matters Featured in the 2015-16 Budget

Purpose

This paper provides some highlights on civil service-related matters featured in the 2015-16 Budget.

Civil service establishment

2. In 2015-16, 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 growth of civil service establishment has been steady at about 1% annually from 2007-08 to 2013-14, followed by an increase of about 1.5% in 2014-15. The 2015-16 Draft Estimates of Expenditure provide for 2 540 additional civil service posts in various bureaux and departments (B/Ds), representing a year-on-year increase of 1.5% over the 2014-15 Revised Estimates (i.e. 173 908 posts), similar to that of 2014-15. The change in civil service establishment by B/Ds in 2015-16 is shown at the **Annex**. In 2015-16, some 600 posts will be created in B/Ds for replacing non-civil service contract positions, for which the long-term need has been established. Subject to the approval of the 2015-16 Draft Estimates by the Legislative Council, the civil service establishment is estimated to stand at 176 448 posts at the end of March 2016.

Internship places in the Government for young people

4. As part of the Government's effort to enhance manpower training, we plan to increase the short-term internship places provided by B/Ds for 2015-16 to more than 3 000, an increase of 30% over the last financial year, so that more young people will gain working experience and have a deeper understanding of different areas of work in the Government. The increase will cost \$21 million.

5. Over 50 B/Ds involving in public healthcare, labour and social services, engineering projects, survey and statistics, etc. will offer internship places to young people, mainly from tertiary institutions, during summer or other times of the year. B/Ds will determine the duties of their interns and conduct their own recruitment exercises, and the allowances to be paid will depend on the job content of the internship places.

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

6. The 2015-16 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": \$1,232.4 million;
- (b) Head 46 General Expenses of the Civil Service: \$3,351.7 million;
- (c) Head 120 Pensions: Programme 1 "Public and Judicial Service Pension Benefits": \$29,689.1 million;
- (d) Head 136 Public Service Commission Secretariat: \$21.9 million;
- (e) Head 143 Government Secretariat: Civil Service Bureau: \$557.0 million; and
- (f) Head 174 Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service: \$29.2 million.

7. The provision of \$1,232.4 million sought under Head 37 (paragraph 6(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 \$772.4 million is proposed, representing an increase of \$86.7 million (or 12.6%) over the 2014-15 Revised Estimate. The additional provision is mainly for setting up additional general dental surgeries, establishing a new Families Clinic in Fanling, and procuring additional equipment. With respect to the payment and reimbursement of medical fees and hospital charges, an allocation of \$460.0 million is proposed, representing an increase of \$58.0 million (or 14.4%) over the 2014-15 Revised Estimate. The additional provision is to meet an anticipated increase in applications for reimbursement of medical expenses from eligible persons.

8. Of the total provision sought under Head 46 (paragraph 6(b) above), an amount of \$698.3 million is proposed for the payment of local and overseas education allowances to eligible civil servants. This represents an increase of \$26.2 million (or 3.9%) over the 2014-15 Revised Estimate. Over time, the local and overseas education allowances will be phased out as recruits to the civil service since 1 June 2000 and 1 August 1996 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 and payments to estates of deceased officers, etc., which represents an increase of \$275.2 million (or 11.6%) over the 2014-15 Revised Estimate.

9. Of the total provision sought under Head 120 (paragraph 6(c) above), an amount of \$28,557.7 million is proposed for pension payments to eligible retired public officers. This represents an increase of \$2,993.9 million (or 11.7%) over the 2014-15 Revised Estimate. The increase is due to an estimated increase in the number of new retirees in 2015-16 and the full-year effect of pension payments to those retiring in 2014-15. As at the end of March 2014, the present value of public officers pension obligation was \$747.2 billion.

10. Since 1 June 2000, new recruits to the civil service are employed on terms which attract retirement benefits under either the Mandatory Provident Fund (MPF) Scheme or the Civil Service Provident Fund (CSPF) Scheme. In the 2015-16 Draft Estimates of Expenditure, a total provision of \$2,641.3 million (under the expenditure heads of individual B/Ds) is sought for

contributions to these Schemes. This represents an increase of \$430.7 million or 19.5% over the 2014-15 Revised Estimate, given an estimated increase in the number of new MPF/CSPF members in 2015-16 and the full-year effect of contributions for new members joining the Schemes in 2014-15.

11. The total provision sought under Head 136 (paragraph 6(d) above) is \$21.9 million. This represents an increase of \$0.3 million (or 1.4%) over the 2014-15 Revised Estimate. It is mainly due to the increase in expenditure in personal emoluments (\$0.9 million) and general departmental expenses (\$0.2 million), which is partly offset by savings (\$0.8 million) as payment of end-of-contract gratuity to the Chairman of the Public Service Commission is not required in 2015-16.

12. The total provision sought under Head 143 (paragraph 6(e) above) is \$557.0 million. This represents an increase of \$30.0 million (or 5.7%) over the 2014-15 Revised Estimate. It is mainly due to the increased salary provision for net increase of one post in 2015-16 and projected increase in training and departmental expenses.

13. The total provision sought under Head 174 (paragraph 6(f) above) is \$29.2 million. This represents a decrease of \$2.3 million (or 7.3%) over the 2014-15 Revised Estimate. It is mainly due to the reduced requirement for personal emoluments upon lapse of two time-limited posts on 1 April 2015 and the reduced requirement for general departmental expenses upon completion of the Pay Level Survey in 2014-15.

Change in Civil Service Establishment by Bureaux/Departments in 2015-16

Bureau/Department/Organisation	Change in Establishment
Agriculture, Fisheries and Conservation Department	20
Architectural Services Department	4
Audit Commission	1
Auxiliary Medical Service	-
Buildings Department	152
Census and Statistics Department	-5
Chief Executive's Office	-
Chief Secretary and Financial Secretary's Offices	-3
Civil Aid Service	-
Civil Aviation Department	-27
Civil Engineering and Development Department	15
Civil Service Bureau	1
Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)	5
Commerce and Economic Development Bureau (Communications and Technology Branch)	9
Companies Registry	8
Constitutional and Mainland Affairs Bureau	3
Correctional Services Department	3
Customs and Excise Department	61
Department of Health	87
Department of Justice	8
Development Bureau (Planning and Lands Branch)	2
Development Bureau (Works Branch)	4
Drainage Services Department	37
Education Bureau	40
Electrical and Mechanical Services Department	29
Environment Bureau	-1
Environmental Protection Department	27
Financial Services and the Treasury Bureau (Financial Services Branch)	4
Financial Services and the Treasury Bureau (The Treasury Branch)	-
Fire Services Department	146
Food and Environmental Hygiene Department	3
Food and Health Bureau (Food Branch)	2
Food and Health Bureau (Health Branch)	8
Government Flying Service	1
Government Laboratory	10
Government Logistics Department	1

Bureau/Department/Organisation	Change in Establishment
Government Property Agency	-
Highways Department	33
Home Affairs Bureau	19
Home Affairs Department	24
Hong Kong Monetary Authority	-5
Hong Kong Observatory	7
Hong Kong Police Force	603
Hospital Authority	-139
Housing Authority	264
Immigration Department	106
Independent Commission Against Corruption	-8
Information Services Department	3
Inland Revenue Department	1
Innovation and Technology Commission	-
Intellectual Property Department	-
Invest Hong Kong	-
Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	-2
Judiciary	52
Labour and Welfare Bureau	1
Labour Department	75
Land Registry	15
Lands Department	16
Legal Aid Department	1
Legal Aid Services Council	-
Leisure and Cultural Services Department	202
Marine Department	4
Office for Film, Newspaper and Article Administration	-
Office of the Communications Authority	7
Office of the Government Chief Information Officer	3
Official Receiver's Office	-
Overseas Economic and Trade Offices	4
Planning Department	8
Post Office	-
Public Service Commission Secretariat	-
Radio Television Hong Kong	3
Rating and Valuation Department	5
Registration and Electoral Office	45
Secretariat, Commissioner on Interception of Communications and Surveillance	3
Security Bureau	5
Social Welfare Department	29
Trade and Industry Department	1

Bureau/Department/Organisation	Change in Establishment
Transport and Housing Bureau (Transport Branch)	12
Transport Department	22
Treasury	4
University Grants Committee	3
Vocational Training Council	-2
Water Supplies Department	27
Working Family and Student Financial Assistance Agency	434
TOTAL	2 540