

For discussion
on 21 March 2016

Legislative Council Panel on Public Service

Civil Service-related Matters Featured in the 2016-17 Budget

Purpose

This paper provides some highlights on the civil service-related matters featured in the 2016-17 Budget.

Civil service establishment

2. While the Civil Service Bureau assists other bureaux/departments (“B/Ds”) in enhancing their efficiency through internal redeployment, streamlining and re-engineering, we provide them with additional manpower for implementing new policies and improving existing services through creation of new posts where justified.

3. The annual growth of the civil service establishment had been in the range of 1% to 1.5% between 2007-08 and 2015-16. The 2016-17 Draft Estimates of Expenditure provide for 2 223 additional civil service posts in various B/Ds, representing a year-on-year increase of 1.3% over the 2015-16 Revised Estimates (i.e. 176 272 posts). The change in the civil service establishment by B/Ds in 2016-17 is shown at **Annex**. In 2016-17, about 540 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 2016-17 Draft Estimates by the Legislative Council, the civil service establishment is estimated to stand at 178 495 posts at the end of March 2017.

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

4. The 2016-17 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”: \$1,429.2 million;
- (b) Head 46 General Expenses of the Civil Service: \$3,507.7 million;
- (c) Head 120 Pensions: Programme 1 “Public and Judicial Service Pension Benefits”: \$33,025.5 million;
- (d) Head 136 Public Service Commission Secretariat: \$25.0 million;
- (e) Head 143 Government Secretariat: Civil Service Bureau: \$578.9 million; and
- (f) Head 174 Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service: \$29.2 million.

5. The provision of \$1,429.2 million sought under Head 37 (paragraph 4(a) above) is for providing medical and dental services for serving civil servants, pensioners and their eligible dependants at Families Clinics and government dental clinics, as well as for payment and reimbursement of medical fees and hospital charges. For the former, an allocation of \$809.2 million is proposed, representing an increase of \$53.7 million (or 7.1%) over the 2015-16 Revised Estimate. The additional provision is mainly for setting up additional specialised dental surgeries, operating the new Fanling Families Clinic on a full-year basis and procuring additional equipment. Regarding the payment and reimbursement of medical fees and hospital charges, an allocation of \$620 million is proposed, representing an increase of \$230 million (or 59%) over the 2015-16 Revised Estimate. The additional provision is mainly for meeting an anticipated increase in applications for reimbursement of medical expenses from eligible persons, and for the deferred payment to the Hospital Authority of some medical fees reimbursed in 2015-16.

6. Of the total provision sought under Head 46 (paragraph 4(b) above), an amount of \$636.1 million is for the payment of local and overseas education allowances to eligible civil servants. This represents an increase of \$10.1 million (or 1.6%) over the 2015-16 Revised Estimate. Over time, the local education allowance will be phased out as recruits to the civil service since

1 June 2000 are no longer eligible for it. Likewise, the overseas education allowance will also be phased out as recruits to the civil service since 1 August 1996 are no longer eligible for it. The remaining provision sought is mainly for housing allowances, passages, the Long and Meritorious Service Travel Award Scheme, payments to estates of deceased officers, etc., which represents an increase of \$326.9 million (or 12.8%) over the 2015-16 Revised Estimate.

7. Of the total provision sought under Head 120 (paragraph 4(c) above), an amount of \$31,912.9 million is for pension payments to eligible retired public officers. This represents an increase of \$3,355.2 million (or 11.7%) over the 2015-16 Revised Estimate. The increase is due to an estimated increase in the number of new retirees in 2016-17 and the full-year effect of pension payments to those retiring in 2015-16. As at the end of March 2015, the present value of public officer pension obligation was \$815.8 billion.

8. 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 2016-17 Draft Estimates of Expenditure, a total provision of \$3,200 million (under the expenditure heads of individual B/Ds) is sought for contributions to these Schemes. This represents an increase of \$520 million (or 19.3%) over the 2015-16 Revised Estimate, mainly due to an estimated increase in the number of new MPF/CSPF members in 2016-17.

9. The total provision sought under Head 136 (paragraph 4(d) above) is \$25.0 million. This represents an increase of \$2.4 million (or 10.6%) over the 2015-16 Revised Estimate. It is mainly due to the increase in expenditure in personal emoluments (\$1.5 million), remuneration for special appointments (\$0.2 million) and general departmental expenses (\$0.8 million). The increase in personal emoluments is mainly due to the increase in salary provision for four additional posts in 2016-17. The increase in remuneration for special appointments is to cater for the pay rise of the Chairman of the Public Service Commission. The increase in general departmental expenses is to provide accommodation for the additional staff and procurement of new furniture/equipment.

10. The total provision sought under Head 143 (paragraph 4(e) above) is \$578.9 million. This represents an increase of \$29.5 million (or 5.4%) over the

2015-16 Revised Estimate. It is mainly due to the increased salary provision for an increase of eight posts in 2016-17 and projected increase in training and departmental expenses.

11. The total provision sought under Head 174 (paragraph 4(f) above) is \$29.2 million. This represents a decrease of \$1.5 million (or 4.9%) over the 2015-16 Revised Estimate. It is mainly due to the reduced requirement for personal emoluments upon lapse of two time-limited posts on 1 April 2016 and the reduced requirement for general departmental expenses upon completion of the 2015 Starting Salaries Survey in 2015-16.

Civil Service Bureau
March 2016

Change in Civil Service Establishment by Bureaux/Departments in 2016-17

Bureau / Department / Organisation	Change in Establishment
Agriculture, Fisheries and Conservation Department	72
Architectural Services Department	24
Audit Commission	1
Auxiliary Medical Service	-
Buildings Department	86
Census and Statistics Department	- 38
Chief Executive's Office	- 1
Chief Secretary and Financial Secretary's Offices	14
Civil Aid Service	-
Civil Aviation Department	9
Civil Engineering and Development Department	77
Civil Service Bureau	8
Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)	23
Commerce and Economic Development Bureau (Communications and Creative Industries Branch)	10
Companies Registry	6
Constitutional and Mainland Affairs Bureau	14
Correctional Services Department	44
Customs and Excise Department	19
Department of Health	116
Department of Justice	37
Development Bureau (Planning and Lands Branch)	3
Development Bureau (Works Branch)	17
Drainage Services Department	20
Education Bureau	133
Electrical and Mechanical Services Department	9
Environment Bureau	2
Environmental Protection Department	36
Financial Services and the Treasury Bureau (Financial Services Branch)	- 4
Financial Services and the Treasury Bureau (The Treasury Branch)	-
Fire Services Department	61
Food and Environmental Hygiene Department	3

Bureau / Department / Organisation	Change in Establishment
Food and Health Bureau (Food Branch)	5
Food and Health Bureau (Health Branch)	2
Government Flying Service	32
Government Laboratory	3
Government Logistics Department	-
Government Property Agency	-
Highways Department	59
Home Affairs Bureau	42
Home Affairs Department	51
Hong Kong Monetary Authority	- 3
Hong Kong Observatory	4
Hong Kong Police Force	87
Hospital Authority	- 135
Housing Authority	188
Immigration Department	183
Independent Commission Against Corruption	12
Information Services Department	2
Inland Revenue Department	9
Innovation and Technology Bureau	12
Innovation and Technology Commission	21
Intellectual Property Department	15
Invest Hong Kong	1
Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	- 2
Judiciary	53
Labour and Welfare Bureau	2
Labour Department	6
Land Registry	2
Lands Department	33
Legal Aid Department	-
Legal Aid Services Council	-
Leisure and Cultural Services Department	271
Marine Department	28
Office for Film, Newspaper and Article Administration	-
Office of the Communications Authority	4
Office of the Government Chief Information Officer	26
Official Receiver's Office	-
Overseas Economic and Trade Offices	5

Bureau / Department / Organisation	Change in Establishment
Planning Department	18
Post Office	-
Public Service Commission Secretariat	4
Radio Television Hong Kong	19
Rating and Valuation Department	2
Registration and Electoral Office	6
Secretariat, Commissioner on Interception of Communications and Surveillance	-
Security Bureau	18
Social Welfare Department	108
Trade and Industry Department	9
Transport and Housing Bureau (Transport Branch)	8
Transport Department	78
Treasury	7
University Grants Committee	3
Vocational Training Council	- 2
Water Supplies Department	45
Working Family and Student Financial Assistance Agency	81
TOTAL	2 223