

For discussion
on 18 March 2024

Legislative Council Panel on Public Service
Civil Service-related Matters Featured in the 2024-25 Budget

Purpose

This paper highlights the civil service-related matters featured in the 2024-25 Budget.

Civil Service Establishment

2. The civil service establishment includes all permanent and time-limited directorate and non directorate posts¹. The Government has maintained zero growth in the civil service establishment since 2021-22 in order to ensure the sustainability of our public finances. Bureaux/departments (B/Ds) have enhanced effectiveness and efficiency through re-prioritisation, internal redeployment and streamlining of work processes in taking forward new policies and initiatives of the Government. In 2024-25, the Government will continue to maintain its target of zero growth in the civil service establishment, with the aim of containing the establishment at a level not exceeding that as at end-March 2021. It is expected that there will be about 194 000 posts in the civil service establishment as at end-March 2025.

3. The zero-growth policy of the civil service establishment does not necessarily mean that there can be no growth in the establishment of each B/D. The establishment of individual B/Ds may still increase having regard to operational needs and with full justifications, provided that there will remain no net growth in the overall civil service establishment after taking into account the deletion of posts no longer required by other B/Ds for their operation and the expiry of time-limited posts. During the four-year period, the civil service establishment will not only maintain zero growth as compared to that of end-March 2021, but also reduce by about 2 000 posts on an accumulated basis, despite the continuous increase in public services.

¹ The civil service establishment includes posts on the permanent establishment and those on the non-permanent establishment (i.e. time-limited posts). Time-limited directorate posts are referred to as “supernumerary directorate posts”, which are time-limited posts on the non-permanent establishment. It does not mean they are not counted towards the establishment.

Financial Provisions for Work Related to Management of the Civil Service

4. The 2024-25 Draft Estimates of Expenditure seek the following financial provisions that are directly related to the policy area of management of the civil service –

- (a) Head 37 Department of Health: Programme 7 “Medical and Dental Treatment for Civil Servants”: \$2,914.7 million;
- (b) Head 46 General Expenses of the Civil Service: \$5,781.9 million;
- (c) Head 120 Pensions: Programme 1 “Public and Judicial Service Pension Benefits”: \$50,164.1 million;
- (d) Head 136 Public Service Commission Secretariat: \$38.3 million;
- (e) Head 143 Government Secretariat: Civil Service Bureau: \$911.5 million; and
- (f) Head 174 Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service: \$48.5 million.

5. The provision of \$2,914.7 million sought under Head 37 (paragraph 4(a) above) is for providing medical benefits, including Families Clinic services and dental services, for serving civil servants, pensioners and other eligible persons (CSEPs) (including the pilot scheme on provision of dental scaling services to some CSEPs via private dental organisations), as well as for payment and reimbursement of medical fees and hospital charges according to the conditions of service, which is a contractual obligation of the Government as the employer. For the provision of Families Clinic services and dental services, an allocation of \$1,148.8 million is proposed, representing an increase of \$93.8 million (or 8.9%) over the 2023-24 Revised Estimate. Part of the additional provision is reserved for salary payment after the vacancies in the Medical and Health Officer and Dental Officer grades in the Department of Health are filled through recruitment exercises, while another part is for the purchase or replacement of equipment. Regarding the payment and reimbursement of medical fees and hospital charges, an allocation of \$1,765.9 million is proposed, representing an increase of \$460.9 million (or 35.3%) over the 2023-24 Revised Estimate. The additional provision is

mainly for meeting the anticipated increase in applications for reimbursement of medical expenses from eligible persons².

6. The provision sought under Head 46 (paragraph 4(b) above) is mainly for housing allowances, education allowances, passages, the Long and Meritorious Service Travel Award Scheme, payments to estates of deceased officers, etc., which represents an increase of \$561.7 million (or 10.8%) over the 2023-24 Revised Estimate. It is mainly due to a projected increase in the expenditure on housing allowances, partly offset by a projected decrease in expenditure on passages and the Long and Meritorious Service Travel Award Scheme.

7. Of the total provision sought under Head 120 (paragraph 4(c) above), an amount of \$48,417 million is for pension payments to eligible retired public officers. This represents an increase of \$1,660 million (or 3.6%) over the 2023-24 Revised Estimate. The increase is due to an estimated increase in the number of new retirees in 2024-25.

8. Since 1 June 2000, new recruits to the civil service are employed on terms that attract retirement benefits under either the Mandatory Provident Fund (“MPF”) Scheme or the Civil Service Provident Fund (“CSPF”) Scheme. In the 2024-25 Draft Estimates of Expenditure, a total provision of \$9,584.2 million (under the expenditure heads of individual B/Ds) is sought for contributions to these Schemes. This represents an increase of \$1,172.3 million (or 13.9%) over the 2023-24 Revised Estimate, mainly due to the following reasons: (1) CSPF Scheme applies to civil servants appointed on or after June 2000. Most of them have not reached their retirement age and their years of service are increasing. Meanwhile, the CSPF Scheme is designed in a way that the Government’s contributions will be calculated by using respective progressive contribution rates depending on the years of service of the civil servants; and (2) With the gradual retirement of those civil servants receiving their retirement benefit in the form of pension, the number of civil servants who receive their retirement benefit under the CSPF Scheme increases accordingly.

² Although the drugs, equipment and services provided by the Hospital Authority (HA) and the Department of Health (DH) are very comprehensive, CSEPs may apply to DH for reimbursement of relevant medical expenses for drugs/equipment/services prescribed by the attending doctor of HA/DH according to the patients’ medical conditions that are not available in HA hospitals/DH clinics and have to be procured from outside sources. The expenditure for reimbursement of medical expenses is entirely demand-driven and will rise due to factors like increases in the number of civil service eligible persons, life expectancy and drug costs, as well as the rapid advancement in medical technology making available a wider range of medical drugs, treatments and equipment, etc. It is therefore necessary for the Government to set aside additional provision to cater for the reimbursement applications of medical expenses from eligible persons.

9. The total provision sought under Head 136 (paragraph 4(d) above) is \$38.3 million. This represents an increase of \$0.2 million (or 0.5%) over the 2023-24 Revised Estimate. This is mainly due to an increase of one post in 2024-25 and a projected increase in personal emoluments.

10. The total provision sought under Head 143 (paragraph 4(e) above) is \$911.5 million. This represents an increase of \$81.9 million (or 9.9%) over the 2023-24 Revised Estimate. This is mainly due to a projected increase in general departmental expenses, personal emoluments³ and training expenses. The projected increase in training expenses is mainly due to the gradual resumption of Mainland and overseas training for civil servants only after mid-2023, whereas the provision for 2024-25 reflects training plans for the entire year. These include arrangements for more middle and senior-ranking civil servants to participate in Mainland and overseas training to strengthen their sense of national identity and broaden their international perspectives.

11. The total provision sought under Head 174 (paragraph 4(f) above) is \$48.5 million. This represents an increase of \$1.5 million (or 3.2%) over the 2023-24 Revised Estimate. This is mainly due to the increased provision for personal emoluments, partly offset by the reduced requirement for general departmental expenses.

Other Key Measures and Financial Implications

12. The key measures of the Civil Service Bureau are set out in the Controlling Officer's Report under Head 143 of the 2024-25 Estimates. We will continue to implement the measures which have yet been completed or are on-going. For example, on recruitment, we will draw on our experience in 2023 and step up publicity efforts in ways that have proved effective. As for the new measures recently introduced, including the Mainland Education Award Scheme for Children of Civil Servants launched in January 2024 and the provision of marriage leave and compassionate leave starting from April 2024, we will closely monitor their implementation. We will also finalise and promulgate the updated Civil Service Code as soon as possible, after which we will step up education and publicity on the core values and standards of conduct set out in the Code. The additional resources required by the above measures are minimal.

³ The increase in personal emoluments has only taken into account the increased expenditure arising from increments granted to civil servants. Possible changes in expenditure arising from the annual pay adjustment have not been included since there is not yet a final decision on the adjustment.

Advice Sought

13. Members are invited to note the content of this paper.

Civil Service Bureau
March 2024