

For discussion
on 16 March 2026

Legislative Council Panel on Public Service
Civil Service-related Matters Featured in the 2026-27 Budget

Purpose

This paper highlights the civil service-related matters featured in the 2026-27 Budget.

Civil Service Establishment

2. In line with the Productivity Enhancement Programme (PEP) and in order to optimise the use of manpower resources, the Government will reduce the civil service establishment by 2% each in 2026-27 and 2027-28 based on the establishment of the preceding financial year. Together with the posts deleted under the zero-growth policy in civil service establishment from 2021-22 to 2025-26, it is estimated that a cumulative reduction of over 10 000 posts will be achieved within this term of Government.

3. All Bureaux and their departments (B/Ds), after reviewing factors such as overall service demand, operational needs, and vacancy situations, have made arrangements to reduce the civil service establishment by 2% in 2026-27. The overall civil service establishment is expected to be reduced to about 188 000 posts as of 1 April 2026. Since financial provisions for personal emoluments allocated to B/Ds are calculated based on establishment rather than on strength, reducing the establishment will lead to reduction in actual allocation of financial provisions. B/Ds will continue to adopt management measures and digitalisation with a view to enhancing efficiency through reprioritisation, internal redeployment, streamlining of work processes and application of technology. While the civil service is being further streamlined, B/Ds will continue to implement various existing as well as new policies and measures, and deliver high-quality public services to citizens.

Civil Service Pay Adjustment

4. The Government is taking forward relevant work of the 2026-27 civil service pay adjustment in accordance with the established mechanism. The 2026 Pay Trend Survey (PTS) has commenced and the survey results are expected to be available in May. The Chief Executive-in-Council will then make a decision on the 2026-27 civil service pay adjustment arrangements having due regard to all relevant factors (including the state of Hong Kong's economy, changes in the cost of living, the Government's fiscal position, the net pay trend indicators derived from the PTS, the pay claims of the staff sides and civil service morale).

Civil Service Training

5. The Government is making concerted efforts to strengthen training for civil servants in the application of technology. The Civil Service College (CSC) will collaborate with the Digital Policy Office to provide training and online learning resources themed around artificial intelligence (AI) to enable civil servants to better grasp the relevant knowledge. The CSC will also continue to enhance elements related to AI and technology application in leadership training for civil servants, enabling leaders to guide their departments in adopting AI more widely to improve public services. In addition, the CSC will implement the Governance Talents Development Programme to cultivate a pool of governance talent who love the country and Hong Kong and are familiar with the national development and international landscape as well as local circumstances.

Short-term Internship Programmes for Tertiary Students

6. The Civil Service Bureau (CSB) coordinates the provision of diversified internship opportunities for young people by B/Ds on a yearly basis to cultivate their enthusiasm for serving the community and enhance their understanding of government operation and the work of civil servants. Over the past few years, B/Ds and public bodies have engaged an average of more than 3 000 interns annually. Building on previous successful experience, the Government and public organisations will offer around 3 600 short-term internship placements in 2026-27. Students who aspire to pursue a career in public service may take the opportunity to gain

invaluable practical experience, broaden their horizons and better plan for their career development.

Financial Provisions for Work Related to Management of the Civil Service

7. The 2026-27 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”: \$3,079.9 million;
- (b) Head 46 General Expenses of the Civil Service: \$5,951.1 million;
- (c) Head 120 Pensions: Programme 1 “Public and Judicial Service Pension Benefits”: \$53,898.8 million;
- (d) Head 136 Public Service Commission Secretariat: \$42.0 million;
- (e) Head 143 Government Secretariat: Civil Service Bureau: \$928.7 million; and
- (f) Head 174 Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service: \$38.6 million.

8. The provision of \$3,079.9 million under Head 37 (paragraph 7(a) above, Medical and Dental Treatment for Civil Servants) is for fulfilling the contractual obligation of the Government as the employer in providing medical benefits according to the conditions of service for serving civil servants, eligible pensioners and other eligible persons (CSEPs), including Families Clinic services and dental services (including the pilot scheme on provision of dental scaling services to some CSEPs via private dental organisations and the pilot scheme to arrange some CSEPs to receive designated dental services at a medical institution in Shenzhen), as well as for payment and reimbursement of medical fees and hospital charges. For the provision of Families Clinic services and dental services, an allocation of \$1,145.1 million is proposed, representing an increase of

\$89.6 million (or 8.5%)¹ over the 2025-26 Revised Estimate. Regarding the payment and reimbursement of medical fees and hospital charges, an allocation of \$1,934.8 million is proposed, representing an increase of \$359.8 million (or 22.8%) over the 2025-26 Revised Estimate. The increase in provision is mainly for meeting the anticipated increase in applications for reimbursement of medical expenses from eligible persons².

9. The provision sought under Head 46 (paragraph 7(b) above, General Expenses of the Civil Service) is mainly for housing allowances, education allowances, passages and various award schemes, and payments to estates of deceased officers, etc., which represents an increase of \$394.4 million (or 7.1%) over the 2025-26 Revised Estimate. It is mainly because the number of eligible officers for Non-accountable Cash Allowance under housing allowances is expected to increase, whereas the number of eligible officers for Overseas Education Allowance (OEA), School Passage Allowance (SPA) and Mainland and Local Education Allowance (MLEA)³ will gradually be decreasing, leading to a corresponding decline in these three expenditures.

10. 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 2026-27 Draft Estimates of Expenditure, a total provision of \$11,048.7 million (under the expenditure heads of individual B/Ds) is sought for contributions to these Schemes. This

¹ The decrease in revised estimates as compared with the original estimates for 2025-26 is mainly because the Department of Health (DH) was not able to recruit suitable candidates to fill some posts in the Medical and Health Officer and Dental Officer grades during the year. With provision for its full staff strength in the 2026-27 original estimates, DH will continue to conduct recruitment exercises to fill the vacancies. In addition, part of the provision is for the purchase or replacement of equipment.

² Although the drugs, equipment and services provided by the Hospital Authority (HA) and 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 CSEPs, life expectancy, 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 provisions to cater for the reimbursement applications of medical expenses from CSEPs which could not be fully predicted.

³ Civil servants who were offered appointment on or after 1 August 1996 are not eligible for OEA and SPA, while civil servants who were offered appointment on or after 1 June 2000 are not eligible for MLEA. In the future, these three allowances will no longer exist as there will be no more eligible civil servant.

represents an increase of \$1,120 million (or 11.3%) over the 2025-26 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. Regarding the expenditure on pension payments under Head 120, although there remains a 3.5% increase (an increase of \$1,761 million over the 2025–26 Revised Estimate), since the number of serving civil servants eligible for pension benefits is declining, the expenditure on pension payments is estimated to decrease gradually from mid-2030s.

11. The total provision sought under Head 136 (paragraph 7(d) above, Public Service Commission Secretariat) is \$42.0 million. This represents an increase of \$3.7 million (or 9.7%) over the 2025-26 Revised Estimate. This is mainly due to staff changes, partly offset by a decrease of one post in 2026-27.

12. The total provision sought under Head 143 (paragraph 7(e) above, Civil Service Bureau) is \$928.7 million. This represents an increase of \$37.6 million (or 4.2%) over the 2025-26 Revised Estimate. The increase is largely attributed to the increased requirements of personal emoluments and training expenses. The projected increase in training expenses is mainly due to the implementation of various measures to strengthen training, including implementing the Governance Talents Development Programme, arranging more Mainland and overseas training, and strengthening related training in technology applications.

13. The total provision under Head 174 (paragraph 7(f) above, Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service) is \$38.6 million. This represents an increase of \$1.2 million (or 3.2%) over the 2025-26 Revised Estimate. This is mainly due to an increase in the provision for personal emoluments and personnel related expenses that arises from staff changes, partly offset by a decrease in the provision for general departmental expenses.

Other Key Measures and Financial Implications

14. The key measures of the CSB are set out in the Controlling Officers' Reports under the relevant Heads of the 2026-27 Estimates. We will continue to take forward our work in various aspects, including drafting subsidiary legislative provisions to expand the functions of the Public Service Commission to cover Tier II investigation under the Heads of Department Accountability System; formulating enhancement measures to develop a more rigorous civil service performance appraisal system for differentiating staff performance more effectively. In addition, the CSB will continue strengthening civil service training, implementing the Civil Service Staff Exchange and Collaboration Programme jointly with Mainland cities in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) and other Mainland cities beyond the GBA, further enhancing the civil service disciplinary mechanism, creating a family-friendly working environment, implementing two pilot schemes for provision of dental services to CSEPs, etc.

Advice Sought

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

Civil Service Bureau
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