

Information note

Legislative Council Panel on Public Service
Civil Service-related Matters Featured in the 2022-23 Budget

Purpose

This paper highlights the civil service-related matters featured in the 2022-23 Budget.

Civil Service Establishment

2. The Government's target of zero growth in the civil service establishment will remain unchanged in 2022-23, with the aim of ensuring the sustainability of public finances. The projected civil service establishment by end-March 2023 will be about 197 000 posts. We encourage bureaux and departments to enhance effectiveness and efficiency through re-prioritisation, internal redeployment and streamlining of work processes, so that the workload can be coped with even without increase in civil service establishment.

Job Creation

3. To relieve the worsening unemployment situation due to the epidemic and the anti-epidemic measures, the Government has earmarked \$13.2 billion under the Anti-epidemic Fund in 2020 and 2021 to create 60 000 time-limited jobs in the public and private sectors for people of different skill sets and academic qualifications. Under the Job Creation Scheme, in addition to bearing the salary of the jobs created in various government departments, the Government subsidises part of the cost of the jobs created in the non-government sector.

4. As at end January 2022, around 60 000 jobs have been created under the two rounds of the Job Creation Scheme, with half of the jobs being created in the Government and the other half in the non-governmental sector. Among the jobs already created, around 48 000 jobs have been filled while the recruitment of the remaining 12 000 jobs is in progress or will commence shortly.

5. In view of the persistently high unemployment rate, the Government has earmarked in February 2022 an additional funding of \$6.6 billion under the latest round of Anti-epidemic Fund for the creation of another 30 000 time-limited jobs. Relevant government departments are liaising with the non-governmental organisations or relevant associations under their purview to formulate details of the additional jobs.

Financial Provisions for Work Related to Management of the Civil Service

6. The 2022-23 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”: \$2,718.6 million;
- (b) Head 46 General Expenses of the Civil Service: \$5,251.6 million;
- (c) Head 120 Pensions: Programme 1 “Public and Judicial Service Pension Benefits”: \$47,441.2 million;
- (d) Head 136 Public Service Commission Secretariat: \$32.2 million;
- (e) Head 143 Government Secretariat: Civil Service Bureau: \$745.1 million; and
- (f) Head 174 Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service: \$45.9 million.

7. The provision of \$2,718.6 million sought under Head 37 (paragraph 6(a) above) is for providing medical and dental services for serving civil servants, pensioners and other eligible persons at Families Clinics and government dental clinics, as well as for payment and reimbursement of medical fees and hospital charges. For the provision of medical and dental services at Families Clinics and government dental clinics, an allocation of \$1,052.7 million is proposed, representing an increase of \$83.3 million (or 8.6%) over the 2021-22 Revised Estimate. The additional provision is mainly for setting up additional specialised

dental surgeries and strengthening manpower support for Families Clinics and government dental clinics to meet service and development needs. Regarding the payment and reimbursement of medical fees and hospital charges, an allocation of \$1,665.9 million is proposed, representing an increase of \$641.9 million (or 62.7%) over the 2021-22 Revised Estimate. The additional provision is mainly for meeting the anticipated increase in applications for reimbursement of medical expenses from eligible persons¹.

8. The provision sought under Head 46 (paragraph 6(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 \$864.1 million (or 19.7%) over the 2021-22 Revised Estimate. It is mainly due to the projected increase in the expenditure on housing allowances.

9. Of the total provision sought under Head 120 (paragraph 6(c) above), an amount of \$45,852 million is for pension payments to eligible retired public officers. This represents an increase of \$2,385.3 million (or 5.5%) over the 2021-22 Revised Estimate. The increase is due to an estimated increase in the number of new retirees in 2022-23 and the full-year effect of pension payments to those retiring in 2021-22. As at end-March 2021, the present value of the Government's obligations on pensions was \$1,031.1 billion.

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 2022-23 Draft Estimates of Expenditure, a total provision of \$7,766.5 million (under the expenditure heads of individual B/Ds) is sought for contributions to these Schemes. This represents an increase of \$1,016.4 million (or 15.1%) over the 2021-22 Revised Estimate, mainly due to an estimated increase in the number of MPF/CSPF members in 2022-23.

11. The total provision sought under Head 136 (paragraph 6(d) above) is \$32.2 million. This represents an increase of \$1.0 million (or 3.2%) over the 2021-22 Revised Estimate. It is mainly due to the full-year effect of a vacancy filled in 2021-22.

¹ 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 and life expectancy, as well as the rapid advancement in medical technology making available a wider range of medical drugs, treatments and services, 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

12. The total provision sought under Head 143 (paragraph 6(e) above) is \$745.1 million. This represents a mild decrease of \$4.6 million (or 0.6%) against the 2021-22 Revised Estimate. The 2022-23 Draft Estimate is comparable to the 2021-22 Revised Estimate.

13. The total provision sought under Head 174 (paragraph 6(f) above) is \$45.9 million. This represents an increase of \$3.8 million (or 9.0%) over the 2021-22 Revised Estimate. This is mainly due to the increased provision for the Pay Level Survey and other departmental expenses.

Advice Sought

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

Civil Service Bureau
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