

Head 120 — PENSIONS

Controlling officer: the Director of Accounting Services will account for expenditure under this Head.

| | |
|---|--------------------|
| Estimate 2001–02 | \$14,572.8m |
| Capital Account commitment balance | \$2,612.0m |

Controlling Officer's Report

Programmes

| | |
|---|--|
| Programme (1) Public and Judicial Service Pension Benefits | This programme contributes to Policy Area 26: Central Management of the Civil Service (Secretary for the Civil Service). |
| Programme (2) War Memorial Pensions/ Volunteer Pensions | This programme contributes to Policy Area 14: Social Welfare (Secretary for Health and Welfare). |

Detail

Programme (1): Public and Judicial Service Pension Benefits

| | 1999–2000 (Actual) | 2000–01 (Approved) | 2000–01 (Revised) | 2001–02 (Estimate) |
|---------------------------|-----------------------|-----------------------|----------------------|-------------------------------|
| Financial provision (\$m) | 8,195.0 | 9,594.0 (+17.1%) | 9,535.5 (–0.6%) | 14,506.8 (+52.1%) |

² Expenditure on, and the number of recipients of each of the major pension schemes, are shown in Figures A and B respectively.

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Figure A

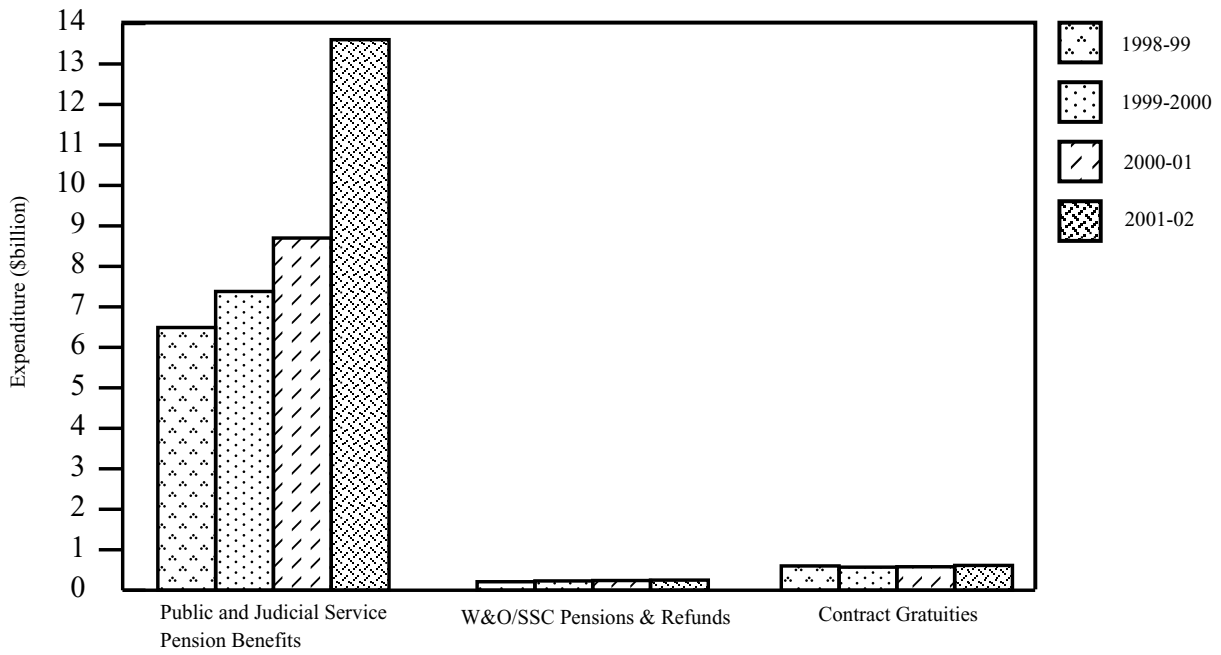
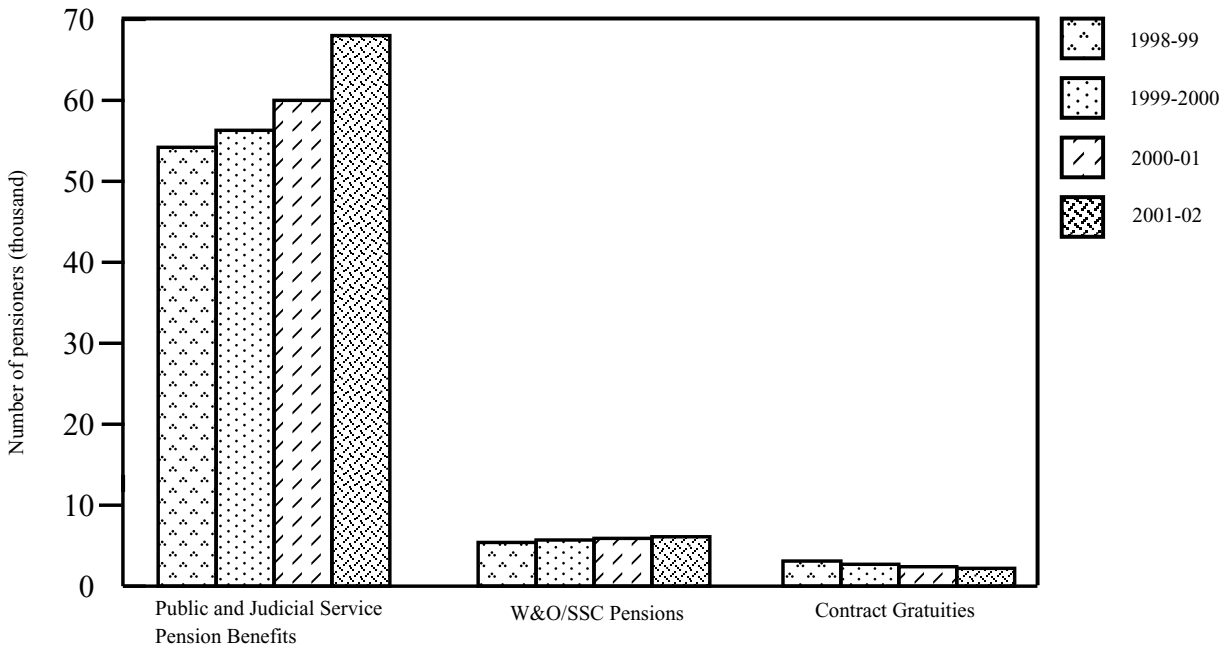


Figure B



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Aim

3 The aim is to make provision for the payment of public and judicial service pension benefits.

Brief Description

4 Under this programme, funds are provided to meet payment of public and judicial service pension benefits, contract gratuities, employer's contribution to the Mandatory Provident Fund Scheme, widows' and orphans' pensions, surviving spouses' and children's pensions, employees' compensation and other miscellaneous pensions, allowances and grants.

5 The key performance measures in respect of public and judicial service pension benefits are:

Indicators

| | 1999 (Actual) | 2000 (Actual) | 2001 (Estimate) |
|--|------------------|------------------|----------------------------|
| no. of public and judicial service pensioners | 55 610 | 58 350 | 65 900 |
| no. of officers retiring | 2 580 | 3 603 | 8 750 |
| no. of agreement officers completing contract | 2 680 | 2 400 | 2 240 |
| no. of Widows' and Orphans' /Surviving Spouses' and Children's pensioners | 5 580 | 5 859 | 6 140 |

Programme (2): War Memorial Pensions/Volunteer Pensions

| | 1999–2000 (Actual) | 2000–01 (Approved) | 2000–01 (Revised) | 2001–02 (Estimate) |
|---------------------------|-----------------------|-----------------------|----------------------|-------------------------------|
| Financial provision (\$m) | 59.0 | 63.9 (+8.3%) | 61.8 (–3.3%) | 66.0 (+6.8%) |

6 Expenditure on, and the number of recipients of war memorial pensions/volunteer pensions, are shown in Figures C and D respectively.

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Figure C

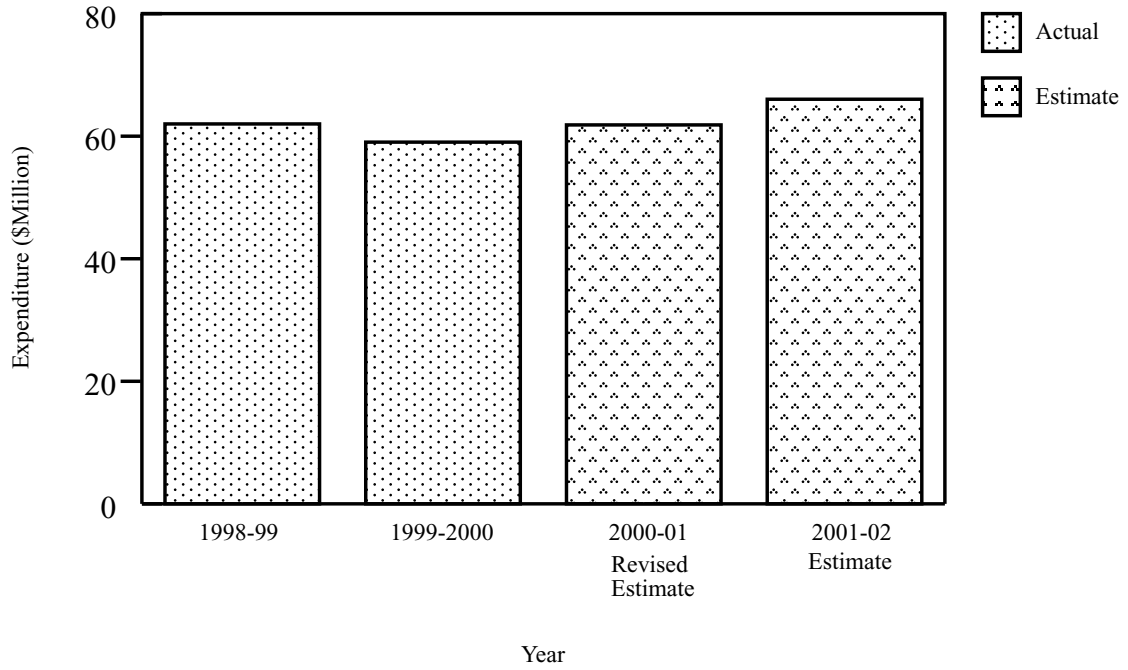
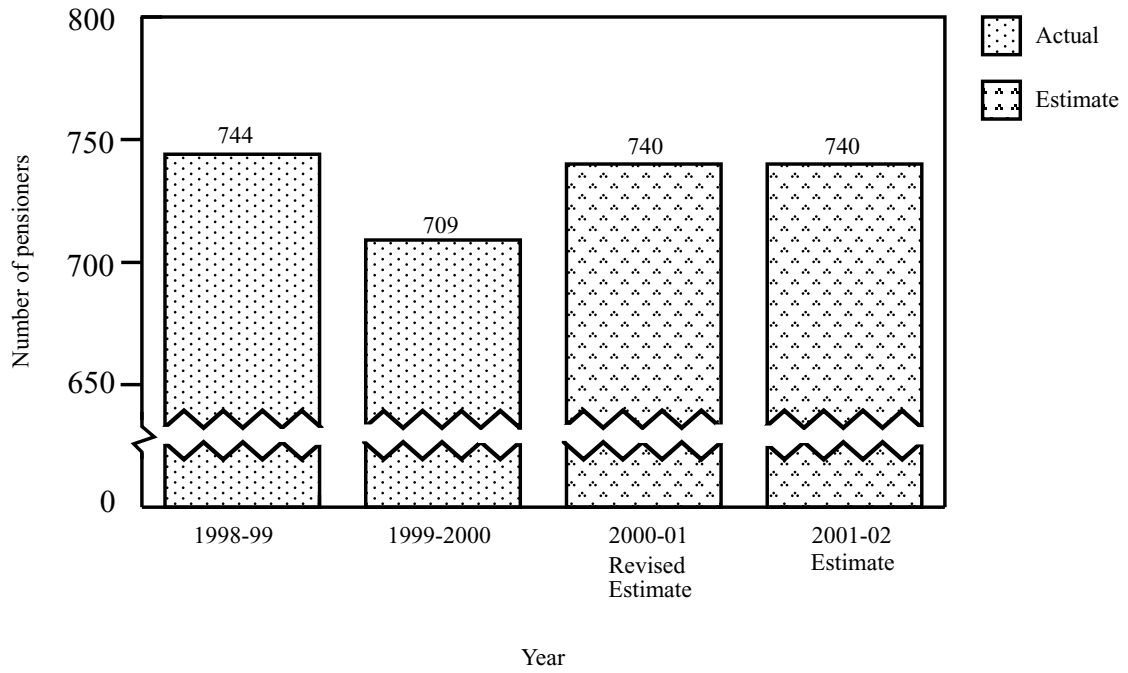


Figure D



Head 120 — PENSIONS

Aim

7 The aim is to make provision for the payment of war memorial pensions and volunteer pensions.

Brief Description

8 Under this programme, funds are provided to meet payments of war memorial pensions, volunteer and defence force pensions, allowances and grants.

9 The key performance measures in respect of war memorial and volunteer pensions are:

Indicators

| | 1999 (Actual) | 2000 (Actual) | 2001 (Estimate) |
|---|------------------|------------------|--------------------|
| no. of war memorial pensioners | 650 | 660 | 660 |
| no. of new awards of war memorial pension | 15 | 47 | 65 |
| no. of volunteer pensioners | 70 | 66 | 60 |
| no. of new awards of volunteer pension | 1 | — | 1 |

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ANALYSIS OF FINANCIAL PROVISION

| Programme | 1999–2000 (Actual) (\$m) | 2000–01 (Approved) (\$m) | 2000–01 (Revised) (\$m) | 2001–02 (Estimate) (\$m) |
|--|--------------------------------|--------------------------------|-------------------------------|------------------------------------|
| (1) Public and Judicial Service Pension Benefits | 8,195.0 | 9,594.0 | 9,535.5 | 14,506.8 |
| (2) War Memorial Pensions/Volunteer Pensions | 59.0 | 63.9 | 61.8 | 66.0 |
| | 8,254.0 | 9,657.9 (+17.0%) | 9,597.3 (–0.6%) | 14,572.8 (+51.8%) |

Analysis of Financial Provision

Programme (1)

Provision for 2001–02 is \$4,971.3 million (52.1%) higher than the revised estimate for 2000–01. This is mainly due to full-year provision for new pensions awarded in 2000–01 and about 9 355 new retirement cases expected in 2001–02 due to normal retirements, retirements under the Voluntary Retirement Scheme and the Voluntary Departure Scheme.

Programme (2)

Provision for 2001–02 is \$4.2 million (6.8%) higher than the revised estimate for 2000–01. This is mainly due to the full-year provision of new pension awards made in 2000–01 and for new awards to be granted in 2001–02.

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| Sub-head (Code) | Actual expenditure 1999–2000 | Approved estimate 2000–01 | Revised estimate 2000–01 | Estimate 2001–02 | |
|---------------------------------|---|---------------------------------|--------------------------------|-------------------------|---------------------------------|
| | \$ 000 | \$ 000 | \$ 000 | \$ 000 | |
| Recurrent Account | | | | | |
| II — Personnel Related Expenses | | | | | |
| 015 | Public and judicial service pension benefits and compensation | 7,374,629 | 8,700,450 | 8,488,672 | 12,022,000 |
| 016 | Gratuities and Mandatory Provident Fund Contributions | 566,278 | 612,200 | 581,000 | 612,700 |
| 017 | Surviving spouses' and children's pensions, widows' and orphans' pensions and increases | 225,871 | 242,437 | 239,583 | 253,908 |
| 018 | Volunteer and defence force pensions, allowances and grants | 59,028 | 63,900 | 61,840 | 66,030 |
| 021 | <i>Ex-gratia</i> pensions, awards, allowances and increases | 537 | 1,900 | 1,950 | 1,950 |
| 026 | Employees' compensation, injury and death related payments and expenses | 27,709 | 37,000 | 46,300 | 55,200 |
| | Total, Personnel Related Expenses | <u>8,254,052</u> | <u>9,657,887</u> | <u>9,419,345</u> | <u>13,011,788</u> |
| | Total, Recurrent Account | <u>8,254,052</u> | <u>9,657,887</u> | <u>9,419,345</u> | <u>13,011,788</u> |
| Capital Account | | | | | |
| II — Other Non-Recurrent | | | | | |
| 700 | General other non-recurrent | — | — | 178,000 | 1,561,000 |
| | Total, Other Non-Recurrent | <u>—</u> | <u>—</u> | <u>178,000</u> | <u>1,561,000</u> |
| | Total, Capital Account | <u>—</u> | <u>—</u> | <u>178,000</u> | <u>1,561,000</u> |
| | Total Expenditure | <u><u>8,254,052</u></u> | <u><u>9,657,887</u></u> | <u><u>9,597,345</u></u> | <u><u>14,572,788</u></u> |

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Details of Expenditure by Subhead

The estimate of the amount required in 2001–02 for public and judicial service pension benefits, contract gratuities, employer's contribution to the Mandatory Provident Fund Scheme, surviving spouses' and children's pensions, widows' and orphans' pensions, payments under the Employees' Compensation Ordinance, payments under the Hong Kong War Memorial Pensions Ordinance and various other pensions, gratuities, allowances and grants is \$14,572,788,000. This represents an increase of \$4,975,443,000 over the revised estimate for 2000–01 and \$6,318,736,000 over actual expenditure in 1999–2000.

Recurrent Account

Personnel Related Expenses

2 Provision of \$12,022,000,000 under *Subhead 015 Public and judicial service pension benefits and compensation* is for the payment of —

- (a) pensions, gratuities and other allowances under the Pensions Ordinance, the Pension Benefits Ordinance and the Pension Benefits (Judicial Officers) Ordinance to current pensioners and officers who will retire in 2001–02, and increases in such pensions under the Pensions (Increase) Ordinance;
- (b) pensions under the Police Force Ordinance, 1932 and Police Officers (Special Cases) Pensions Ordinance, 1954 to police officers who retired on or before 1 January 1947, and increases in such pensions under the Pensions (Increase) Ordinance; and
- (c) pensions to agreement officers, or dependant pensions to dependants of deceased agreement officers, on account of injuries received whilst on duty, and increases in such pensions.

The provision comprises \$5,549,500,000 for the payment of public and judicial service pensions and other allowances, \$6,471,500,000 for gratuities and \$1,000,000 for pensions to police officers who retired on or before 1 January 1947. The increase of \$3,533,328,000 (41.6%) over the revised estimate for 2000–01 is due to the full-year provision for new pensions awarded in 2000–01 and to the new retirement cases, including those arising from the Voluntary Retirement Scheme and the Voluntary Departure Scheme, expected in 2001–02.

3 Provision of \$612,700,000 under *Subhead 016 Gratuities and Mandatory Provident Fund Contributions* is for the payment of contract gratuities or resettlement grants to officers who are due to complete their agreements in 2001–02 and the employer's contribution to the Mandatory Provident Fund Scheme. The increase of \$31,700,000 (5.5%) over the revised estimate for 2000–01 is to make provision for monthly payments to the Mandatory Provident Fund Scheme, which took effect on 1 December 2000.

4 Provision of \$253,908,000 under *Subhead 017 Surviving spouses' and children's pensions, widows' and orphans' pensions and increases* is for —

- (a) the payment of pensions to surviving spouses and children of deceased contributors to either the Surviving Spouses' and Children's Pensions Scheme or the Widows' and Orphans' Pension Scheme, and for increases in payment for these two types of pensions under the Pensions (Increase) Ordinance and the Widows and Orphans Pension (Increase) Ordinance;
- (b) the return of contributions plus interest or addition under section 14 of the Surviving Spouses' and Children's Pensions Ordinance to contributors who are never married or are widows/widowers/divorcees, or who are not eligible for a public or judicial service pension on leaving the service; and
- (c) the refund of contributions plus interest under section 11 of the Widows and Orphans Pension Ordinance to contributors who, on leaving the public or judicial service, remain bachelors or widowers without children who are eligible to receive these pensions.

The increase of \$14,325,000 (6.0%) over the revised estimate for 2000–01 is due to full-year provision for awards made in 2000–01 and for new awards to be granted in 2001–02.

5 Provision of \$66,030,000 under *Subhead 018 Volunteer and defence force pensions, allowances and grants* comprises —

- (a) \$4,300,000 for the payment of pensions and other grants in respect of death, disablement or sickness of members of the former Hong Kong Volunteer Defence Corps, Hong Kong Naval Volunteer Force, or members of the other civil defence forces as provided for under the relevant legislation; and for increases in such pensions and grants to catch up with inflation; and
- (b) \$61,730,000 for the payment of pensions and other benefits under the Hong Kong War Memorial Pensions Ordinance which will be adjusted in accordance with increases in civil service pensions and increases in payment under the Emergency Relief Fund and social security schemes.

The increase of \$4,190,000 (6.8%) over the revised estimate for 2000–01 is due to the full-year provision for awards made in 2000–01 and for new awards to be granted in 2001–02.

6 Provision of \$1,950,000 under *Subhead 021 Ex-gratia pensions, awards, allowances and increases* is for the payment of *ex-gratia* awards linked with the provisions of the pension legislation for the public and judicial services and

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volunteers and civil defence forces, the Surviving Spouses' and Children's Pensions Ordinance, the Widows and Orphans Pension Ordinance and the Employees' Compensation Ordinance, and also for the payment of recurrent *ex-gratia* pensions, allowances and increases in such pensions already in issue.

7 Provision of \$55,200,000 under *Subhead 026 Employees' compensation, injury and death related payments and expenses* is for the payment of compensation to government employees under the Employees' Compensation Ordinance and other injury and death related payments and expenses. The increase of \$8,900,000 (19.2%) over the revised estimate for 2000-01 is to make provision for death benefits for recruits on probationary and agreement terms under the new civil service entry system, and also for the reimbursement of compensation to injured officers of trading fund departments during their sick leave period.

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Capital Account

Commitments

| Sub-head (Code) | Item (Code) | Ambit | Approved commitment | Accumulated expenditure to 31.3.2000 | Revised estimated expenditure for 2000-01 | Balance |
|--------------------|----------------|--|------------------------|--|--|------------------|
| | | | \$ 000 | \$ 000 | \$ 000 | \$ 000 |
| 700 | | <i>General other non-recurrent</i> | | | | |
| | 002 | Compensatory payments under the Voluntary Retirement Scheme | 2,780,000 | — | 176,000 | 2,604,000 |
| | 003 | Ex-gratia payments to early retirees who are Model Scale I officers on Old Pension Scheme in grades designated for the Voluntary Retirement Scheme | 10,000 | — | 2,000 | 8,000 |
| | | Total | <u>2,790,000</u> | <u>—</u> | <u>178,000</u> | <u>2,612,000</u> |