

Head 120 —PENSIONS

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

Estimate 2000–01..... **\$9,657.9m**

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

	1998–99 (Actual)	1999–2000 (Approved)	1999–2000 (Revised)	2000–01 (Estimate)
Financial provision (\$m)	7,332.8	8,504.2 (+16.0%)	8,149.6 (–4.2%)	9,594.0 (+17.7%)

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

Figure A

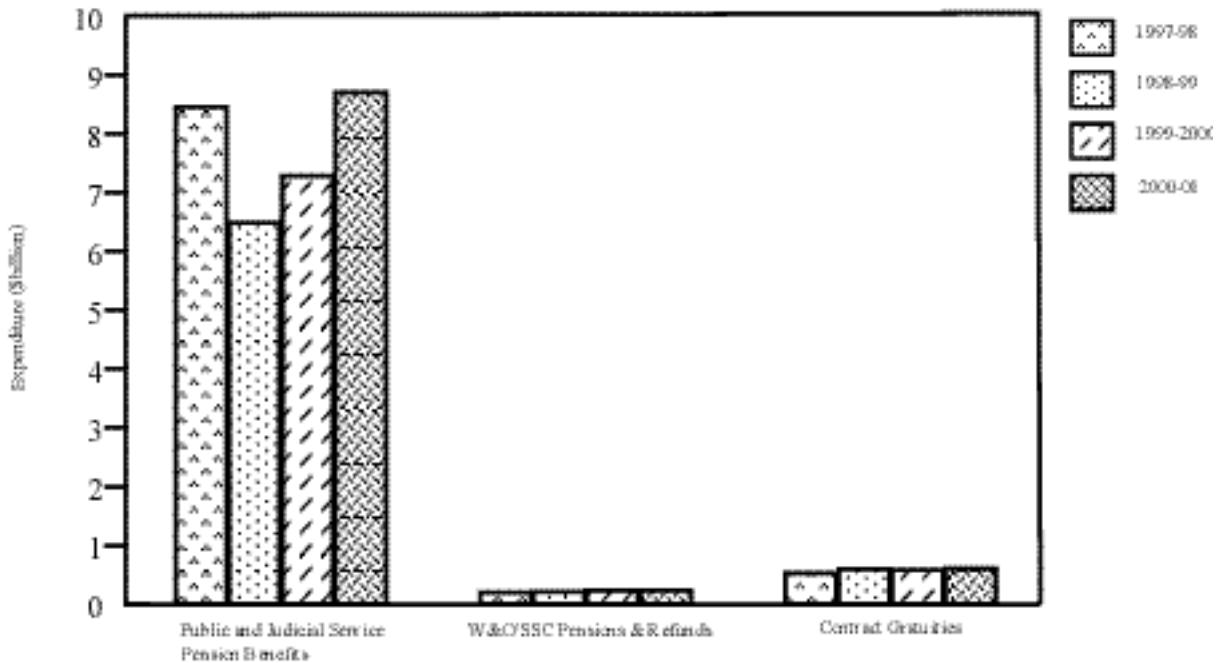
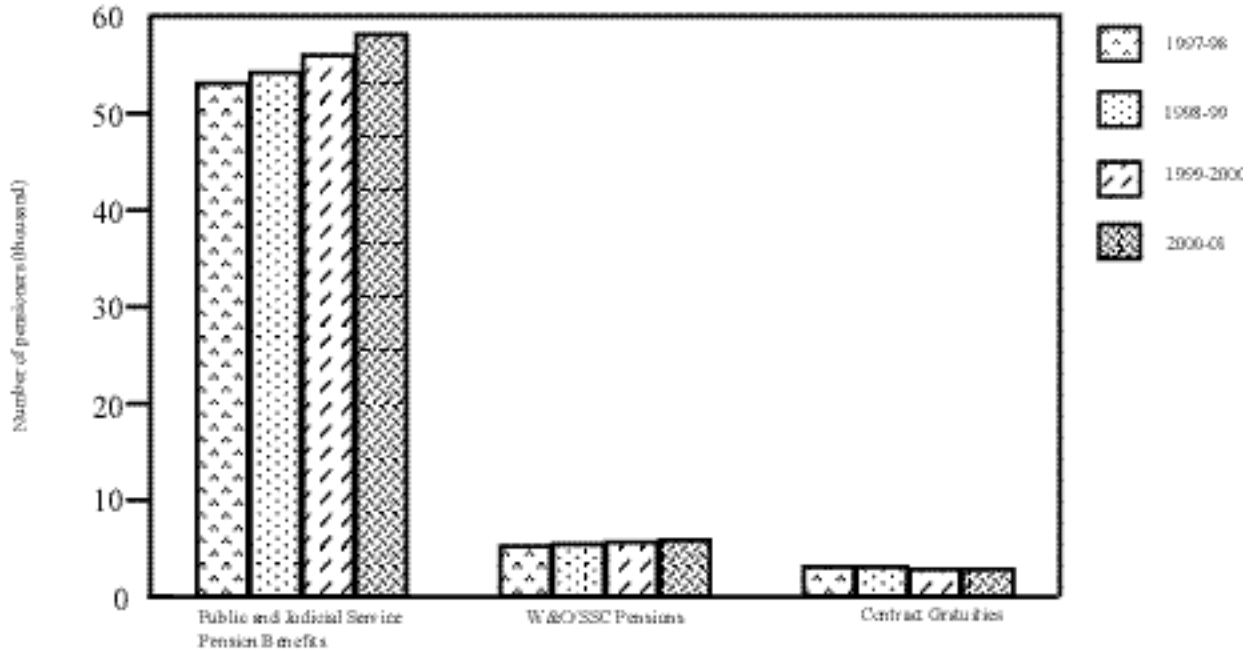


Figure B



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

	1998 (Actual)	1999 (Actual)	2000 (Estimate)
no. of public and judicial service pensioners.....	53 930	55 610	57 700
no. of officers retiring	1 940	2 580	3 000
no. of agreement officers completing contract.....	2 845	2 680	2 800
no. of Widows’ and Orphans’ /Surviving Spouses’ and Children’s pensioners	5 347	5 580	5 800

Programme (2): War Memorial Pensions/Volunteer Pensions

	1998-99 (Actual)	1999-2000 (Approved)	1999-2000 (Revised)	2000-01 (Estimate)
Financial provision (\$m)	62.0	63.7 (+2.7%)	60.8 (-4.6%)	63.9 (+5.1%)

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

Figure C

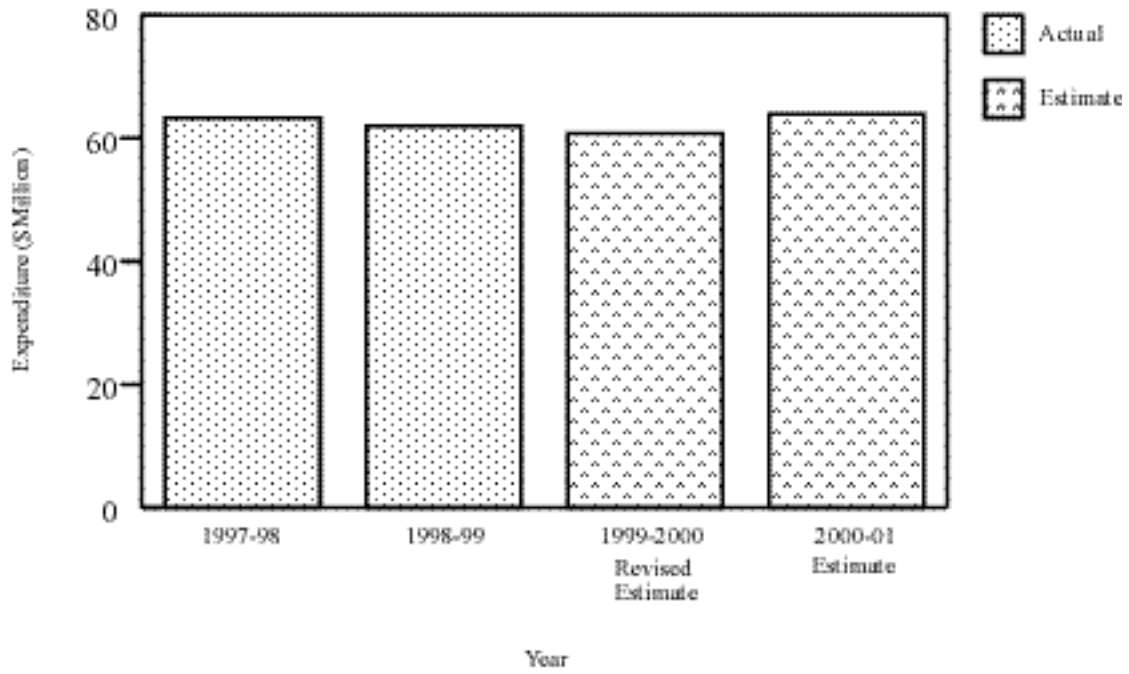
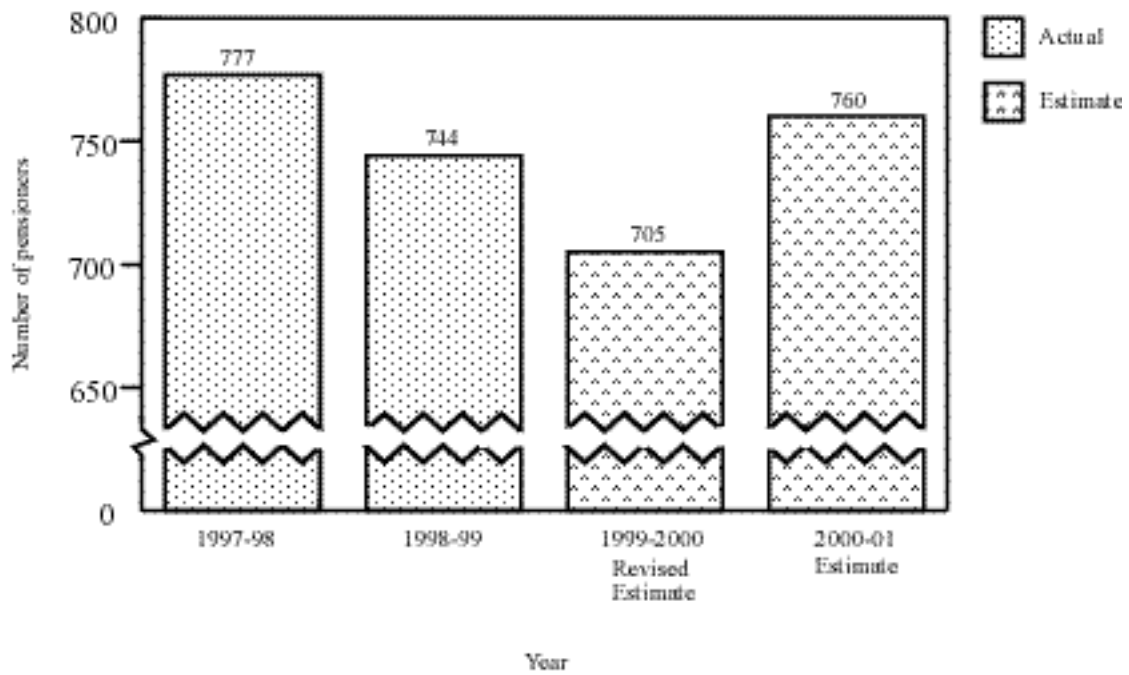


Figure D



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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

	1998 (Actual)	1999 (Actual)	2000 (Estimate)
no. of war memorial pensioners.....	678	650	700
no. of new awards of war memorial pension.....	18	15	120
no. of volunteer pensioners	79	70	60
no. of new awards of volunteer pension.....	—	1	1

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ANALYSIS OF FINANCIAL PROVISION

Programme	1998–99 (Actual) (\$m)	1999–2000 (Approved) (\$m)	1999–2000 (Revised) (\$m)	2000–01 (Estimate) (\$m)
(1) Public and Judicial Service Pension Benefits	7,332.8	8,504.2	8,149.6	9,594.0
(2) War Memorial Pensions/Volunteer Pensions	62.0	63.7	60.8	63.9
	7,394.8	8,567.9 (+15.9%)	8,210.4 (–4.2%)	9,657.9 (+17.6%)

Analysis of Financial Provision

Programme (1)

Provision for 2000–01 is \$1,444.4 million (17.7%) higher than the revised estimate for 1999–2000. This is mainly due to full-year provision for new pensions awarded in 1999–2000 and new retirement cases expected in 2000–01.

Programme (2)

Provision for 2000–01 is \$3.1 million (5.1%) higher than the revised estimate for 1999–2000. This is mainly due to the estimated increase in claims for pensions from former members and widows of the HK Independent Battalion of the Dongjiang Column, following an amendment to the Hong Kong War Memorial Pensions Ordinance (Ordinance No. 46 of 1999) in July 1999.

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Sub-head (Code)	Actual expenditure 1998-99	Approved estimate 1999-2000	Revised estimate 1999-2000	Estimate 2000-01	
	\$ 000	\$ 000	\$ 000	\$ 000	
Recurrent Account					
II — Personnel Related Expenses					
015	Public and judicial service pension benefits and compensation	6,487,707	7,611,050	7,290,050	8,700,450
016	Gratuities and Mandatory Provident Fund Contributions	603,633	629,000	592,000	612,200
017	Surviving spouses' and children's pensions, widows' and orphans' pensions and increases	214,174	225,243	229,056	242,437
018	Volunteer and defence force pensions, allowances and grants	61,985	63,700	60,800	63,900
021	<i>Ex-gratia</i> pensions, awards, allowances and increases	799	1,900	1,500	1,900
026	Employees' compensation	26,525	37,000	37,000	37,000
	Total, Personnel Related Expenses	<u>7,394,823</u>	<u>8,567,893</u>	<u>8,210,406</u>	<u>9,657,887</u>
	Total, Recurrent Account	<u>7,394,823</u>	<u>8,567,893</u>	<u>8,210,406</u>	<u>9,657,887</u>
	Total Expenditure	<u><u>7,394,823</u></u>	<u><u>8,567,893</u></u>	<u><u>8,210,406</u></u>	<u><u>9,657,887</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2000–01 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 \$9,657,887,000. This represents an increase of \$1,447,481,000 over the revised estimate for 1999–2000 and an increase of \$2,263,064,000 on actual expenditure in 1998–99.

Recurrent Account

Personnel Related Expenses

2 Provision of \$8,700,450,000 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 2000–01, 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 \$5,072,100,000 for the payment of public and judicial service pensions and other allowances, \$3,627,300,000 for gratuities and \$1,050,000 for pensions to police officers who retired on or before 1 January 1947. The increase of \$1,410,400,000 (19.3%) over the revised estimate for 1999–2000 is due to the full-year provision for new pensions awarded in 1999–2000 and to the new retirement cases, including those arising from staffing arrangements under the greater private sector involvement in Housing Authority's Estate Management and Maintenance Services, expected in 2000–01.

3 Provision of \$612,200,000 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 2000–01 and the employer's contribution to the Mandatory Provident Fund Scheme. The increase of \$20,200,000 (3.4%) over the revised estimate for 1999–2000 is to make provision for monthly payments to the Mandatory Provident Fund Scheme, which will take effect on 1.12.2000.

4 Provision of \$242,437,000 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 4 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 \$13,381,000 (5.8%) over the revised estimate for 1999–2000 is due to full-year provision for awards made in 1999–2000 and for new awards to be granted in 2000–01.

5 Provision of \$63,900,000 under *Subhead 018 Volunteer and defence force pensions, allowances and grants* comprises—

- (a) \$4,600,000 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 under legislation for volunteers and civil defence forces and increases in such pensions and grants to catch up with inflation; and
- (b) \$59,300,000 for the payment of pensions and other benefits under the Hong Kong War Memorial Pensions Ordinance which will be reviewed in accordance with increases in civil service pensions and increases in payment under the Emergency Relief Fund and social security schemes.

The increase of \$3,100,000 (5.1%) over the revised estimate for 1999–2000 is due to the estimated increase in claims for pensions from former members and widows of the HK Independent Battalion of the Dongjiang Column, following an amendment to the HK War Memorial Pensions Ordinance (Ordinance No. 46 of 1999) in July 1999.

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6 Provision of \$1,900,000 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 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. The increase of \$400,000 (26.7%) over the revised estimate for 1999–2000 is to make allowance for an increase in requirement.

7 Provision of \$37,000,000 under *Subhead 026 Employees' compensation* is for the payment of compensation to government employees under the Employees' Compensation Ordinance.