

Head 120 — PENSIONS

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

Estimate 2003–04	\$14,806.0m
Capital Account commitment balance	\$337.0m

Controlling Officer's Report

Programmes

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

Detail

Programme (1): Public and Judicial Service Pension Benefits

	2001–02 (Actual)	2002–03 (Approved)	2002–03 (Revised)	2003–04 (Estimate)
Financial provision (\$m)	14,416.4	12,724.9 (–11.7%)	12,837.3 (+0.9%)	14,752.4 (+14.9%)

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

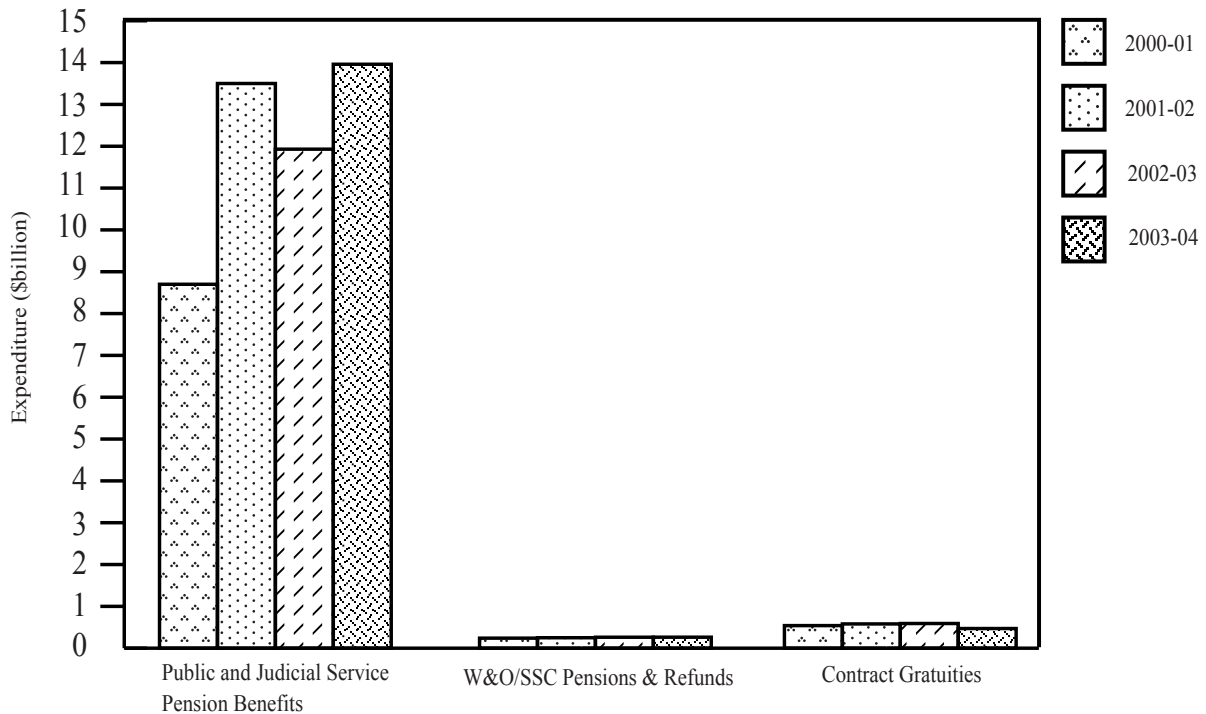
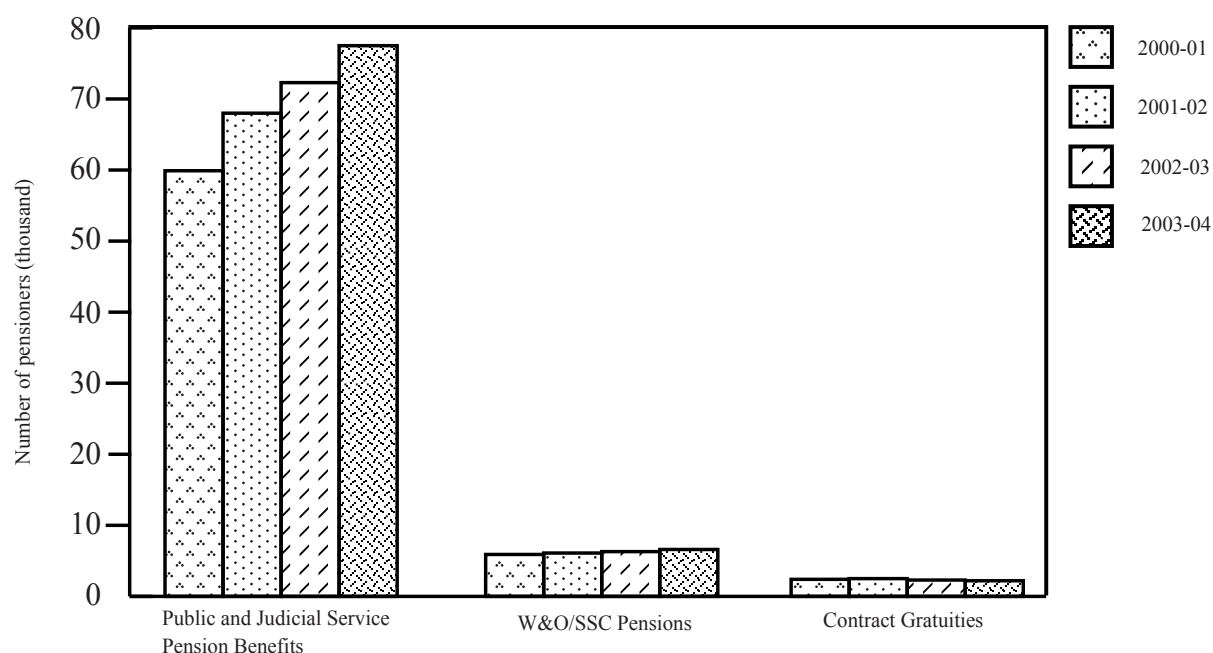


Figure B



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, 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

	2001 (Actual)	2002 (Actual)	2003 (Estimate)
no. of public and judicial service pensioners	65 901	71 572	75 970
no. of officers retiring	8 942	6 271	5 370
no. of agreement officers completing contract.....	2 460	2 300	2 200
no. of widows' and orphans'/surviving spouses' and children's pensioners.....	6 042	6 285	6 530

Programme (2): War Memorial Pensions/Volunteer Pensions

	2001-02 (Actual)	2002-03 (Approved)	2002-03 (Revised)	2003-04 (Estimate)
Financial provision (\$m)	55.5	60.1 (+8.3%)	54.6 (-9.2%)	53.6 (-1.8%)

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

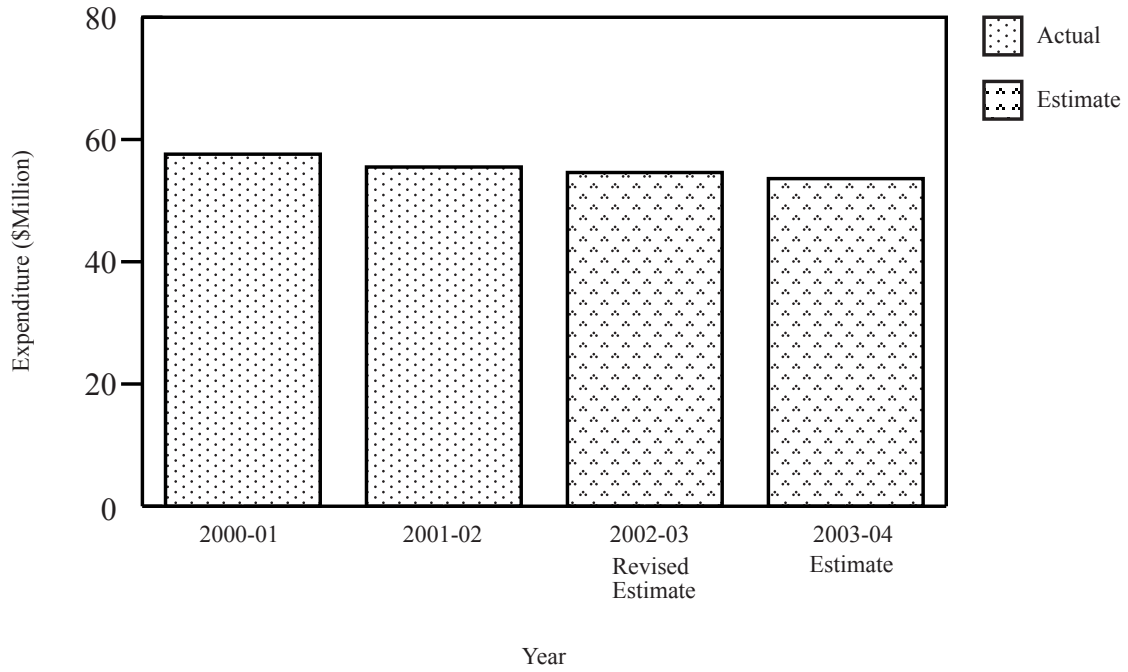
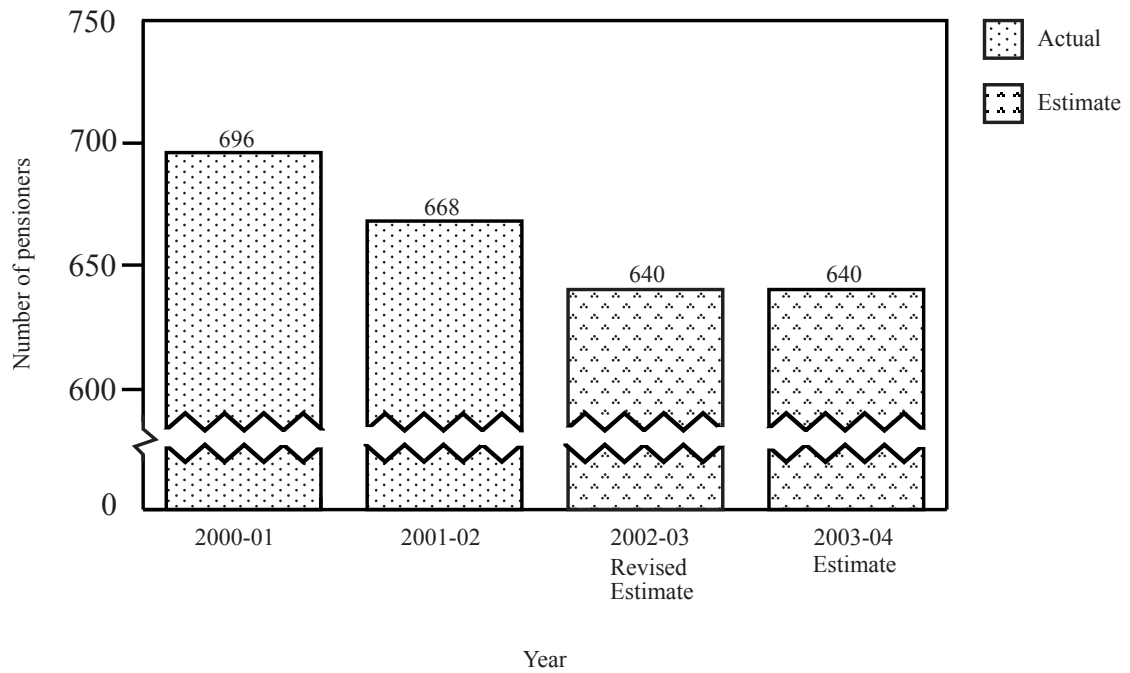


Figure D



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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

	2001 (Actual)	2002 (Actual)	2003 (Estimate)
no. of war memorial pensioners	619	587	590
no. of new awards of war memorial pension.....	16	4	30
no. of volunteer pensioners	57	56	56
no. of new awards of volunteer pension.....	—	1	1

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ANALYSIS OF FINANCIAL PROVISION

Programme	2001-02 (Actual) (\$m)	2002-03 (Approved) (\$m)	2002-03 (Revised) (\$m)	2003-04 (Estimate) (\$m)
(1) Public and Judicial Service Pension Benefits	14,416.4	12,724.9	12,837.3	14,752.4
(2) War Memorial Pensions/Volunteer Pensions	55.5	60.1	54.6	53.6
	14,471.9	12,785.0 (-11.7%)	12,891.9 (+0.8%)	14,806.0 (+14.8%)

Analysis of Financial Provision

Programme (1)

Provision for 2003-04 is \$1,915.1 million (14.9%) higher than the revised estimate for 2002-03. This is mainly due to the anticipated increase in the number of new retirement cases upon implementation of the Second Voluntary Retirement Scheme in 2003-04.

Programme (2)

Provision for 2003-04 is \$1.0 million (1.8%) lower than the revised estimate for 2002-03. This is mainly due to the effect of death of pensioners in 2002-03.

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Sub-head (Code)	Actual expenditure 2001-02	Approved estimate 2002-03	Revised estimate 2002-03	Estimate 2003-04	
	\$'000	\$'000	\$'000	\$'000	
Recurrent Account					
II — Personnel Related Expenses					
015	Public and judicial service pension benefits and compensation.....	11,976,441	11,161,100	11,271,100	13,927,412
016	Contract gratuities	577,927	587,600	587,599	472,999
017	Surviving spouses' and children's pensions, widows' and orphans' pensions and increases.....	246,223	263,412	261,762	262,916
018	Volunteer and defence force pensions, allowances and grants	55,491	60,100	54,589	53,590
021	<i>Ex-gratia</i> pensions, awards, allowances and increases.....	990	1,940	1,408	1,399
026	Employees' compensation, injury, incapacity and death related payments and expenses	41,447	47,800	52,733	57,330
	Total, Personnel Related Expenses	<u>12,898,519</u>	<u>12,121,952</u>	<u>12,229,191</u>	<u>14,775,646</u>
	Total, Recurrent Account	12,898,519	12,121,952	12,229,191	14,775,646
Capital Account					
II — Other Non-Recurrent					
700	General other non-recurrent.....	1,573,398	663,000	662,679	30,398
	Total, Other Non-Recurrent	<u>1,573,398</u>	<u>663,000</u>	<u>662,679</u>	<u>30,398</u>
	Total, Capital Account	1,573,398	663,000	662,679	30,398
	Total Expenditure.....	<u><u>14,471,917</u></u>	<u><u>12,784,952</u></u>	<u><u>12,891,870</u></u>	<u><u>14,806,044</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2003–04 for public and judicial service pension benefits, contract gratuities, 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 \$14,806,044,000. This represents an increase of \$1,914,174,000 over the revised estimate for 2002–03 and \$334,127,000 over actual expenditure in 2001–02.

Recurrent Account

Personnel Related Expenses

2 Provision of \$13,927,412,000 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 2003–04, 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 \$6,656,306,000 for the payment of public and judicial service pensions and other allowances, \$7,270,346,000 for gratuities and \$760,000 for pensions to police officers who retired on or before 1 January 1947. The increase of \$2,656,312,000 (23.6%) over the revised estimate for 2002–03 is mainly due to the anticipated increase in the number of new retirees upon implementation of the Second Voluntary Retirement Scheme in 2003–04.

3 Provision of \$472,999,000 under *Subhead 016 Contract gratuities* is for the payment of contract gratuities or resettlement grants to officers who are due to complete their agreements in 2003–04. The decrease of \$114,600,000 (19.5%) against the revised estimate for 2002–03 is due to the decentralisation of funding vote of Mandatory Provident Fund contributions from this subhead to bureaux/departments.

4 Provision of \$262,916,000 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.

5 Provision of \$53,590,000 under *Subhead 018 Volunteer and defence force pensions, allowances and grants* comprises—

- (a) \$3,025,000 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) \$50,565,000 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.

6 Provision of \$1,399,000 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.

7 Provision of \$57,330,000 under *Subhead 026 Employees' compensation, injury, incapacity and death related payments and expenses* is for the payment of compensation to government employees under the Employees' Compensation Ordinance and other injury, incapacity and death related payments and expenses. The increase of \$4,597,000 (8.7%) over the revised estimate for 2002–03 is due to the estimated increase in compensatory payment in 2003–04.

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Capital Account

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2002	Revised estimated expenditure for 2002–03	Balance
			\$'000	\$'000	\$'000	\$'000
700		<i>General other non-recurrent</i>				
	002	Compensatory payments under the Voluntary Retirement Scheme	2,780,000	1,787,755	655,679	336,566
	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	7,602	2,000	398
		Total.....	<u>2,790,000</u>	<u>1,795,357</u>	<u>657,679</u>	<u>336,964</u>