

## Head 120 — PENSIONS

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

Estimate 2004–05 .....	<b>\$16,327.1m</b>
Commitment balance .....	<b>\$1,563.0m</b>

### Controlling Officer's Report

#### Programmes

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

	2002–03 (Actual)	2003–04 (Original)	2003–04 (Revised)	<b>2004–05 (Estimate)</b>
Financial provision (\$m)	12,662.3	14,752.4	14,328.6 (–2.9%)	<b>16,278.0</b> (+13.6%)
				(or +10.3% on 2003–04 Original)

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*

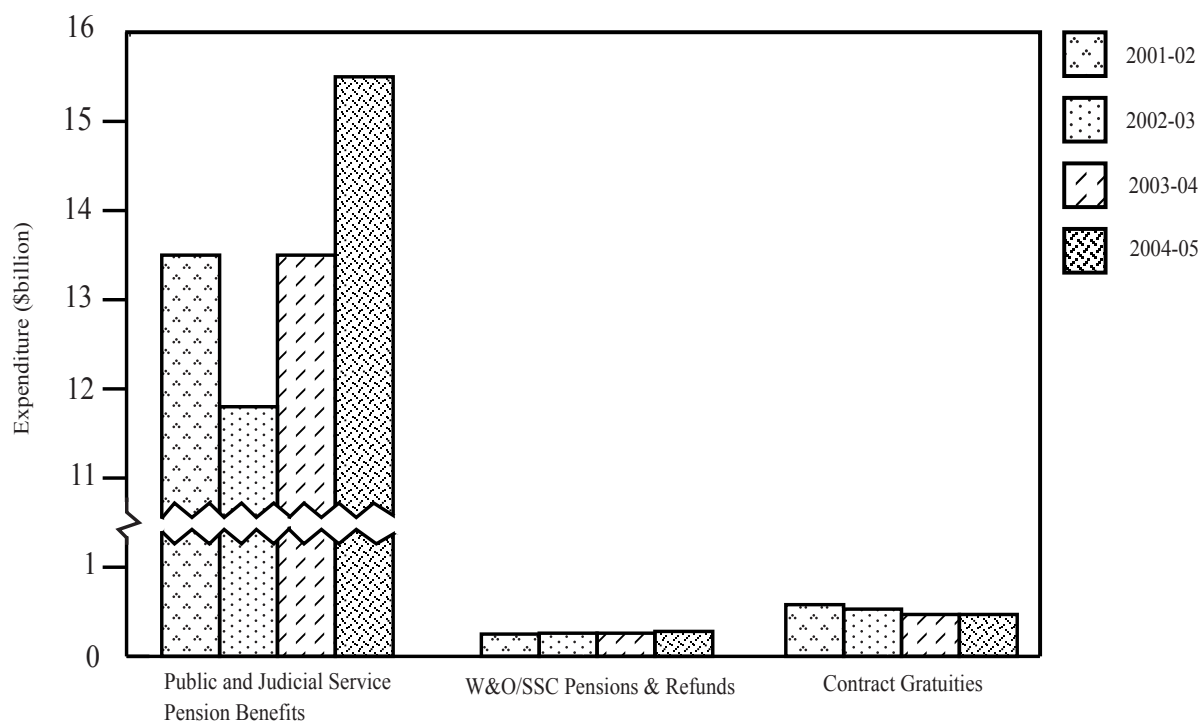
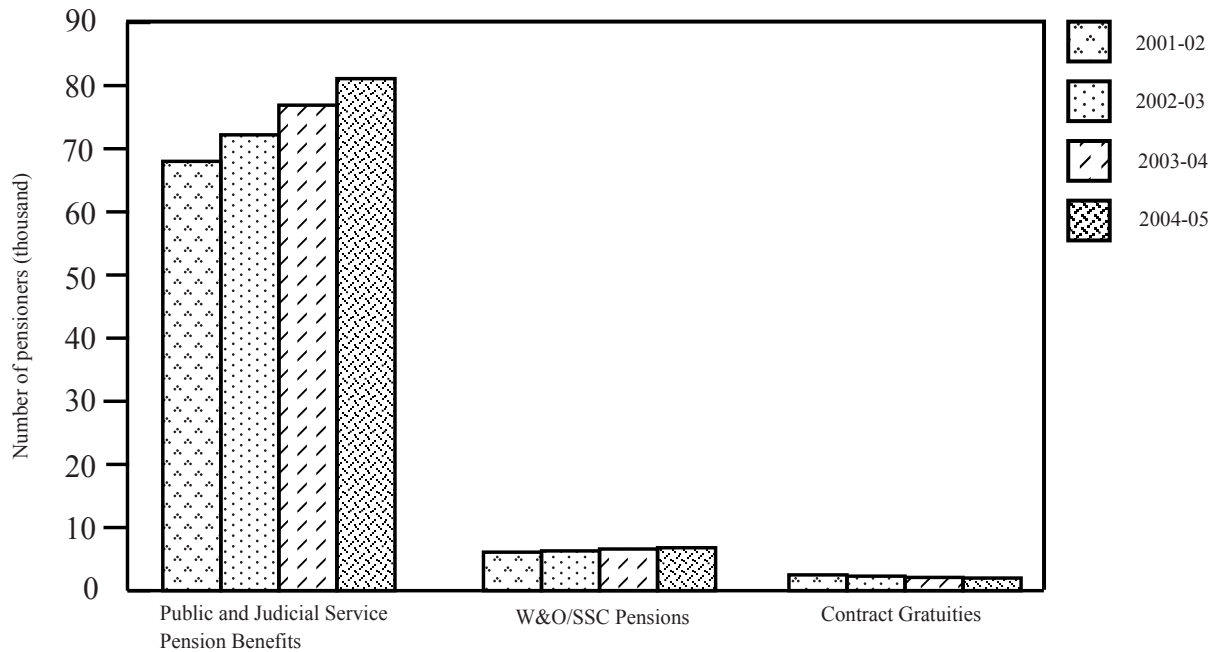


Figure B



**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**

	2002 (Actual)	2003 (Actual)	2004 (Estimate)
no. of public and judicial service pensioners.....	71 572	75 612	80 030
no. of officers retiring.....	6 271	5 065	5 520
no. of agreement officers completing contract .....	2 300	2 070	2 000
no. of widows' and orphans'/surviving spouses' and children's pensioners .....	6 285	6 549	6 780

**Programme (2): War Memorial Pensions/Volunteer Pensions**

	2002-03 (Actual)	2003-04 (Original)	2003-04 (Revised)	2004-05 (Estimate)
Financial provision (\$m)	51.9	53.6	49.1 (-8.4%)	49.1 (—)

(or -8.4% on 2003-04 Original)

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

# Head 120 — PENSIONS

Figure C

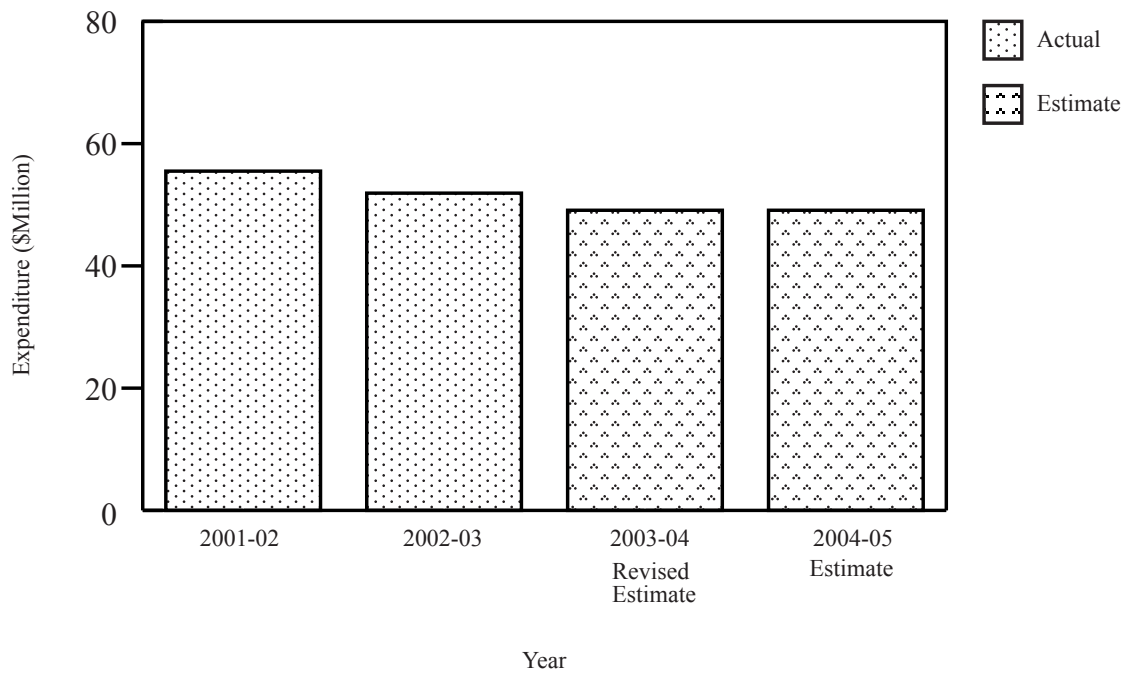
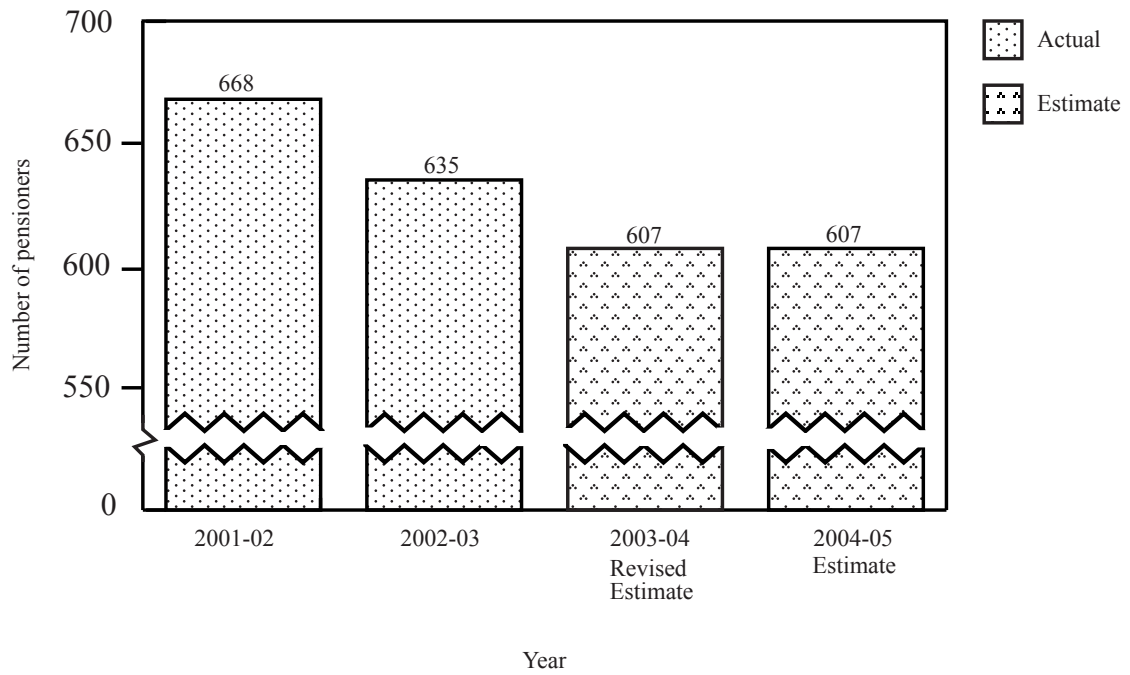


Figure D



## Head 120 — PENSIONS

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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*

	2002 (Actual)	2003 (Actual)	2004 (Estimate)
no. of war memorial pensioners.....	587	556	547
no. of new awards of war memorial pension .....	4	0	1
no. of volunteer pensioners.....	56	53	52
no. of new awards of volunteer pension .....	1	0	1

## Head 120 — PENSIONS

### ANALYSIS OF FINANCIAL PROVISION

<b>Programme</b>	2002–03 (Actual) (\$m)	2003–04 (Original) (\$m)	2003–04 (Revised) (\$m)	<b>2004–05 (Estimate) (\$m)</b>
(1) Public and Judicial Service Pension Benefits .....	12,662.3	14,752.4	14,328.6	<b>16,278.0</b>
(2) War Memorial Pensions/Volunteer Pensions.....	51.9	53.6	49.1	<b>49.1</b>
	12,714.2	14,806.0	14,377.7 (–2.9%)	<b>16,327.1</b> <b>(+13.6%)</b>
				<b>(or +10.3% on 2003–04 Original)</b>

#### Analysis of Financial Provision

##### Programme (1)

Provision for 2004–05 is \$1,949.4 million (13.6%) higher than the revised estimate for 2003–04. This is mainly due to an anticipated increase in payment of pension gratuities to new retirees under the Second Voluntary Retirement Scheme in 2004–05 and the full-year provision for new pensions awarded in 2003–04.

##### Programme (2)

Provision for 2004–05 is the same as the revised estimate for 2003–04.

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Sub-head (Code)	Actual expenditure 2002-03	Approved estimate 2003-04	Revised estimate 2003-04	Estimate 2004-05	
	\$'000	\$'000	\$'000	\$'000	
<b>Operating Account</b>					
Recurrent					
015	Public and judicial service pension benefits and compensation .....	11,220,326	13,927,412	12,961,155	<b>14,594,991</b>
016	Contract gratuities .....	528,237	472,999	472,996	<b>472,999</b>
017	Surviving spouses' and children's pensions, widows' and orphans' pensions and increases.....	256,809	262,916	262,916	<b>276,682</b>
018	Volunteer and defence force pensions, allowances and grants .....	51,880	53,590	49,135	<b>49,135</b>
021	Ex-gratia pensions, awards, allowances and increases.....	378	1,399	820	<b>820</b>
026	Employees' compensation, injury, incapacity and death related payments and expenses .....	49,354	57,330	56,659	<b>59,158</b>
	Total, Recurrent .....	<u>12,106,984</u>	<u>14,775,646</u>	<u>13,803,681</u>	<b><u>15,453,785</u></b>
Non-Recurrent					
700	General non-recurrent.....	607,213	30,398	573,998	<b>873,354</b>
	Total, Non-Recurrent .....	<u>607,213</u>	<u>30,398</u>	<u>573,998</u>	<b><u>873,354</u></b>
	Total, Operating Account.....	<u>12,714,197</u>	<u>14,806,044</u>	<u>14,377,679</u>	<b><u>16,327,139</u></b>
Total Expenditure.....					
		<u><u>12,714,197</u></u>	<u><u>14,806,044</u></u>	<u><u>14,377,679</u></u>	<b><u><u>16,327,139</u></u></b>

## Head 120 — PENSIONS

### Details of Expenditure by Subhead

The estimate of the amount required in 2004–05 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 \$16,327,139,000. This represents an increase of \$1,949,460,000 over the revised estimate for 2003–04 and of \$3,612,942,000 over actual expenditure in 2002–03.

#### *Operating Account*

##### Recurrent

**2** Provision of \$14,594,991,000 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 2004–05, and any 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 any 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 any increases in such pensions.

The provision comprises \$7,230,431,000 for the payment of public and judicial service pensions and other allowances, \$7,363,983,000 for gratuities and \$577,000 for pensions to police officers who retired on or before 1 January 1947. The increase of \$1,633,836,000 (12.6%) over the revised estimate for 2003–04 is due to the full-year provision for new pensions awarded in 2003–04 and an anticipated increase in payment of pension gratuities to new retirees under the Second Voluntary Retirement Scheme in 2004–05.

**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 2004–05.

**4** Provision of \$276,682,000 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 any 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 \$13,766,000 (5.2%) over the revised estimate for 2003–04 is due to the full-year provision for new pensions awarded in 2003–04 and an anticipated increase in the number of new cases in 2004–05.

**5** Provision of \$49,135,000 under *Subhead 018 Volunteer and defence force pensions, allowances and grants* comprises—

- (a) \$2,666,000 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
- (b) \$46,469,000 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 \$820,000 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 \$59,158,000 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.

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### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2003	Revised estimated expenditure for 2003-04	Balance
			\$'000	\$'000	\$'000	\$'000
<b><i>Operating Account</i></b>						
700		<i>General non-recurrent</i>				
	005	Compensatory payments under the Second Voluntary Retirement Scheme.....	2,100,000	—	540,000	1,560,000
	006	Ex-gratia payments to early retirees who are Model Scale I officers on Old Pension Scheme in grades designated for the Second Voluntary Retirement Scheme.....	5,000	—	2,000	3,000
		Total.....	<u>2,105,000</u>	<u>—</u>	<u>542,000</u>	<u>1,563,000</u>