

Head 120 — PENSIONS

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

Estimate 2006–07	\$14,172.9m
Commitment balance	\$1,071.1m

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, Welfare and Food).

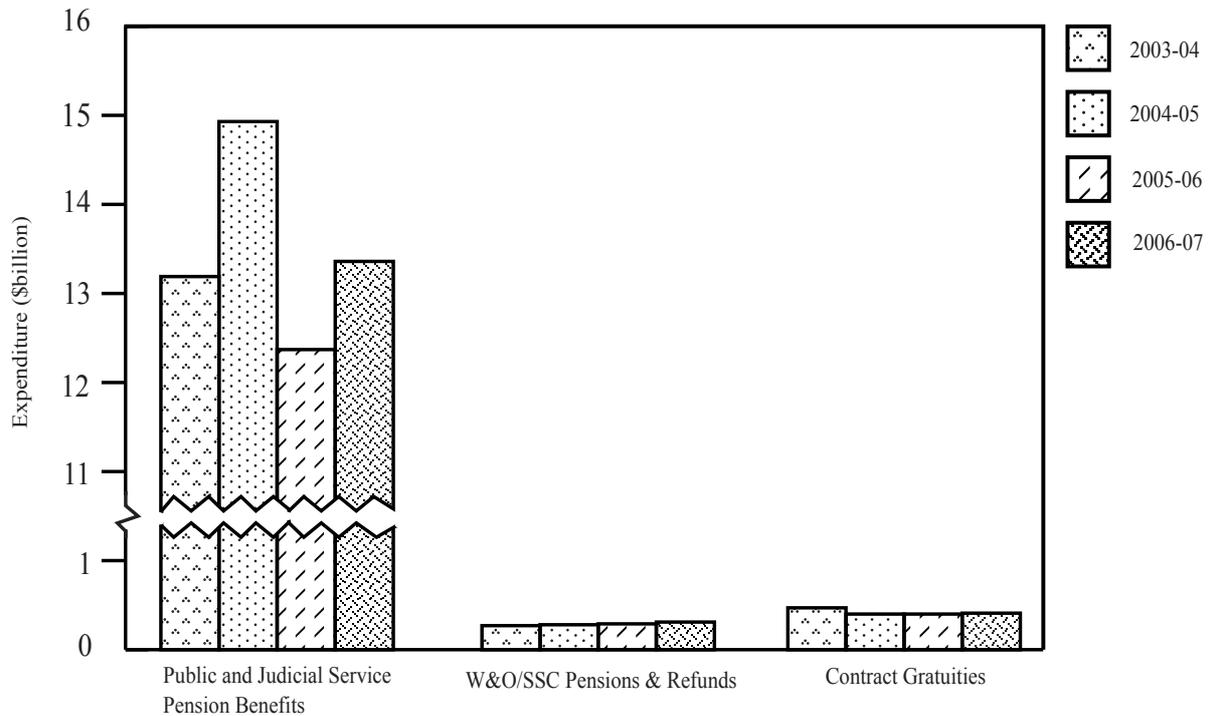
Detail

Programme (1): Public and Judicial Service Pension Benefits

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	2006–07 (Estimate)
Financial provision (\$m)	15,656.3	14,562.7	13,107.0 (–10.0%)	14,130.6 (+7.8%)
				(or –3.0% on 2005–06 Original)

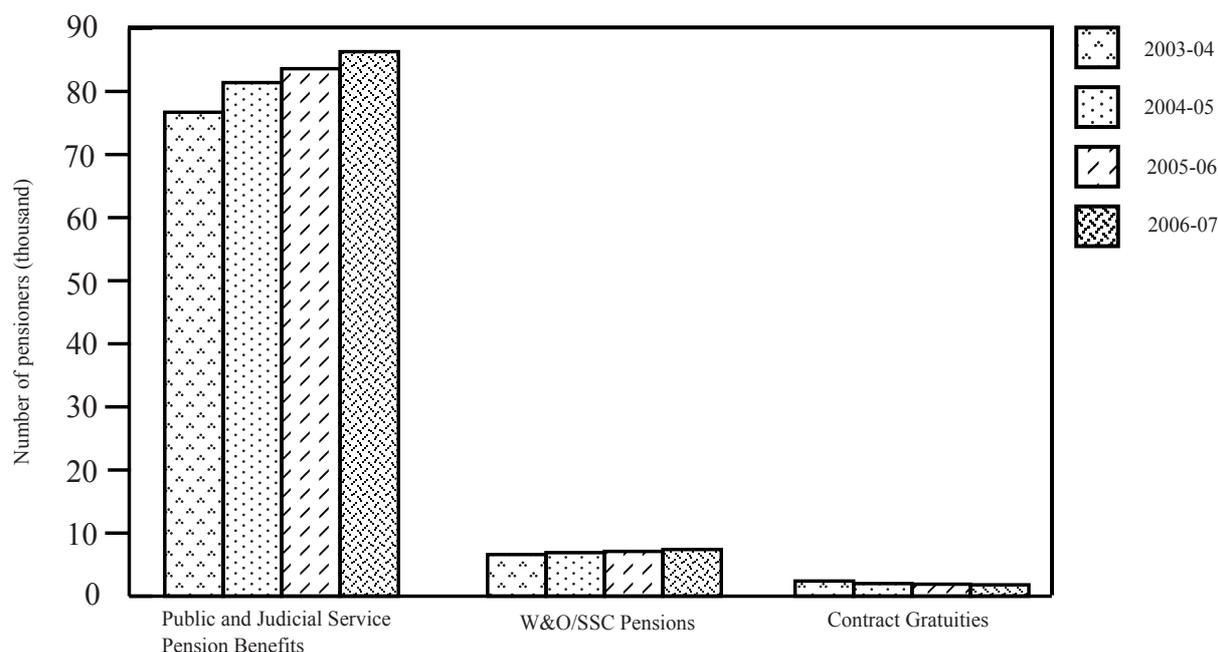
2 Expenditure on, and the number of recipients of, each of the major pension schemes are shown in Figures A and B respectively.

Figure A



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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

	2004 (Actual)	2005 (Actual)	2006 (Estimate)
no. of public and judicial service pensioners.....	80 364	83 130	85 670
no. of officers retiring.....	5 884	3 296	3 400
no. of agreement officers completing contract.....	2 254	1 980	1 880
no. of recipients of widows' and orphans'/surviving spouses' and children's pensions.....	6 771	6 964	7 300

Programme (2): War Memorial Pensions/Volunteer Pensions

	2004-05 (Actual)	2005-06 (Original)	2005-06 (Revised)	2006-07 (Estimate)
Financial provision (\$m)	44.4	45.2	42.3 (-6.4%)	42.3 (—)

(or -6.4% on
2005-06 Original)

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

Figure C

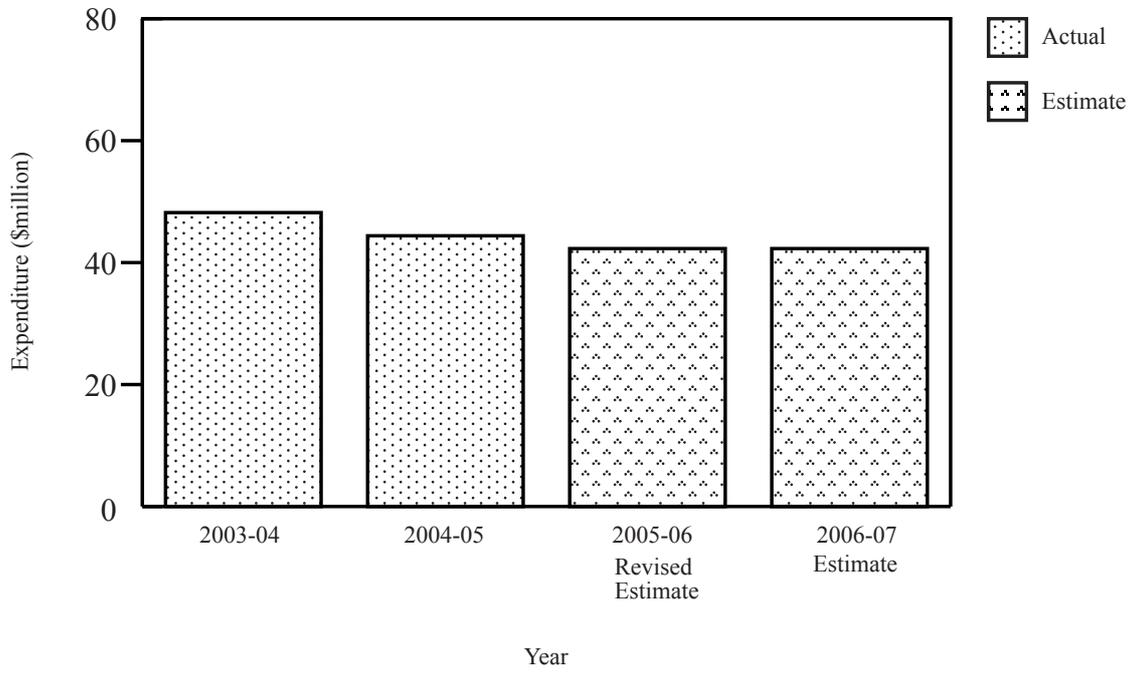
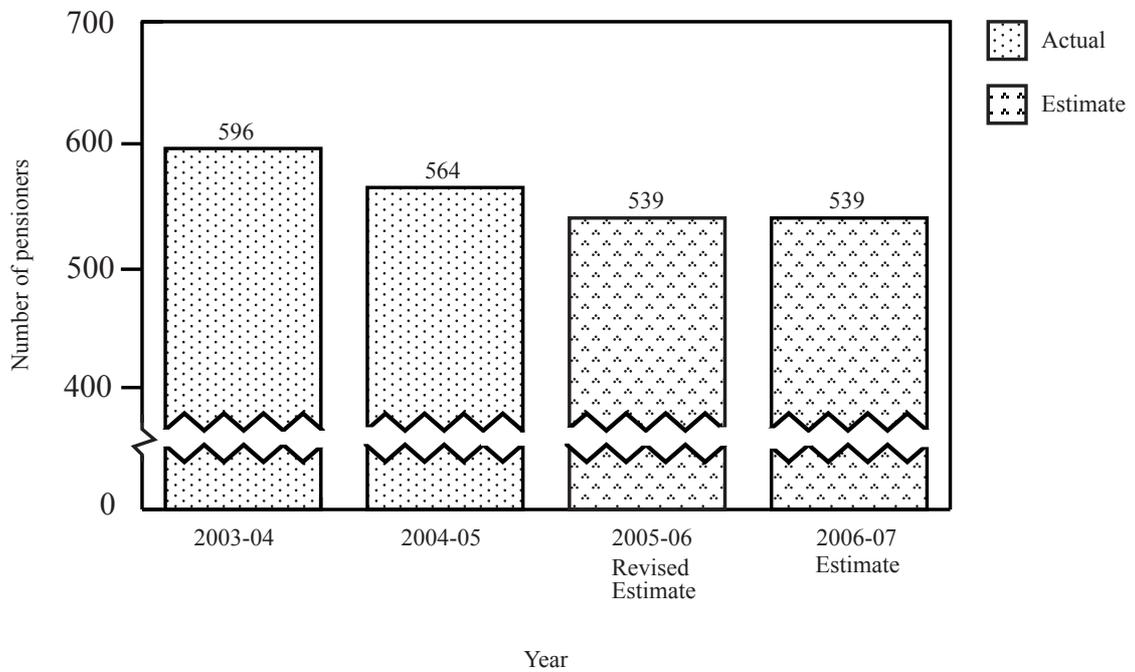


Figure D



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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

	2004 (Actual)	2005 (Actual)	2006 (Estimate)
no. of war memorial pensioners.....	522	492	492
no. of new awards of war memorial pension.....	1	0	0
no. of volunteer pensioners.....	48	47	47
no. of new awards of volunteer pension.....	0	0	0

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ANALYSIS OF FINANCIAL PROVISION

Programme	2004-05 (Actual) (\$m)	2005-06 (Original) (\$m)	2005-06 (Revised) (\$m)	2006-07 (Estimate) (\$m)
(1) Public and Judicial Service Pension Benefits.....	15,656.3	14,562.7	13,107.0	14,130.6
(2) War Memorial Pensions/Volunteer Pensions	44.4	45.2	42.3	42.3
	15,700.7	14,607.9	13,149.3 (-10.0%)	14,172.9 (+7.8%)
				(or -3.0% on 2005-06 Original)

Analysis of Financial Provision

Programme (1)

Provision for 2006-07 is \$1,023.6 million (7.8%) higher than the revised estimate for 2005-06. This is mainly due to an anticipated increase in payment of pension gratuities to new retirees in 2006-07 and full-year provision for new pensions awarded in 2005-06.

Programme (2)

Provision for 2006-07 is the same as the revised estimate for 2005-06.

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Sub-head (Code)	Actual expenditure 2004–05	Approved estimate 2005–06	Revised estimate 2005–06	Estimate 2006–07	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
015	Public and judicial service pension benefits and compensation	14,124,521	13,666,076	12,286,559	13,362,670
016	Contract gratuities.....	397,871	456,885	397,545	408,055
017	Surviving spouses' and children's pensions and widows' and orphans' pensions	280,669	287,643	287,643	307,083
018	Volunteer and defence force pensions, allowances and grants	44,370	45,153	42,291	42,291
021	Ex-gratia pensions, awards and allowances.....	210	736	725	725
026	Employees' compensation, injury, incapacity and death related payments and expenses	51,954	61,828	51,051	51,048
	Total, Recurrent.....	<u>14,899,595</u>	<u>14,518,321</u>	<u>13,065,814</u>	<u>14,171,872</u>
Non-Recurrent					
700	General non-recurrent.....	801,154	89,603	83,454	983
	Total, Non-Recurrent.....	<u>801,154</u>	<u>89,603</u>	<u>83,454</u>	<u>983</u>
	Total, Operating Account	<u>15,700,749</u>	<u>14,607,924</u>	<u>13,149,268</u>	<u>14,172,855</u>
<hr/>					
	Total Expenditure	<u><u>15,700,749</u></u>	<u><u>14,607,924</u></u>	<u><u>13,149,268</u></u>	<u><u>14,172,855</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2006–07 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 \$14,172,855,000. This represents an increase of \$1,023,587,000 over the revised estimate for 2005–06 and a decrease of \$1,527,894,000 against actual expenditure in 2004–05.

Operating Account

Recurrent

2 Provision of \$13,362,670,000 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 2006–07, 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 suffered whilst on duty, and any increases in such pensions.

The provision comprises \$8,284,358,000 for the payment of public and judicial service pensions and other allowances, \$5,078,055,000 for pension gratuities and \$257,000 for pensions to police officers who retired on or before 1 January 1947. The increase of \$1,076,111,000 (8.8%) over the revised estimate for 2005–06 is mainly due to full-year provision for new pensions awarded in 2005–06 and an anticipated increase in payment of pension gratuities to new retirees in 2006–07.

3 Provision of \$408,055,000 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 2006–07.

4 Provision of \$307,083,000 under *Subhead 017 Surviving spouses' and children's pensions and widows' and orphans' pensions* 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, on leaving the service, are never married or are widows/widowers/ divorcees or are not eligible for a public or judicial service pension; 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 \$42,291,000 under *Subhead 018 Volunteer and defence force pensions, allowances and grants* comprises—

- (a) \$2,121,000 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) \$40,170,000 for the payment of pensions and other benefits under the Hong Kong War Memorial Pensions Ordinance which will be adjusted in accordance with any increases in civil service pensions and any increases in payment under the Emergency Relief Fund and social security schemes.

6 Provision of \$725,000 under *Subhead 021 Ex-gratia pensions, awards and allowances* 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 any increases in such pensions already in issue.

7 Provision of \$51,048,000 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 31.3.2005	Revised estimated expenditure for 2005–06	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	002	Compensatory payments under the Voluntary Retirement Scheme	2,780,000	2,393,591	—	386,409
	005	Compensatory payments under the Second Voluntary Retirement Scheme	2,100,000	1,334,898	83,454	681,648
	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	1,932	—	3,068
		Total	<u>4,885,000</u>	<u>3,730,421</u>	<u>83,454</u>	<u>1,071,125</u>