

Head 120 — PENSIONS

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

Estimate 2002–03	\$12,785.0m
Capital Account commitment balance	\$1,019.9m

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 and Welfare).</p>

Detail

Programme (1): Public and Judicial Service Pension Benefits

	2000–01 (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	9,549.2	14,506.8 (+51.9%)	14,443.5 (–0.4%)	12,724.9 (–11.9%)

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

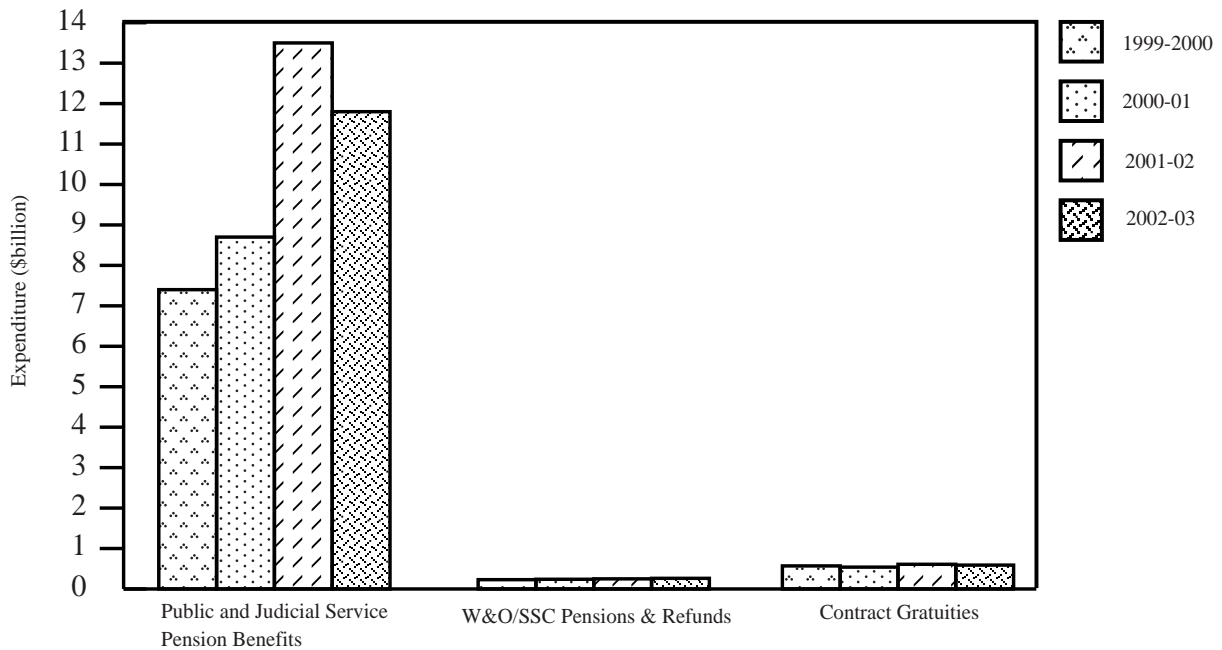
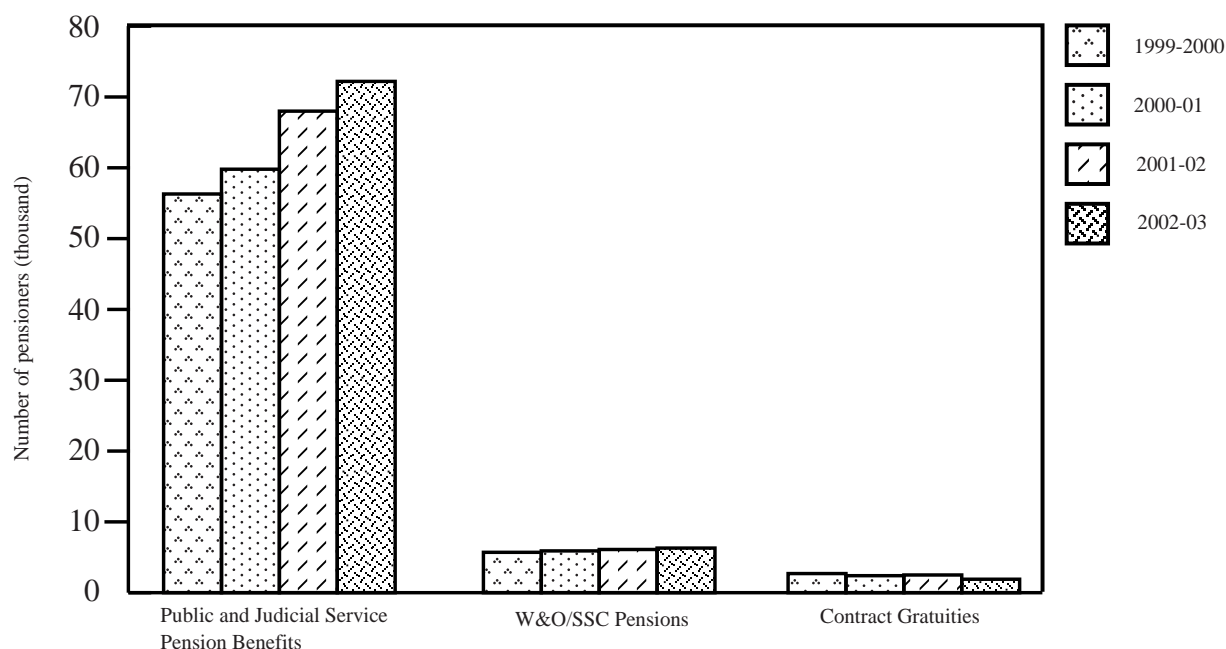


Figure B



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, 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

	2000 (Actual)	2001 (Actual)	2002 (Estimate)
no. of public and judicial service pensioners	58 350	65 901	70 870
no. of officers retiring	3 603	8 942	6 100
no. of agreement officers completing contract.....	2 400	2 460	1 900
no. of Widows' and Orphans'/Surviving Spouses' and Children's pensioners	5 859	6 042	6 250

Programme (2): War Memorial Pensions/Volunteer Pensions

	2000-01 (Actual)	2001-02 (Approved)	2001-02 (Revised)	2002-03 (Estimate)
Financial provision (\$m)	57.6	66.0 (+14.6%)	58.5 (-11.4%)	60.1 (+2.7%)

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

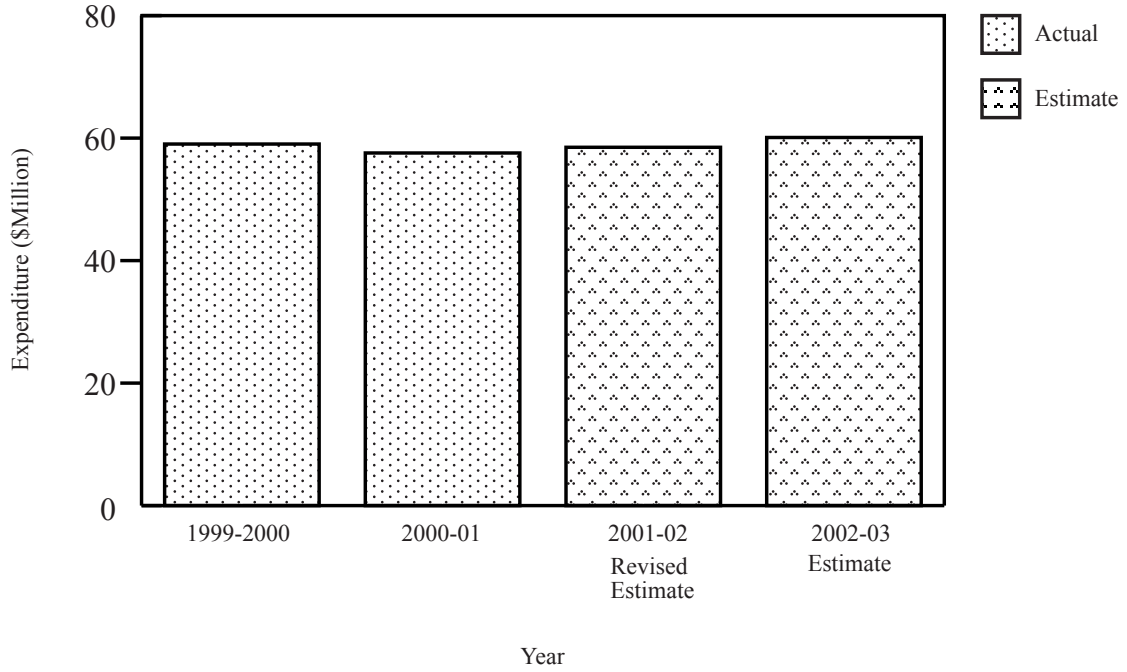
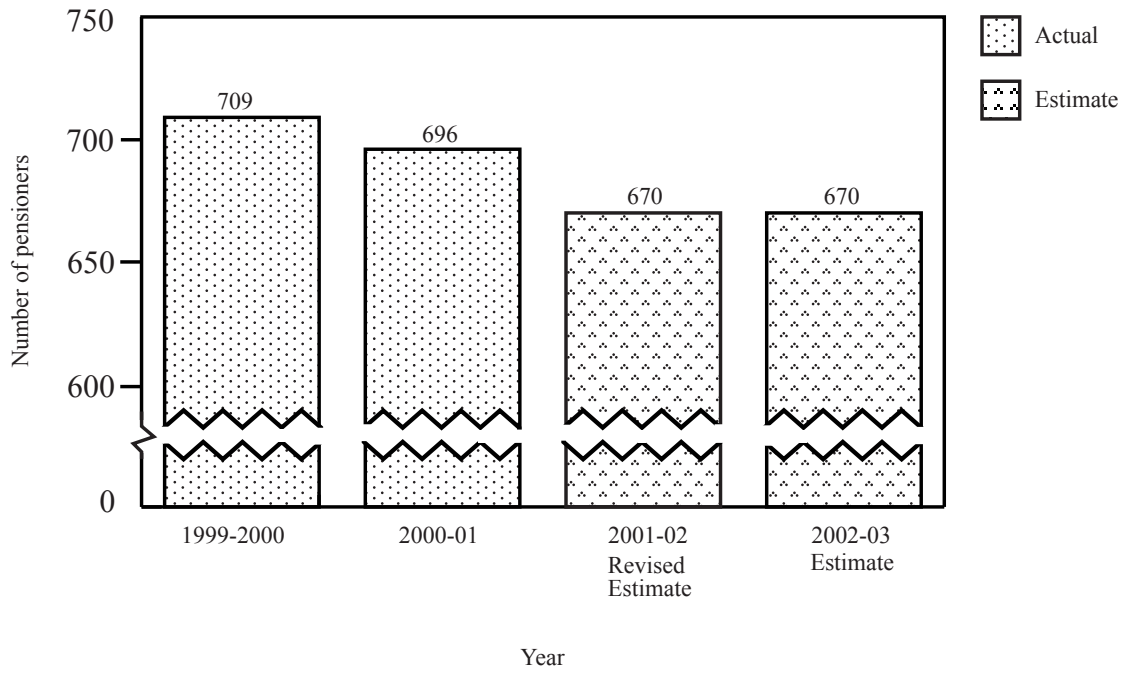


Figure D



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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

	2000 (Actual)	2001 (Actual)	2002 (Estimate)
no. of war memorial pensioners	660	619	620
no. of new awards of war memorial pension	47	16	65
no. of volunteer pensioners	66	57	55
no. of new awards of volunteer pension	—	—	1

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ANALYSIS OF FINANCIAL PROVISION

Programme	2000-01 (Actual) (\$m)	2001-02 (Approved) (\$m)	2001-02 (Revised) (\$m)	2002-03 (Estimate) (\$m)
(1) Public and Judicial Service Pension Benefits	9,549.2	14,506.8	14,443.5	12,724.9
(2) War Memorial Pensions/Volunteer Pensions	57.6	66.0	58.5	60.1
	<u>9,606.8</u>	<u>14,572.8</u> (+51.7%)	<u>14,502.0</u> (-0.5%)	<u>12,785.0</u> (-11.8%)

Analysis of Financial Provision

Programme (1)

Provision for 2002-03 is \$1,718.6 million (11.9%) lower than the revised estimate for 2001-02. This is mainly due to the decrease in the number of new retirement cases expected in 2002-03 under the Voluntary Retirement Scheme.

Programme (2)

Provision for 2002-03 is \$1.6 million (2.7%) higher than the revised estimate for 2001-02. This is mainly due to the full-year provision of new pension awards made in 2001-02 and for new awards to be granted in 2002-03.

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Sub-head (Code)	Actual expenditure 2000–01	Approved estimate 2001–02	Revised estimate 2001–02	Estimate 2002–03	
	\$'000	\$'000	\$'000	\$'000	
Recurrent Account					
II — Personnel Related Expenses					
015	Public and judicial service pension benefits and compensation	8,513,035	12,022,000	11,981,158	11,161,100
016	Gratuities and Mandatory Provident Fund Contributions	535,172	612,700	610,600	587,600
017	Surviving spouses' and children's pensions, widows' and orphans' pensions and increases	236,841	253,908	249,700	263,412
018	Volunteer and defence force pensions, allowances and grants	57,570	66,030	58,500	60,100
021	<i>Ex-gratia</i> pensions, awards, allowances and increases	1,488	1,950	2,020	1,940
026	Employees' compensation, injury, incapacity and death related payments and expenses.....	36,685	55,200	46,600	47,800
	Total, Personnel Related Expenses	9,380,791	13,011,788	12,948,578	12,121,952
	Total, Recurrent Account	9,380,791	13,011,788	12,948,578	12,121,952
Capital Account					
II — Other Non-Recurrent					
700	General other non-recurrent	226,016	1,561,000	1,553,432	663,000
	Total, Other Non-Recurrent	226,016	1,561,000	1,553,432	663,000
	Total, Capital Account	226,016	1,561,000	1,553,432	663,000
	Total Expenditure.....	9,606,807	14,572,788	14,502,010	12,784,952

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Details of Expenditure by Subhead

The estimate of the amount required in 2002–03 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 \$12,784,952,000. This represents a decrease of \$1,717,058,000 against the revised estimate for 2001–02 and an increase of \$3,178,145,000 over actual expenditure in 2000–01.

Recurrent Account

Personnel Related Expenses

2 Provision of \$11,161,100,000 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 2002–03, 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 \$6,081,900,000 for the payment of public and judicial service pensions and other allowances, \$5,078,200,000 for gratuities and \$1,000,000 for pensions to police officers who retired on or before 1 January 1947. The decrease of \$820,058,000 (6.8%) against the revised estimate for 2001–02 is mainly due to the decreased number of officers retiring under the Voluntary Retirement Scheme in 2002–03.

3 Provision of \$587,600,000 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 2002–03 and the employer's contribution to the Mandatory Provident Fund Scheme.

4 Provision of \$263,412,000 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 \$13,712,000 (5.5%) over the revised estimate for 2001–02 is due to full-year provision for awards made in 2001–02 and for new awards to be granted in 2002–03.

5 Provision of \$60,100,000 under *Subhead 018 Volunteer and defence force pensions, allowances and grants* comprises—

- (a) \$4,100,000 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) \$56,000,000 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 \$1,940,000 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.

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7 Provision of \$47,800,000 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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Capital Account

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2001	Revised estimated expenditure for 2001–02	Balance
			\$'000	\$'000	\$'000	\$'000
700		<i>General other non-recurrent</i>				
	002	Compensatory payments under the Voluntary Retirement Scheme	2,780,000	224,386	1,541,036	1,014,578
	004	Ex-gratia payments for retirement on redundancy terms (I).....	9,300	—	4,026	5,274
		Total	<u>2,789,300</u>	<u>224,386</u>	<u>1,545,062</u>	<u>1,019,852</u>