

For discussion
on 17 March 2025

Legislative Council Panel on Public Service
Civil Service-related Matters Featured in the 2025-26 Budget

Purpose

This paper highlights the civil service-related matters featured in the 2025-26 Budget.

Civil Service Establishment

2. To optimise the use of manpower resources and ensure the sustainability of public finances, we have implemented the zero-growth policy in the civil service establishment since 2021-22 with the overall establishment controlled at a level not exceeding that as at end-March 2021, i.e. about 196 000 posts. With the concerted efforts of bureaux and departments, the civil service establishment has been reducing every year. It is anticipated that by 31 March 2026, the overall civil service establishment will have reduced to about 193 000 posts, i.e. a reduction by approximately 3 000 posts on a cumulative basis.

3. To further utilise manpower resources and to control public expenditure, we will reduce the civil service establishment by 2% each in 2026-27 and 2027-28 basing on the establishment of the preceding financial year. By 1 April 2027, about 10 000 posts are expected to be deleted from the civil service establishment within this term of Government. The resources saved will be included in the 2% savings of the recurrent expenditure of the departments concerned under the Financial Services and the Treasury Bureau's Productivity Enhancement Programme.

4. The Government will continue to promote the adoption of management measures and digitalisation among departments to reprioritise and re-deploy their work, streamline work processes and capitalise on technology solutions, with a view to optimising the use of civil service manpower resources and enhancing efficiency. The leaner civil service

will continue to implement various existing as well as new policies and measures, and deliver high-quality public services to the citizens.

Civil Service Pay Freeze

5. Under the reinforced fiscal consolidation programme, the Government has put forward in the Budget that for 2025-26, the executive authorities, the legislature, the judiciary and members of the District Councils take a pay freeze. This includes members of the civil service. The arrangement of civil service pay freeze will take effect from 1 April 2025.

6. According to the usual timetable, the Pay Trend Survey (PTS) Committee had already commenced the 2025 PTS in February 2025, and the questionnaires on the pay movements in the past year had already been issued to the private organisations. The survey results were planned for submission to the Government in May 2025 for reference. In light of the arrangement of civil service pay freeze as announced in the Budget, the Government has decided that the 2025 PTS should not proceed further.

Civil Service Training

7. The Civil Service College will take forward the various initiatives as set out in the 2024 Policy Address to strengthen governance capabilities of the civil service, including launching the Governance Talents Development Programme. The College will provide targeted and continuous training to nurture governance talents with a macro perspective and professional leadership ability. The College will also continually enhance the content on technology application in civil service leadership training, enabling departmental leaders to better grasp the impact of technological development on public policy formulation and implementation. This will equip them to take on leadership responsibilities, guiding their departments to leverage technology, including optimising departmental information technology systems, better utilising big data and artificial intelligence to transform public services, and arranging appropriate training for departmental staff.

Short-term Internship Programmes for Tertiary Students

8. The Government spares no effort in providing young people with a variety of short-term internship opportunities, with a view to broadening their horizon, enabling them to gain invaluable practical experience, and giving them a better understanding of government operation and the work of civil servants. The internship programmes allow students to learn through practical work and attract those interested in a career in public service to join the Government. Some of the internship programmes are centrally administered by the Civil Service Bureau, while individual bureaux/departments or public organisations under their purview also organise various internship programmes with specific objectives and target groups. In 2024-25, the Government and public organisations engaged over 4 000 young people as interns. In 2025-26, it is our plan to provide around 4 000 short-term internship placements in more than 80 bureaux/departments and public organisations.

Financial Provisions for Work Related to Management of the Civil Service

9. The 2025-26 Draft Estimates of Expenditure seek the following financial provisions that are directly related to the policy area of management of the civil service –

- (a) Head 37 Department of Health: Programme 7 “Medical and Dental Treatment for Civil Servants”: \$2,923.7 million;
- (b) Head 46 General Expenses of the Civil Service: \$5,914.1 million;
- (c) Head 120 Pensions: Programme 1 “Public and Judicial Service Pension Benefits”: \$51,993.1 million;
- (d) Head 136 Public Service Commission Secretariat: \$38.4 million;
- (e) Head 143 Government Secretariat: Civil Service Bureau: \$987.9 million; and

- (f) Head 174 Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service: \$39.2 million.

10. The provision of \$2,923.7 million under Head 37 (paragraph 9(a) above) is for providing medical benefits for serving civil servants, eligible pensioners and other eligible persons (CSEPs), including Families Clinic services and dental services (including the pilot scheme on provision of dental scaling services to some CSEPs via private dental organisations and the pilot scheme to arrange some CSEPs to receive designated dental services at a medical institution in Shenzhen), as well as for payment and reimbursement of medical fees and hospital charges according to the conditions of service, which is a contractual obligation of the Government as the employer. For the provision of Families Clinic services and dental services, an allocation of \$1,157.8 million is proposed, representing an increase of \$66.4 million (or 6.1%) over the 2024-25 Revised Estimate. Part of the additional provision is reserved for salary payment after the vacancies in the Medical and Health Officer and Dental Officer grades in the Department of Health are filled through recruitment exercises, while another part is for the purchase or replacement of equipment. Regarding the payment and reimbursement of medical fees and hospital charges, an allocation of \$1,765.9 million is proposed, representing an increase of \$315.9 million (or 21.8%) over the 2024-25 Revised Estimate. The additional provision is mainly for meeting the anticipated increase in application for reimbursement of medical expenses from eligible persons¹.

11. The provision under Head 46 (paragraph 9(b) above) is mainly for housing allowances, education allowances, passages, the various award schemes, payments to estates of deceased officers, etc., which represents an increase of \$579.6 million (or 10.9%) over the 2024-25 Revised Estimate. It is mainly due to the projected increase in the expenditure on housing

¹ Although the drugs, equipment and services provided by the Hospital Authority (HA) and the Department of Health (DH) are very comprehensive, CSEPs may apply to DH for reimbursement of relevant medical expenses for drugs/equipment/services prescribed by the attending doctor of HA/DH according to the patients' medical conditions that are not available in HA hospitals/DH clinics and have to be procured from outside sources. The expenditure for reimbursement of medical expenses is entirely demand-driven and will rise due to factors like increases in the number of civil service eligible persons, life expectancy and drug costs, as well as the rapid advancement in medical technology making available a wider range of medical drugs, treatments and equipment, etc. It is therefore necessary for the Government to set aside additional provision to cater for the reimbursement applications of medical expenses from eligible persons.

allowances, partly offset by the projected decrease in expenditure on personal allowances and various award schemes.

12. Of the total provision under Head 120 (paragraph 9(c) above), an amount of \$50,139 million is for pension payments to eligible retired public officers. This represents an increase of \$1,722 million (or 3.6%) over the 2024-25 Revised Estimate. The increase is due to an estimated increase in the number of new retirees in 2025-26.

13. Since 1 June 2000, new recruits to the civil service are employed on terms that attract retirement benefits under either the Mandatory Provident Fund (MPF) Scheme or the Civil Service Provident Fund (CSPF) Scheme. In the 2025-26 Draft Estimates of Expenditure, a total provision of \$10,355.3 million (under the expenditure heads of individual B/Ds) is sought for contributions to these Schemes. This represents an increase of \$1,063.2 million (or 11.4%) over the 2024-25 Revised Estimate, mainly due to the following reasons: (1) CSPF Scheme applies to civil servants appointed on or after June 2000. Most of them have not reached their retirement age and their years of service are increasing. Meanwhile, the CSPF Scheme is designed in a way that the Government's contributions will be calculated by using respective progressive contribution rates depending on the years of service of the civil servants; and (2) with the gradual retirement of those civil servants receiving their retirement benefit in the form of pension, the number of civil servants who receive their retirement benefit under the CSPF Scheme increases accordingly.

14. The total provision under Head 136 (paragraph 9(d) above) is \$38.4 million. This represents an increase of \$0.9 million (or 2.4%) over the 2024-25 Revised Estimate. This is mainly due to a projected increase in departmental expenses.

15. The total provision under Head 143 (paragraph 9(e) above) is \$987.9 million. This represents an increase of \$88.2 million (or 9.8%) over the 2024-25 Revised Estimate. This is mainly due to a projected increase in general departmental expenses, personal emoluments and training expenses. The projected increase in training expenses is mainly due to the implementation of various measures to strengthen training, including launching the Governance Talents Development Programme and arranging more Mainland and overseas training. These initiatives aim to

deepen civil servants' understanding of national development and strategies and to enhance their international perspectives.

16. The total provision under Head 174 (paragraph 9(f) above) is \$39.2 million. This represents a decrease of \$1.6 million (or 3.9%) over the 2024-25 Revised Estimate. This is mainly due to the decreased provision as a result of staff changes, partly offset by an increased provision for personnel related expenses and general departmental expenses.

Other Key Measures and Financial Implications

17. The key measures of the Civil Service Bureau are set out in the Controlling Officers' Reports under the relevant Heads of the 2025-26 Estimates. We will continue to take forward our work in various aspects, such as strengthening civil service training, organising the Civil Service Staff Exchange and Collaboration Programme jointly with Mainland cities in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) and other Mainland cities beyond the GBA, further enhancing the civil service disciplinary mechanism, implementing two pilot schemes for provision of dental services to CSEPs and the provision of childcare leave for government employees to support families with newborns and create an environment conducive to childcare, etc..

Advice Sought

18. Members are invited to note the content of this paper.

Civil Service Bureau
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