

## **NOTE FOR FINANCE COMMITTEE**

### **Civil Service Provident Fund Scheme – Progress Update**

#### **INTRODUCTION**

This paper updates members of the progress of the arrangements being made to set up the Civil Service Provident Fund (CSPF) Scheme.

#### **BACKGROUND**

2. The CSPF Scheme will replace the New Pension Scheme (NPS) as the retirement benefits system for those appointed to the civil service under the new civil service entry terms on or after 1 June 2000 and when they progress onto permanent terms of appointment. The Executive Council (ExCo) approved the setting up of the CSPF Scheme and its design principles in July 2001 and members were informed of the details via the Legislative Council Brief issued on 10 July 2001 (ref. CSBCR/AP/5-090-005/10 Pt. 23). For Members' ease of reference, the design principles of the Scheme are summarised at Enclosure 1.

3. In respect of the financial commitment of the Scheme, ExCo approved that Government's contributions under the CSPF Scheme should follow a progressive schedule ranging from 5% to 25% of the basic salary of an eligible officer. For disciplined services officers, an additional Special Disciplined Services Contribution (SDSC) at 2.5% of the basic salary will be provided. In addition, ExCo ruled that Government's overall financial commitment (including the mandatory and voluntary contributions, as well as the SDSC) should be kept within 18% of the salary cost.

4. In setting the overall financial commitment of the Scheme within 18% of the salary cost, we have taken into account a number of factors. They include the level of retirement benefits offered in the private sector; the need to preserve the overall attractiveness of a career in the civil service so that the Government can continue to recruit and retain officers of high calibre; the

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requirement of the civil service to comply with the highest standard of integrity and probity; and the consideration that for staff morale, the margin of reduction in the retirement benefit level under the Scheme should be a reasonable one when compared with the benefit level under the existing NPS (whose average pension on-cost is about 22% of the salary cost).

## **PROGRESS OF THE SETTING UP WORK**

Encl. 2

5. We provided a progress report to the Legislative Council Panel on Public Service on 19 November 2001 on the development of the design of the CSPF Scheme, a copy of which is at Enclosure 2. We are finalising the governing rules of the Scheme, having regard to the Mandatory Provident Fund Schemes Ordinance (MPFSO) and its regulations, as well as civil service management policies. We are also drawing up a set of detailed procedures to enable the Government to withhold, reduce, forfeit and recover an officer's accrued benefits attributable to Government's voluntary contributions on disciplinary grounds. We also provided a further progress report to the Legislative Council Panel on Public Service on 15 April 2002 to update Members of the progress of the arrangements being made to set up the CSPF Scheme. Members considered the arrangements agreeable in general.

6. Following our past practice in making mandatory provident fund contributions to staff not covered by pension, we shall acquire service from master trust schemes (MTSs) in the market for operation of the CSPF Scheme. Our plan is to select three MTSs for an initial period of three years. We shall follow standard Government procedures to conduct a tender exercise for selection of MTSs. In terms of timing, the CSPF Scheme must be launched by mid 2003 as we need to offer the Scheme to the first batch of civil servants who would become eligible for the Scheme by that time. We are now making arrangements with a view to inviting tender in early May 2002. Our target is to complete the tender exercise and award contracts to the selected scheme trustees in October 2002 in order to allow the selected scheme trustees sufficient time to complete necessary preparatory work.

## **GOVERNMENT'S CONTRIBUTION RATES SCHEDULE**

7. We had drawn up three options of the Government's contribution rates schedule for consultation with the advisory bodies on civil service matters, departmental management and the staff sides. All of the three options are within the financial ambit approved by ExCo. These three options were also presented to

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the Panel on Public Service vide the progress report referred to in paragraph 5 above. Taking into account comments received and having regard to the need to preserve Government's ability to attract, motivate and retain quality staff, we have now finalised the contribution rates schedule, as follows -

<b>Years of completed service on civil service terms</b>  (in Years)	<b>Government's contribution rates* in terms of the percentage of the officer's basic salary at his/her substantive rank</b>  (*includes mandatory contributions required under the MPFSO but excludes the SDSC)
below 3	5%
3 – below 6	15%
6 – below 10	15%
10 – below 15	15%
15 – below 20	17%
20 – below 25	20%
25 – below 30	22%
30 or above	25%

8. The finalised schedule has reflected the need of departmental management to provide a more attractive contribution rate at the earlier stage of an officer's career for retention of quality staff. This is because intensive investment on training will be made by the management to strengthen the professional knowledge and experience of staff during the early stage of their career. Besides, many officers at the earlier stage of their career are not yet eligible for major fringe benefits such as housing. Hence, the contribution rate under the CSPF Scheme is likely to be an important retention factor for these officers. On the other hand, the incremental rate will level off towards the latter part of an officer's career to keep the overall financial commitment of the CSPF Scheme within 18% of the salary cost.

## **CASHFLOW IMPLICATIONS**

9. The progressive contribution rates schedule at paragraph 7 above have been worked out by our consultants having regard to the decision that the overall financial implications would be within 18% of the salary cost. In assessing

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the financial implications of the Scheme under the progressive contribution rates schedule, the consultants have based on the scenario whereby the service profile and the relative proportion of disciplined and civilian staff would be about the same as at January 2000, the time when an actuarial valuation was completed by the consultants in the course of working out the proposed design principles of the CSPF Scheme. The same scenario is used in assessing the average on-cost of the NPS. Compared with the retirement benefit level of the NPS, the average pension on-costs for new recruits would be about 22% if the NPS remains open to them. In other words, the introduction of the CSPF Scheme will not incur any additional financial commitment on the Government in the provision of retirement benefits to its staff. Indeed, there would be savings in the long run since the financial commitment under the CSPF Scheme would be 4% point lower than that under the NPS.

10. Due to the different design and operation of a provident fund scheme from a pension scheme, the cashflow arrangements for the Government to fund the two retirement benefits systems will be different. Under the NPS, cashflow only starts when an officer retires but continues throughout his lifetime. It means the Government will meet the retirement costs for staff employed by the previous generations. Furthermore, the amount of pensions to be paid is subject to factors which cannot be predicted in advance, for example, the continuing improvement in life expectancy through enhanced health and medical care. On the other hand, cashflow under the CSPF Scheme starts as soon as an officer joins the Scheme, continues throughout his active service and ends as he leaves the civil service. In other words, although the Government needs to make upfront payment once an officer joins the Scheme, the liability of the Government will be discharged immediately when it is incurred. With a defined and more even cashflow requirement, Government's expenditure under the CSPF Scheme will be more certain, hence easier to plan and control.

11. While the exact contribution to the CSPF Scheme would be subject to the number of civil servants eligible for the Scheme, their length of service and their future salary levels, we have attempted to provide a cashflow projection on the following basis and assumptions –

- (a) in respect of the cashflow in the year 2003-04, we have used the latest information on the number of civil servants who will be eligible to join the Scheme in 2003-04 i.e. those disciplined services officers who are recruited since June 2000 and who remain in the service as at January 2002;
- (b) the 2001-02 salary level is adopted for the purpose of the projection;

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- (c) the size of the civil service would remain stable in the long run (i.e. there will be no growth in the civil service but we will replace each civil servant left with a new recruit) and that the number of staff recruited each year (to replace those who left the service) would spread evenly throughout the year. The relative proportion of disciplined and civilian staff would also remain unchanged;
- (d) a rate of 2% per annum is factored in the projection to take into account the fact that certain officers will have salary increase due to promotion or granting of pay increment; and
- (e) a withdrawal rate of 6.5% per annum for those who have less than ten years of service; 2.5% per annum for those with ten to 14 years of service; and 0.35% for those with 15 or more years of service. These withdrawal rates are used as working assumptions in the light of the private sector experience, but adjusted having regard to the wastage rate in the civil service.

Encl. 3 12. The estimated cashflow is set out at Enclosure 3. The estimated cashflow in the first ten years will rise from a modest level of \$17 million to \$535 million. Pensionable officers are replaced by new recruits covered by the CSPF Scheme upon retirement. As the number of CSPF-covered civil servants grows, the annual cashflow will gradually increase. It would be in the region of \$7 billion (at 2001-02 price level) in around 2040 when all the serving pensionable civil servants would have been replaced by civil servants on the CSPF Scheme.

13. We need however to underline that the cashflow projection is only our best guesstimate for the time being. The projection is subject to change depending on the actual number of staff eligible for the CSPF Scheme, their salaries at the time and their length of service with the Government.

#### **PROPOSED ARRANGEMENT TO SEEK PROVISIONS FOR MAKING CSPF CONTRIBUTIONS**

14. Provisions for meeting pension payment to retired civil servants are now charged to the central vote Head 120 Pensions under the control of the Director of Accounting Services. In line with our policy to delegate staff management functions to the Heads of Departments and to better reflect the total cost of a department in delivery of services, we consider that individual Controlling Officers should be responsible for seeking provisions under their respective Heads

of Expenditure to make CSPF contributions for their eligible staff. Officers from five disciplined services departments<sup>1</sup> who were appointed under the new civil service entry terms since June 2000 will progress onto permanent terms of appointment starting from mid 2003 and will become eligible to join the CSPF Scheme by that time. Due to the different dates of appointment, they will join the CSPF Scheme in batches starting from mid 2003.

15. We shall seek to create a new Recurrent Account Subhead in the context of the 2003-04 Draft Estimates of Expenditure for making CSPF contributions under the respective Heads of Expenditure of individual departments with eligible staff. Controlling Officers of those departments will seek the necessary provisions under the new subhead. The exact provisions will be presented for scrutiny of Members in that context. CSPF contributions will be required starting from 2003-04 for the five disciplined services departments.

## CONSULTATION

16. We have closely involved the staff sides and departmental management in the process of setting up the CSPF Scheme. The current design of the CSPF Scheme, including the finalised progressive contribution rates schedule, have reflected the comments received and achieved a reasonable balance between interests of staff and the management considerations. We have also kept the Panel on Public Service informed of the progress of setting up the CSPF Scheme on a regular basis and have incorporated comments of the Panel before we finalise the contribution rates schedule. We have briefed the Panel on 15 April on the arrangements detailed in this paper and Panel Members considered the arrangements agreeable in general.

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Civil Service Bureau  
April 2002

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<sup>1</sup> The five departments are Correctional Services Department, Fire Services Department, Government Flying Service, Hong Kong Police Force and Immigration Department.

**Design Principles of the Civil Service Provident Fund (CSPF) Scheme**

Design principles of the CSPF Scheme are as follows -

- (a) the CSPF Scheme will be the retirement benefits system for those appointed to the civil service under the new civil service entry terms on or after 1 June 2000 and when they progress onto permanent terms of appointment;
- (b) the CSPF Scheme will be set up under the Mandatory Provident Fund Schemes Ordinance (MPFSO) (Cap. 485). We shall acquire service from Master Trust Schemes in the market for operation of the Scheme;
- (c) the normal retirement ages under the CSPF Scheme will be the same as that under the New Pension Scheme i.e. 60 for all civilian staff; 55 for disciplined services staff in general and 57 for certain prescribed disciplined ranks;
- (d) Government's contributions (including both mandatory and voluntary contributions) under the CSPF Scheme will follow a progressive schedule starting from 5% and increasing up to 25% of the basic salary;
- (e) for members of the disciplined services, a Special Disciplined Services Contribution (SDSC) at 2.5% of the basic salary will be provided in addition to (d) above;
- (f) Government's overall financial commitment of the CSPF Scheme, including contributions stated at (d) and (e) above, will be kept within 18% of the salary cost;
- (g) Government's contribution rate for an officer upon his joining the CSPF Scheme will be the rate corresponding to his years of continuous service since first appointment on civil service terms. In other words, as soon as an officer is confirmed to permanent terms of appointment, which is normally after three years of probation for disciplined services staff and after six years (three-year probation plus a three-year agreement) for most civilian staff, the Government's contribution rate will be the rate applicable for the fourth year or the seventh year, whichever the case may be;

- (h) when an officer is directly appointed to a promotion post/rank on agreement and subsequently progresses to permanent terms, the Government's contribution for him will start at the rate corresponding to the years of experience required for the promotion post/rank plus his years of continuous service on civil service appointment;
- (i) Government's voluntary contribution (i.e. excluding the mandatory contributions stipulated under the Mandatory Provident Fund Schemes Ordinance) will be fully vested in an officer on completion of ten continuous years of service since first civil service appointment or on reaching the normal retirement age, whichever is the earlier, with 0% vesting in the interim;
- (j) the SDSC will be fully vested in an officer on reaching the prescribed retirement age (i.e. 55 for the majority of disciplined service staff and 57 for certain prescribed ranks), with 0% vesting in the interim;
- (k) both the Government's voluntary contribution and the SDSC will be fully vested in an officer on death or retirement on permanent incapacity; and
- (l) there will be provisions in the CSPF Scheme rules to enable forfeiture and recovery of benefits attributable to the Government's voluntary contribution and the SDSC on disciplinary grounds, and withholding of such benefits in case of doubt.

2. Special additional benefits for death, incapacity and injury will be provided through lump-sum payments outside the CSPF Scheme. Serving officers on permanent and pensionable terms of appointment will not be allowed to transfer to the CSPF Scheme while new recruits will not be allowed an option for the New Pension Scheme.

For Discussion  
on 19 November 2001

**LEGISLATIVE COUNCIL PANEL ON PUBLIC SERVICE**

**Civil Service Provident Fund Scheme – Progress Update**

**PURPOSE**

This paper updates Members on the progress of setting up the Civil Service Provident Fund (CSPF) Scheme. It also seeks Members' support for the proposal to extend one supernumerary post of Administrative Officer Staff Grade 'C' (AOSGC) (D2) post in the Civil Service Bureau (CSB) to take forward relevant implementation work.

**BACKGROUND**

2. The CSPF Scheme will be the retirement benefits system for those appointed to the civil service under the new civil service entry terms on or after 1 June 2000 and when they progress onto permanent terms of appointment. Having regard to views received during the public consultation exercise which ended on 30 April 2001, the Executive Council (ExCo) approved the CSPF Scheme and its design principles on 10 July 2001. Details are set out in the Legislative Council Brief issued on 10 July 2001 (ref.: CSBCR/AP/5-090-005/10 Pt.23).

3. To recap, the design principles approved by ExCo are –

- (a) the normal retirement ages under the CSPF Scheme should be the same as that under the New Pension Scheme i.e. 60 for all civilian staff; 55 for disciplined services staff in general and 57 for certain prescribed disciplined ranks;

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- (b) Government's contributions (including both mandatory and voluntary contributions) under the CSPF Scheme should follow a progressive schedule starting from 5% and increasing up to 25% of the basic salary;
- (c) for members of the disciplined services, a Special Disciplined Services Contribution (SDSC) at 2.5% of the basic salary should be provided in addition to (b) above;
- (d) Government's overall financial commitment of the CSPF Scheme, including contributions stated at (b) and (c) above, should be kept within 18% of the salary cost;
- (e) Government's contribution rate for an officer upon his joining the CSPF Scheme should be the rate corresponding to his years of continuous service since first appointment on civil service terms. In other words, as soon as the officer is confirmed on permanent terms, which is normally after three years of probation for disciplined services staff and after six years (three-year probation and a three-year agreement) for most civilian staff, the Government's contribution rate will be the rate applicable for the fourth year or the seventh year, whichever the case may be;
- (f) when an officer is directly appointed to a promotion post/rank on agreement and subsequently progresses to permanent terms, the Government's contribution for him will start at the rate corresponding to the years of experience required for the promotion post/rank plus his years of continuous service on civil service appointment;
- (g) Government's voluntary contribution (i.e. excluding the mandatory contributions stipulated under the Mandatory Provident Fund Schemes Ordinance (MPFSO)) should be fully vested in an officer on completion of ten continuous years of service since first civil service appointment or on reaching the normal retirement age, whichever is the earlier, with 0% vesting in the interim;
- (h) the SDSC should be fully vested in an officer on reaching age 55, with 0% vesting in the interim; and
- (i) both the Government's voluntary contribution and the SDSC should be fully vested in an officer on death or retirement on permanent incapacity.

4. In addition, ExCo also considered that there should be provisions in the CSPF Scheme to enable the forfeiture and reduction of benefits attributable to the Government's voluntary contribution and the SDSC on disciplinary grounds, and withholding of such benefits in case of doubt. Special additional benefits for death, incapacity and injury should be provided through lump-sum payments outside the CSPF Scheme. Serving officers on permanent and pensionable terms of appointment will not be allowed to transfer to the CSPF Scheme while new recruits will not be allowed an option for the New Pension Scheme.

## **PROGRESS UPDATE**

### **Government's contribution rates**

Annex A

5. With ExCo's approval in July, we proceed to formulate Government's progressive contribution rates schedule under the CSPF Scheme. Working within the ambit approved by ExCo and having regard to our policy considerations, we have worked out three options and discussed with the staff sides as well as departmental management. Details of the options are at Annex A. Among the three options, Option C is the one preferred by the majority of staff and departmental management.

6. In working out the options on Government's contribution rates, we have taken into account the financial ceiling set by ExCo (i.e. Government's overall long-term financial commitment, including mandatory and voluntary contributions as well as the SDSC, should be kept within 18% of the salary cost); provident fund schemes offered by private sector employers; the need to enable the Government to attract, motivate and retain quality staff; the need to maintain the overall stability of the civil service; and the consideration that a much higher standard of integrity and probity is required of the civil service.

7. We have paid particular attention to provide a more attractive contribution rate at the earlier stage of the staff's career. This is in response to the management need to retain good staff at their earlier stages when intensive investment on training has been made by the management to build up the necessary professional knowledge and experience in staff. It is also relevant to note that for many officers at the earlier stage of their career, they are not yet eligible for fringe benefits such as housing, therefore the contribution rates under the CSPF Scheme is likely to become an important retention factor. Since we need to keep the overall financial commitment of the CSPF Scheme within 18% of the salary costs, the incremental rate will level off towards the latter part of an officer's career. We shall decide on the final contribution rate schedule shortly, taking into account views from all relevant parties.

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## **Financial Arrangements**

### **Government's financial commitment**

8. Government's long-term financial commitment under the CSPF Scheme will be kept within 18% of the salary cost, as compared to the average pension on-cost of about 22% under the New Pension Scheme. The actual cashflow requirement for the CSPF Scheme will be worked out based on the exact number of civil servants who will become eligible for the Scheme in future and their salaries.

### **Arrangements for making provisions for the CSPF contribution**

9. In line with the practice of delegating more authorities and responsibilities to Heads of Departments/Heads of Grades, we would ask individual Controlling Officers to make provisions under their respective heads of expenditure for making CSPF contributions for their eligible staff. This arrangement will better reflect the total cost of individual departments in the delivery of services and is more transparent in terms of financial management. As June 2003 is the time when the first batch of civil servants will become eligible for joining the CSPF Scheme, we shall create a new Recurrent Account Subhead under the respective heads of expenditure of individual bureaux/departments before June 2003 to enable the Government, as an employer, to make contributions towards the CSPF Scheme for eligible employees from 2003-04 onwards. Individual Controlling Officers would seek provisions to make CSPF contributions for their eligible staff in the context of preparing the 2003-04 Draft Estimates.

### **Other preparatory work in the pipeline**

10. Apart from formulating the Government's contribution rates under the Scheme, other preparatory work in the pipeline include -

- (a) embark on Stage Two of the consultancy to map out the detailed design features of the Scheme and all the implementation details;
- (b) finalise the governing rules of the Scheme, having regard to the MPFSO and other relevant legislation, as well as civil service management policies;
- (c) draw up detailed arrangements for conducting a tender exercise in accordance with Government procedures to select scheme trustees from the market for the operation of the CSPF Scheme. Our target is to conduct the tender exercise in early 2002;

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- (d) put in place a set of detailed disciplinary procedures to enable the Government to withhold, reduce, forfeit and recover an officer's accrued benefits attributable to the Government's voluntary contributions and the SDSC on disciplinary grounds;
- (e) co-ordinate with relevant bureaux/departments to set up service-wide budgetary and accounting procedures to ensure timely and effective operation of the Scheme; and
- (f) conduct publicity and training programmes to ensure smooth implementation of the CSPF Scheme. This includes organising briefings for staff and departmental management on the implementation details and administrative arrangements of the CSPF Scheme; introducing to staff the services provided by the selected scheme trustees, etc.

## **STAFFING**

11. The Finance Committee approved on 10 March 2000 the creation of an Administrative Officer Staff Grade 'C' post (AOSGC) (D2) (\$122,450-\$130,050) on a supernumerary basis for 24 months from 1 April 2000 to 31 March 2002. The AOSGC heads a Special Duties Team to oversee the implementation of Mandatory Provident Fund (MPF) arrangements for eligible Government employees; to co-ordinate matters relating to the setting up of service-wide human resources management, computer and accounting systems to enable the Government to comply with the requirements of the MPFSO as an employer; and to explore the proposal of introducing the CSPF Scheme as a new retirement benefit system for new recruits to the civil service. The AOSGC is supported by staff at non-directorate level comprising one Chief Executive Officer, one Senior Executive Officer, one Executive Officer I, one non-civil service contract staff, and general secretarial and clerical support.

12. We now enter into the implementation phase of the Scheme and are carrying out the tasks detailed in paragraph 10 above as a matter of urgency. The timetable is tight given the number of Government bureaux/departments involved; the various administrative and accounting arrangements to be resolved; and the legal and policy issues involved. We proceed with the preparatory work on implementation upon ExCo's approval in July 2001 and there is a continued need to maintain the Special Duties Team at its current strength to attend to the full range of setting up arrangements for the CSPF Scheme. Considering that the CSPF Scheme will be in operation in mid 2003 and that certain teething problems may emerge during the initial period, we consider it appropriate to extend the supernumerary AOSGC post for another 24 months from 1 April 2002 to 31 March 2004.

Annex B 13. The duty list of the supernumerary AOSGC is at Annex B. An  
Annex C organisation chart indicating the relationship of the Special Duties Team with other  
divisions in CSB is at Annex C. The supernumerary AOSGC will continue to  
report to Deputy Secretary (Civil Service)1 (DS(CS)1). At present, DS(CS)1 is  
supported by two Principal Assistant Secretaries (PASs) at the AOSGC level. The  
two PASs are responsible for policies on appointment, directorate succession,  
qualifications, examinations, pensions, and management of the Administrative  
Officer Grade respectively. They are fully occupied in their existing schedules and  
cannot absorb the duties of the proposed AOSGC post.

### **WAY FORWARD**

14. We shall continue with all necessary preparatory work with a view to  
having the CSPF Scheme in operation by mid 2003. We shall keep Members  
informed of progress. On the proposed extension of the supernumerary AOSGC  
post, subject to Members' views, we shall submit the proposal to the Establishment  
Sub-committee of the Finance Committee for consideration on 12 December 2001.

Civil Service Bureau  
November 2001

**Options of Government's contribution rates schedule  
under the CSPF Scheme**

<b>Years of completed service on civil service terms</b>  (in Years)	<b>Government's Contribution Rate*</b> <b>in terms of the percentage of the officer's basic salary at his/her substantive rank</b>  (*includes mandatory contributions required under the MPFSO but excludes SDSC)		
	<b>Option A</b>	<b>Option B</b>	<b>Option C</b>
Below 3	5%	5%	5%
3 – below 6	10%	15%	15%
6 – below 10	15%	15%	15%
10 – below 15	15%	15%	15%
15 – below 20	20%	15%	17%
20 – below 25	20%	20%	20%
25 – below 30	20%	25%	22%
30 or above	25%	25%	25%

**Job Description of the Proposed Post of  
Principal Assistant Secretary (Appointments) Special Duties**

**Post Title** : Principal Assistant Secretary (Appointments) Special Duties

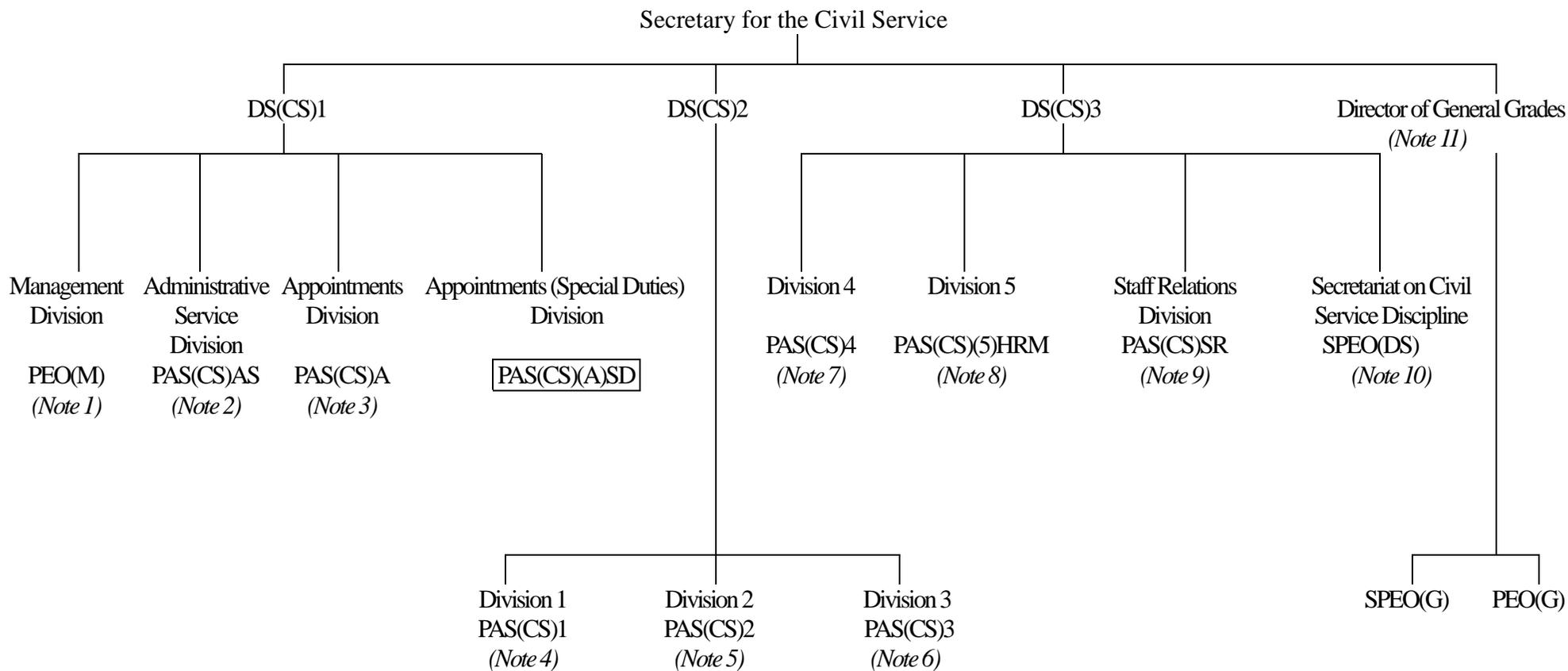
**Rank** : Administrative Officer Staff Grade 'C' (D2)

**Responsible to** : Deputy Secretary (Civil Service) 1

**Main duties and responsibilities :**

1. To head the Special Duties Team and to co-ordinate with policy bureaux, departments, grades, advisory bodies and other relevant parties on all matters relating to the development and implementation of the Civil Service Provident Fund (CSPF) Scheme.
2. To carry out consultation with the staff sides on the scheme details, and to draw up guidelines to educate staff on the overall arrangements under the CSPF Scheme.
3. To finalise the detailed design features and governing rules of the CSPF Scheme.
4. To oversee all matters relating to the implementation of the CSPF Scheme as the new retirement benefits system for the civil service. This includes working out the detailed implementation strategies; carrying out a tender exercise to select service providers for the CSPF Scheme; putting in place proper institutional arrangements for day-to-day administration of the Scheme; making suitable amendments to civil service regulations and other documents such as specimen appointment letters to reflect the CSPF arrangements; setting up new service-wide budgetary and accounting procedures for use by bureaux/departments in making CSPF contributions for their eligible staff, etc.
5. To oversee all matters relating to the service-wide arrangements to enable the Government to comply with the requirements of the MPFSO as an employer.

Organisation Chart of the Civil Service Bureau



Supernumerary post proposed for extension

DS Deputy Secretary  
 PAS Principal Assistant Secretary  
 SPEO Senior Principal Executive Officer  
 PEO Principal Executive Officer

**Footnote**

- Note 1* Management Division is responsible for general administration and resource management of CSB.
- Note 2* Administrative Service Division is responsible for management of the Administrative Officer Grade.
- Note 3* Appointments Division is responsible for policies on appointments, qualification assessment and examinations, pensions, retirement and post-retirement employment.
- Note 4* Division 1 is mainly responsible for policies on civil service housing benefits.
- Note 5* Division 2 is mainly responsible for policies on civil service pay, leave and passage, and travelling expenses.
- Note 6* Division 3 is mainly responsible for policies on education and job-related allowances, as well as civil service medical and dental benefits.
- Note 7* Division 4 is mainly responsible for policies on conduct and discipline.
- Note 8* Division 5 is mainly responsible for policies on training and human resource management.
- Note 9* Staff Relations Division is responsible for matters on staff relations and welfare, central consultative councils and departmental consultative committees.
- Note 10* Secretariat on Civil Service Discipline is responsible for processing disciplinary cases under the Public Service (Administration) Order 1997.
- Note 11* Director of General Grade is responsible for the management of the Executive Officer, Secretarial and Clerical grades.

## Enclosure 3 to FCRI(2002-03)4

### CSPF Scheme - Annual cashflow projection

<b>Year</b>	<b>HK\$m</b>
<b>(at 2001-02 price level)</b>	
2003-04	17
2004-05	49
2005-06	72
2006-07	92
2007-08	130
2008-09	193
2009-10	263
2010-11	340
2011-12	431
2012-13	535
2013-14	662
2014-15	788
2015-16	912
2016-17	1,058
2017-18	1,227
2018-19	1,414
2019-20	1,602
2020-21	1,790
2021-22	2,009
2022-23	2,253
2023-24	2,497
2024-25	2,741
2025-26	2,992
2026-27	3,267
2027-28	3,550
2028-29	3,839
2029-30	4,133
2030-31	4,438
2031-32	4,748
2032-33	5,048
2033-34	5,338
2034-35	5,624
2035-36	5,895
2036-37	6,146
2037-38	6,388
2038-39	6,611
2039-40	6,804
2040-41	6,975

## Remarks

1. The above projection is based on the best knowledge for the time being and has adopted a number of assumptions. It only aims at presenting a broad picture for reference purpose. The projection is subject to change depending on the actual number of staff eligible for the CSPF Scheme in future, their length of service with the Government and their salaries at the time.
  
2. Basis and assumptions adopted in the projection include –
  - (a) the 2001-02 salary level is adopted for the purpose of the projection.
  - (b) size of the civil service is assumed to remain stable in the long run.
  - (c) the relative proportion of disciplined and civilian staff is assumed to remain unchanged.
  - (d) the number of staff recruited each year (to replace those who left the service) is assumed to spread evenly throughout the year.
  - (e) for 2003-04, we have used the latest information on the number of civil servants who will be eligible to join the Scheme. Thereafter, the withdrawal rate is assumed to be 6.5% per annum for those who have less than ten years of service, 2.5% for those who have ten to 14 years of service and 0.35% for those who have 15 or more years of service.
  - (f) increase in salary due to promotion or pay increment is assumed to be 2% per annum.