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11 April 2018

Clerk to Panel on Public Service
(Attn.: Ms Wendy Jan)
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Ms Jan,

Panel on Public Service
Submission from the Hong Kong Confederation of Trade Unions

Thank you for your letter dated 22 March 2018 which refers a submission from the Hong Kong Confederation of Trade Unions concerning the proposal of allowing civil servants who joined the Government between 1 June 2000 and 31 May 2015 to choose to retire at 65 (for civilian grades) or 60 (for disciplined services grades).

Please find attached our response at **Annex**.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Vivien Li', written over a blue line.

(Ms Vivien Li)
for Secretary for the Civil Service

**Letter from the Hong Kong Confederation of Trade Unions
to the Panel on Public Service dated 14 March 2018 –**

Response from the Civil Service Bureau

As announced by the Chief Executive in the Policy Address, apart from tying in with the goal of expanding the labour force, the new initiative of allowing civil servants who joined the Government between 1 June 2000 and 31 May 2015 (“Eligible Civil Servants”) to choose to retire at 65 (for civilian grades) or 60 (for disciplined services grades) is also in response to the aspirations of serving civil servants to continue their service for several years after reaching their existing retirement age.

The Government’s contribution to the Civil Service Provident Fund (CSPF) Scheme is made in accordance with progressive contribution rates which are based on the years of service of civil servants. The contribution rate starts at 15% (calculated based on basic salary) upon completion of three years’ service after appointment and confirmation to the permanent terms, and gradually rises to the highest band of 25%. When the Government raised the retirement age of new recruits with effect from 1 June 2015 (i.e. 65 for civilian grades and 60 for disciplined services grades), the CSPF contribution scale has been adjusted (“2015 CSPF Scale”) in accordance with the above principle. While the contribution rates have remained unchanged, given that the years of service of a civil servant with higher retirement age would be longer and the CSPF contribution schedule is designed on the basis of progressive rates, we have slightly lengthened the completed years of service required for entering into the next band of contribution rate.

If Eligible Civil Servants choose to retire later, their employment terms and retirement age would basically be the same as those of the civil servants who joined the Government on or after 1 June 2015. Therefore, our proposal to align their retirement benefits by subjecting them to the 2015 CSPF Scale is a reasonable arrangement. In fact, according to the findings of the actuarial consultant, assuming that all Eligible Civil Servants would choose to retire at the new retirement age and that they migrate to the 2015 CSPF Scale, up to 2057, the Government would need to make an additional CSPF contribution of \$5.8 billion. In other words, under the proposal set out in the consultation paper, the Government’s commitment to the CSPF contribution for Eligible Civil Servants would increase. We have also proposed in the consultation paper that Eligible Civil Servants would be given an option period of one year to decide whether to

retire later, allowing sufficient time for them to make a decision after having carefully considered their own circumstances and plan.

In the consultation paper, we have already explained the Government's additional commitment to the CSPF Scheme under different scenarios. We have also uploaded the report prepared by the above-mentioned actuarial consultant to the website of the Civil Service Bureau for perusal by civil servants.

We already launched on 20 February a consultation of more than two months which will end on 30 April, on the proposed implementation framework of the new initiative. During the consultation period, we welcome views to reach us by various channels, including directly from civil servants through letters, emails and fax. Besides, we have invited the staff sides of the four Central Consultative Committees and major service-wide staff associations to offer their views. We are also gauging the views of colleagues through departmental management. After consolidating and considering the views received during the consultation period, we will finalise the implementation details. We understand that many Eligible Civil Servants hope to see the early implementation of the new initiative, so that they may make early planning for their career development as well as their personal arrangements. Meanwhile, early implementation would also reduce the uncertainties faced by departments in counting the number of vacancies for promotion and recruitment. It is therefore our plan to launch the initiative as soon as possible, such that civil servants who are approaching their retirement age would not miss the opportunity to extend their service due to delay in the implementation of the initiative.

Civil Service Bureau
April 2018