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10 April 2017

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 24 March 2017 which refers a submission from the Hong Kong Confederation of Trade Unions concerning the fringe benefits and extension of service beyond retirement age of civil servants appointed on or after 1 June 2000.

Please find attached our response at Annex. Thank you.

Yours sincerely,

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

(Ms Vivien Li)
for Secretary for the Civil Service

**Submission from the Hong Kong Confederation of Trade Unions
dated 19 March 2017 –
Response from the Civil Service Bureau**

Fringe benefits package for civil servants under new terms

In March 1999, the Government released a Consultation Document on the Civil Service Reform. The main objective was to restructure the administration of the civil service so as to make it more flexible and be able to respond to the changes of society and public demands. Having regard to the feedback received during the stage of consultation, the Government revised the fringe benefits package for civil servants (including revised leave terms, retirement benefits, and medical and dental benefits, etc.) recruited on or after 1 June 2000. The Government had taken into account the practices and arrangements of the private sector and the views from departmental management and staff, relevant Government advisory bodies and relevant panels of the Legislative Council before introducing the new fringe benefits package.

Accumulation limit of vacation leave

The Government has put in place, for civil servants appointed on or after 1 June 2000, revised leave terms which are more in line with the private-sector provisions. Generally speaking, the leave terms of these officers, including the leave accumulation limit, are no less favourable than those provided for employees in the private sector.

Vacation leave is provided for individual officers to recuperate from the pressure of work and for betterment of health, and attend to personal matters. Lifting the leave accumulation limit may undermine our policy intention of encouraging officers to take leave from time to time as appropriate. Also, under the existing arrangements, the untaken vacation leave of officers appointed on new terms will be encashed upon their leaving the service. Lifting the leave accumulation limit will increase the number of leave days that can be encashed when the officers leave the service. This will in turn bring extra financial burden to the Government and therefore needs to be carefully examined.

Generally speaking, the existing accumulation limit of vacation leave provides adequate flexibility for meeting different personal and family needs of

civil servants. The Government will continue the existing arrangement under which leave applications, including applications for unpaid vacation leave, submitted by officers on family care grounds will be given priority and sympathetic consideration, having regard to operational needs and adequate personal grounds.

Medical benefits

In accordance with the prevailing regulations, only civil servants living in Hong Kong and in receipt of a pension or an annual allowance (and their eligible dependants living in Hong Kong) are eligible for civil service medical and dental benefits after retirement.

Civil servants appointed on or after 1 June 2000 are covered by the Civil Service Provident Fund (CSPF) Scheme or Mandatory Provident Fund Scheme and they are not eligible for pension benefits. They and their dependants will cease to enjoy civil service medical and dental benefits upon their departure from the Government. This condition is stated clearly in these officers' Memorandum on Conditions of Service and these officers are appointed under this condition. We have no plan to change the existing arrangement at this stage.

Extension of service of civil servants

The Government has adopted a package of flexible initiatives for the extension of service of civil servants. These initiatives serve to enable the civil service to keep pace with the demographic changes of society; address the different operational and succession needs of individual departments; and balance the interests of different cohorts of civil servants while maintaining effective management of the civil service.

As a long-term solution to address the demographic changes, we have raised the retirement age of new recruits joining the civil service on or after 1 June 2015 to 65 in respect of civilian grades and 60 in respect of disciplined services grades.

In the interim, given that civil servants who were recruited during the rapid expansion of the civil service in the 1980s will be approaching retirement age, the number of civil service retirees will increase in the coming few years but will decrease thereafter. Flexible tools would enable departments to cope with the changing circumstances at different times, while avoiding such management problems as manpower mismatch, promotion blockage and lack of

healthy turnover, etc. that may arise from automatic extension of service of serving civil servants.

We have launched the Post-retirement Service Contract Scheme since November 2015, which enables departments to engage retired civil servants on contract basis to undertake ad hoc, time-limited, seasonal or part-time tasks that require specific civil service expertise/experience. We have also implemented the revised arrangements for processing applications for final extension of service since February 2016, including raising the maximum period from 90 days to 120 days and suitably adjusting the approval criteria. As regards further employment for a longer duration, we have worked out detailed implementation guidelines and consulted the management and the staff sides. We hope to implement the adjusted mechanism as soon as practicable. We will closely monitor the implementation of the adjusted mechanism and revisit it if the circumstances so require.

As regards the accrued benefits under the CSPF Scheme, when an officer under the CSPF Scheme retires upon reaching retirement age (i.e. for civil servants appointed between 1 June 2000 and 31 May 2015, the age of 60 in respect of civilian staff and 55/57 in respect of disciplined services staff), he may withdraw the accrued benefits attributable to Government's voluntary contributions from his CSPF account. When he reaches the age of 65, he may withdraw the accrued benefits attributable to mandatory contributions. In general, the amount attributable to the Government's voluntary contributions far exceeds that of the mandatory contributions.

Civil Service Bureau
April 2017