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Panel on Public Service Meeting on 19 January 2009

Background brief on entry system for the civil service

Purpose

This paper provides background information on the existing civil service entry system and summarizes the major concerns expressed by Legislative Council Members on the subject in past discussions.

Background

2. Civil servants recruited before June 2000 were mostly appointed on probation of two years before being transferred to permanent and pensionable terms. With a view to introducing greater flexibility in the civil service appointment system, the Government implemented on 1 June 2000 a new entry system and a new set of terms of appointment and conditions of service for new appointees to the civil service.

3. Under the new entry system, recruits to the basic ranks in the civil service grades are appointed initially on three-year probationary terms, to be followed by three-year agreement terms, before they are considered for appointment on the prevailing permanent terms (commonly known as the "3+3" entry system). Direct civil service recruits to supervisory ranks are normally appointed on three-year agreement terms before they can be considered for appointment on the prevailing permanent terms. Individual grades may, with the approval of the Secretary for the Civil Service, implement variations from the basic entry system to cater for specific management and operational needs. For instance, new recruits joining the disciplined services grades can be considered for appointment on permanent terms after satisfactory completion of the three-year probationary period.

4. Recruits on the new probationary terms and agreement terms under the

new civil service entry system will not attract benefits under the existing pension schemes. Instead, they will be subject to the Mandatory Provident Fund system and be eligible for provident fund benefits under the system. Those on agreement terms will be eligible for an end-of-contract gratuity in addition.

Consultation exercise on Civil Service Reform in 1999

5. On 8 March 1999, the Government published the Consultation Document on Civil Service Reform proposing to, among other things, introduce new entry terms for the civil service to replace the then permanent and pensionable appointment terms at the basic ranks. One of the ideas was to employ basic rank civil servants on agreement terms. These civil servants would continue to be employed on fixed-term agreement terms so long as they stayed at the basic ranks. Only those with good performance record would be offered further agreements. Those whose performance was unsatisfactory, or who did not demonstrate the potential and ability to undertake supervisory and management duties within a specified period, would have their agreements terminated. The Administration considered that the proposed system would ensure that only good calibre candidates were retained in the civil service and would allow for regular injections of new blood.

6. The Panel on Public Service (the Panel) discussed the Consultation Document at meetings held on 15 March, 29 April and 31 May 1999 and deputations were invited to give views. Some members expressed grave concern that the proposed entry system would undermine the stability in the civil service and questioned why it would only apply to new recruits at basic ranks. These members also queried whether the proposed entry system was aimed at suppressing civil service pay levels or to pave the way for the privatization of public services. Some members expressed concern about the impact on staff morale and whether civil servants employed on agreement terms would be inclined to appease their supervisors in order to secure continued employment. Some members, however, expressed support for the overall framework for the reform in order to bring the pay and conditions of service of civil servants in line with those in the private sector.

7. At the Council meeting on 9 June 1999, a motion urging the Administration, inter alia, not to implement employment on agreement terms across the board was passed. The wording of the motion is in **Appendix I**. During the motion debate, Members cautioned that conflicts might arise from the co-existence of civil servants appointed on different terms.

8. The Panel was briefed on the outcome of the consultation exercise on the Civil Service Reform on 21 June 1999. Members remained concerned about the proposed entry system and urged the Administration to conduct

further consultation. The Administration conducted a second round of consultation in August 1999. A Working Group on Entry System with sub-working groups under it was established in October 1999 to facilitate the collection and exchange of views.

Revised proposal on new civil service entry system

9. Having regard to the feedback received during the staff consultations, the Administration proposed in March 2000 a revised new entry system as detailed in **Appendix II**. The difference between it and the original proposal of the new entry system contained in the Consultation Document was that, under the original proposal, all basic rank civil servants (around two-thirds of civil servants) would be employed on agreement terms. Those with proven ability and potential could be offered permanent terms only when they were appointed to supervisory ranks. Under the revised proposal, while new recruits would normally be appointed on probationary terms for three years and those who had passed the probation would be appointed on agreement terms for three years (i.e. the "3+3" model), they could be considered for more permanent tenure after fully demonstrating in the agreement period their suitability and potential to advance in their chosen career. As a result, it was estimated that only some 20% of civil servants would be appointed on agreement terms.

10. In recognition of varying operational needs of different grades, the Administration also proposed that variations to the above general entry system might be allowed on a grade basis subject to prior agreement with Civil Service Bureau upon advice of the Public Service Commission. The proposed variations are set out in Appendix II.

11. The revised proposal on new entry system and other proposals arising from the Civil Service Reform were approved by the Executive Council on 21 March 2000. When the Panel discussed the proposed new entry system at its meeting on 17 April 2000, members in general considered that it was unjustified to take as long as six years to assess a staff member's suitability for appointment on permanent terms and that the new arrangements would not be conducive to attracting and retaining quality staff. The Panel expressed the view that it did not support the revised new entry system.

12. The Administration considered that with a competitive remuneration package and a structured career path, the attractiveness of civil service jobs could be maintained. The Administration also pointed out that serving staff would not be affected by the new entry system as it would apply only to new recruits.

Panel's discussion on issues relating to the "3+3" entry system in recent years

13. When the Panel discussed "Civil service-related issues in the Budget Speech 2006-2007" at its meeting on 28 February 2006, Hon CHEUNG Man-kwong expressed concern that several hundreds of teachers appointed on civil service agreement terms in government schools were still engaged on agreement terms after they had completed the "3+3" probationary/agreement terms. He considered that the demand for certificate masters in primary schools would increase with the implementation of the "small class system", and there should be scope for offering permanent positions to those teachers. He requested the Administration to review the situation.

14. The Administration subsequently provided a paper on the updated position on the further appointment of teachers on civil service agreement terms in government schools [LC Paper No. CB(2)2409/06-07(01)]. The Administration explained that as the number of relevant agreement teachers was larger than the number of permanent positions to be offered, the Administration had set up selection boards to identify among all eligible officers those best suited to fill the permanent teaching positions.

15. When the Panel discussed the "General overview of the civil service strength, retirement and resignation" at its meeting on 16 June 2008, some members criticized the "3+3" entry system for being too harsh and unfair to new recruits as they had to be assessed for six years for consideration of appointment to the permanent establishment. These members expressed concern that the "3+3" entry system had discouraged people from applying for civil service posts and also discouraged serving staff from staying in the civil service due to the long probation period, thus resulting in a drain of talents and succession problems in the civil service. At the meeting, the Panel passed a motion urging the Government to abolish the "3+3" entry system.

16. The Administration pointed out that for officers who had served in the civil service holding similar ranks or assuming similar duties, the appointment authority might reduce the probationary period for such new recruits by no more than half of the probationary period required for the new office. Staff concerned was then appointed on a three-year agreement, before they could be considered for appointment on permanent terms. Moreover, individual grades were allowed to propose to the Civil Service Bureau and the Public Service Commission variations to the basic entry system to meet management needs and operational requirements.

17. The Administration explained that unlike the private sector, the Government seldom initiated layoffs or terminated the employment of civil servants prematurely due to decline in service needs. As such, it was

imperative that the management was satisfied that there were long-term service needs for the posts concerned, and that new appointees to the civil service had demonstrated their suitability in all aspects before they were considered for appointment on permanent terms.

18. At the Panel meeting on 20 October 2008, members requested the Administration to review the "3+3" entry system in the light of the implementation experience. Hon LI Fung-ying expressed concern as to whether the system had only facilitated the Government's dismissal of civil servants on agreement terms during economic downturn and set a bad example for the private sector. Hon Mrs Regina IP expressed concern on the impact of the "3+3" entry system on the recruitment and retention of civil servants, and considered that the Administration should provide relevant figures in these respects when the subject was discussed by the Panel.

Latest developments

19. In view of the various concerns about the "3+3" entry system raised at the meeting on 20 October 2008, the Panel has decided to discuss the subject at its meeting on 19 January 2009.

Relevant papers

20. A list of relevant papers is in **Appendix III**.

**Motion on "Civil Service Reform"
passed at the Council meeting on 9 June 1999**

"That this Council considers that the civil service reform should:

- (a) include the system of accountability for senior civil servants;
- (b) streamline the disciplinary procedures;
- (c) not implement employment on agreement terms across the board;
- (d) consider the introduction of a provident fund system; and
- (e) establish a fair and open performance appraisal mechanism before introducing performance pay;

and as a stable, honest, law-abiding and outstanding civil service is of great importance to Hong Kong and the civil service reform will have far-reaching implications, this Council urges the Administration to fully consider the views of the public and of the civil service."

Proposed New Entry System

Appointment of New Recruits

We propose that in general, new recruits to the basic ranks in the civil service grades should be appointed on probationary terms for three years, to be followed by appointment on agreement terms (normally three years) before they may proceed to the prevailing permanent terms. In recognition of varying operational needs of different grades, we further propose that variation to this general entry system may be allowed on a grade basis subject to prior agreement with Civil Service Bureau (CSB) upon advice of the Public Service Commission (PSC).

2. Recruits on the new probationary terms and agreement terms under the new civil service entry system will not attract benefits under the existing pension schemes. Instead, they will be subject to the Mandatory Provident Fund system and be eligible for provident fund benefits under the system. Those on agreement terms will be eligible for an end-of-contract gratuity in addition.

3. The general feedback of the Staff Sides is that they are opposed to the proposed basic entry system on the ground that a period of six years before affording security of employment to recruits is excessively long and it would not be conducive to attracting and retaining quality staff and would undermine the stability of the Civil Service. They also argue that such a long observation period is uncommon in the private sector.

4. On the other hand, the majority of departmental/grade management support or see no objection to the implementation of the proposed new entry system, though some grades see the need to make variations to the basic entry system (para 9 below).

Rationale for the basic entry system

5. In proposing a basic entry system of probation plus fixed-term agreement before gaining permanent terms, we aim to achieve an appropriate balance between stability and flexibility, and allow reasonable aspirations for appointment on permanent terms.

6. We recognize the unique and distinct nature of permanent terms in the Civil Service in that it carries a commitment to provide a long-term structured career and an unsurpassed level of job security. We also acknowledge that the need to maintain a stable Civil Service necessitates the offer of permanent terms. But it is only reasonable that such permanent terms and the associated job security should be attained with proven performance record and demonstration of suitability in all aspects including motivation, diligence, commitment, integrity and potential. While a three year probationary period will be able to assess the suitability at the basic ranks, a further period of fixed-term appointment serves to confirm the longer term potential and attributes suiting for the permanent Civil Service.

7. We believe that the key to maintaining the attractiveness of the civil service and retaining quality staff rests with the overall design of the civil service system, a competitive remuneration package, a structured career framework and the job satisfactions of the public service. With civil service pay pitched at the upper quartile level and the fringe benefits package devised with reference to practices and arrangements in the private sector, the civil service remuneration package should remain competitive. In particular, it is the objective that the civil service pay and fringe benefits package should be kept at a level that offer sufficient remuneration to attract, retain and motivate staff of suitable calibre to provide quality service.

8. We therefore consider that the proposed entry system will be able to provide a progressive career pathway with increasing security of tenure having regard to proven track records. We also consider it proportionate that officers would only be able to secure a long-term career of over 30 years after six years' solid performance.

Variations to the basic entry system

9. As reflected in the feedback of departmental/grade management, there is a need to allow for variations to the basic entry system. We have thus proposed that variations from the basic entry system can be allowed for individual grades with justifications on management or operational grounds. According to feedback from the consultation, the following variations to the proposed basic entry system have been suggested –

(a) **senior management or specialised grades** requiring stringent

standards before progression to the next higher ranks, for example the **Administrative Service and the Executive Officer Grade** have indicated that they would prefer to offer permanent terms to officers upon their promotion to the next higher rank to the basic entry rank. Prior to this stage, recruits would only be appointed on fixed-term appointments after the three year probationary period. This will ensure a vigilant and objective test on the officers' potential;

- (b) the **disciplined services** which need to staff their services with permanent staff for security and stability and given their requirements for strong devotion and commitment from staff for risky duties, have indicated a need for appointing recruits direct on prevailing permanent terms upon completion of probationary period; and
- (c) **professional grades**, for example engineer grades in the works group of departments, the legal professional grades and the education grades, have regularly used agreement terms to facilitate flow of talents between the civil service and the private sector and to meet changing service needs. These grades have expressed an interest in offering agreement terms to qualified professionals and continuing with the use of agreement terms beyond the first agreement.

Appendix III

Entry system for the civil service

List of relevant papers

Date of meeting	Committee	Minutes/Paper	LC Paper No.
15.3.1999	Panel on Public Service	Consultation Document on Civil Service Reform	CB(2)1436/98-99
		Minutes of meeting	CB(2)1694/98-99 http://www.legco.gov.hk/yr98-99/english/panels/ps/minutes/ps150399.htm
29.4.1999	Panel on Public Service	Submission from Hong Kong Chinese Civil Servants' Association	CB(2) 1695/98-99(01) http://www.legco.gov.hk/yr98-99/chinese/panels/ps/papers/1695c01.pdf (Chinese version only)
		Submission from the Government Disciplined Services General Union	CB(2) 1695/98-99(02) http://www.legco.gov.hk/yr98-99/chinese/panels/ps/papers/1695c02.pdf (Chinese version only)
		Submission from the Senior Non-expatriate Officers Association	CB(1)1206/98-99(01) http://www.legco.gov.hk/yr98-99/english/panels/ps/papers/p1206e6.pdf (Chinese version only)
		Submission from the Federation of Civil Service Unions	CB(1)1206/98-99(02) http://www.legco.gov.hk/yr98-99/chinese/panels/ps/papers/1206c02.pdf

Date of meeting	Committee	Minutes/Paper	LC Paper No.
			(Chinese version only)
		Submission from the Government Employees Association	CB(1)1206/98-99(03) http://www.legco.gov.hk/yr98-99/chinese/panels/ps/papers/1206c03.pdf (Chinese version only)
		Submission from the Clerical Grades Civil Servants General Union	CB(1)1206/98-99(04) http://www.legco.gov.hk/yr98-99/chinese/panels/ps/papers/1206c04.pdf (Chinese version only)
		Submission from the Government Electrical & Mechanical Works Supervisors, Craftsman & Workmen Association	CB(1)1206/98-99(05) http://www.legco.gov.hk/yr98-99/chinese/panels/ps/papers/1206c05.pdf (Chinese version only)
		Submission from the Model Scale 1 Staff Consultative Council (Staff Side)	CB(1)1206/98-99(06) http://www.legco.gov.hk/yr98-99/chinese/panels/ps/papers/ps2904_9.htm
		Submission from the Hong Kong Confederation of Trade Unions	CB(1)1206/98-99(07) http://www.legco.gov.hk/yr98-99/chinese/panels/ps/papers/1206c07.pdf (Chinese version only)
		Speech delivered by the President of Hong Kong	CB(1) 1254/98-99

Date of meeting	Committee	Minutes/Paper	LC Paper No.
		Chinese Civil Servants' Association	
		Revised submission from Government Disciplined Services General Union	CB(1) 1237/98-99
		Minutes of meeting	CB(1)1735/98-99 http://www.legco.gov.hk/yr98-99/english/panels/ps/minutes/ps290499.htm
31.5.1999	Panel on Public Service	Submission from Dr Anthony CHEUNG Bing-leung, Head, Department of Public & Social Administration, City University of Hong Kong	CB(1) 1387/98-99(01) http://www.legco.gov.hk/yr98-99/english/panels/ps/papers/1387e01.pdf
		Submission from Dr James SUNG Lap-kung, Part-time Lecturer, Department of Public & Social Administration, City University of Hong Kong	CB(1) 1387/98-99(02) http://www.legco.gov.hk/yr98-99/chinese/panels/ps/papers/ps31051b.htm (Chinese version only)
		Submission from Prof Joseph CHENG Yu-shek, Professor of Political Science, City University of Hong Kong	CB(1) 1387/98-99(03) http://www.legco.gov.hk/yr98-99/chinese/panels/ps/papers/ps31051c.htm (Chinese version only)
		Submission from Dr James T H TANG, Head and Associate Professor, Department of Politics and Public Administration, The	CB(1) 1387/98-99(04) http://www.legco.gov.hk/yr98-99/english/panels/ps/papers/1387e04.pdf

Date of meeting	Committee	Minutes/Paper	LC Paper No.
		University of Hong Kong	
		Submission from Prof John P BURNS, Professor, Department of Politics and Public Administration, The University of Hong Kong	CB(1) 1387/98-99(05) http://www.legco.gov.hk/yr98-99/english/panels/ps/papers/1387e05.pdf
		Submission from Dr LO Shiu-hing, Associate Professor, Department of Politics and Public Administration, The University of Hong Kong	CB(1) 1387/98-99(06) http://www.legco.gov.hk/yr98-99/english/panels/ps/papers/1387e06.pdf
		Submission from Prof TSAO King-kwun, Associate Professor, Department of Government and Public Administration, The Chinese University of Hong Kong	CB(1) 1387/98-99(07) http://www.legco.gov.hk/yr98-99/chinese/panels/ps/papers/ps31051g.htm (Chinese version only)
		Submission from Prof Wilson WONG Wai-ho, Assistant Professor, Department of Government and Public Administration, The Chinese University of Hong Kong	CB(1) 1387/98-99(08) http://www.legco.gov.hk/yr98-99/english/panels/ps/papers/1387e08.pdf
		Submission from Prof KWONG Kai-sun, Associate Professor, Department of Economics, The Chinese University of Hong Kong	CB(1) 1387/98-99(09) http://www.legco.gov.hk/yr98-99/english/panels/ps/papers/1387e09.pdf
		Submission from Mr Jack LO Man-keung, Visiting	CB(1)1387/98-99(10) http://www.legco.gov

Date of meeting	Committee	Minutes/Paper	LC Paper No.
		Fellow, Department of Management, The Hong Kong Polytechnic University	hk/yr98-99/english/panels/ps/papers/138e10.pdf
		Submission from Dr HO Kwok-leung, Assistant Professor, Department of Applied Social Studies, The Hong Kong Polytechnic University	CB(1) 1387/98-99(11) http://www.legco.gov.hk/yr98-99/chinese/panels/ps/papers/ps31051j.htm (Chinese version only)
		Submission from Prof HO Lok-sang, Director of Centre for Public Policy Studies, Lingnan College	CB(1) 1387/98-99(12) http://www.legco.gov.hk/yr98-99/english/panels/ps/papers/1387e12.pdf
		Submission from Mr CHEUNG Chor-yung, Senior Lecturer, Division of Social Studies, City University of Hong Kong	CB(1)1387/98-99(13) http://www.legco.gov.hk/yr98-99/english/panels/ps/papers/1387e13.pdf
		Submission from Prof James PERRY, Chancellors' Professor of Public and Environmental Affairs, Indiana University, USA	CB(1)1387/98-99(14) http://www.legco.gov.hk/yr98-99/english/panels/ps/papers/1387e14.pdf
		Minutes of meeting	CB(1)1305/99-00 http://www.legco.gov.hk/yr98-99/english/panels/ps/minutes/ps310599.pdf
9.6.1999	Council meeting	Hansard	http://www.legco.gov.hk/yr98-99/english/counmtg/hansard/990609fe.htm

Date of meeting	Committee	Minutes/Paper	LC Paper No.
21.6.1999	Panel on Public Service	Administration's paper on Civil Service Reform – Outcome of Consultation	CB(1)1515/98-99(03) http://www.legco.gov.hk/yr98-99/english/panels/ps/papers/ps2106_4.htm
		Minutes of meeting	CB(1)1143/99-00 http://www.legco.gov.hk/yr98-99/english/panels/ps/minutes/ps210699.pdf
20.3.2000	Panel on Public Service	Administration's paper on update on civil service reform	CB(1)1174/99-00(03) http://www.legco.gov.hk/yr99-00/english/panels/ps/papers/a1174e03.pdf
		Submission from the Senior Civil Service Council (Staff Side)	CB(1)1174/99-00(07) http://www.legco.gov.hk/yr99-00/english/panels/ps/papers/a1174e07.pdf (English version only)
		Minutes of meeting	CB(1)1348/99-00 http://www.legco.gov.hk/yr99-00/english/panels/ps/minutes/ps200300.pdf
	Panel on Public Service	Panel report 1999-2000	CB(1)1798/99-00 http://www.legco.gov.hk/yr99-00/english/panels/ps/reports/a1798e.pdf
17.4.2000	Panel on Public Service	LegCo Brief on "Proposed entry system and fringe benefits package for civil service recruits"	CB(1)1339/99-00 http://www.legco.gov.hk/yr99-00/english/panels/ps/papers/a1339e.pdf

Date of meeting	Committee	Minutes/Paper	LC Paper No.
		Submission from the Senior Civil Service Council (Staff Side)	CB(1)1397/99-00(01) http://www.legco.gov.hk/yr99-00/english/panels/ps/papers/a1397e01.pdf (English version only)
		Submission from the Hong Kong Chinese Civil Servants' Association	CB(1)1407/99-00 http://www.legco.gov.hk/yr99-00/chinese/panels/ps/papers/1407c01.pdf (Chinese version only)
		Minutes of meeting	CB(1)2100/99-00 http://www.legco.gov.hk/yr99-00/english/panels/ps/minutes/ps170400.pdf
19.11.2007	Panel on Public Service	Administration's response to the question raised by the Panel on Public Service at the meeting held on 19.11.2007 on reforms introduced since 1999 to the management of the Civil Service	CB(1)444/07-08(01) http://www.legco.gov.hk/yr07-08/english/panels/ps/papers/ps1119cb1-444-1-e.pdf
20.2.2008	Council meeting	Hansard	http://www.legco.gov.hk/yr07-08/english/counmtg/hansard/cm0220-translate-e.pdf
11.3.2008	Panel on Public Service	Administration's paper on civil service related issues featuring in the 2008 Budget Speech	CB(1)964/07-08(04) http://www.legco.gov.hk/yr07-08/english/panels/ps/papers/ps0311cb1-964-4-e.pdf
		Minutes of meeting	CB(1)1239/07-08 http://www.legco.gov.hk/yr07-08/english/panels/ps/minutes/ps123907-08.pdf

Date of meeting	Committee	Minutes/Paper	LC Paper No.
			hk/yr07-08/english/panels/ps/minutes/ps080311.pdf
		Administration's information paper on an update on further appointment of teachers on civil service agreement terms in Government schools	CB(2)2409/06-07(01) http://www.legco.gov.hk/yr06-07/english/panels/ed/papers/edcb2-2409-1-e.pdf
16.6.2008	Panel on Public Service	Administration's paper on general overview of the civil service strength, retirement and resignation	CB(1)1817/07-08(01) http://www.legco.gov.hk/yr07-08/english/panels/ps/papers/ps0616cb1-1817-1-e.pdf
		Minutes of meeting	CB(1)2239/07-08 http://www.legco.gov.hk/yr07-08/english/panels/ps/minutes/ps080616.pdf
		Administration's response to the motion passed at the meeting on 16.6.2008	CB(1)2139/07-08(01) http://www.legco.gov.hk/yr07-08/english/panels/ps/papers/ps0616cb1-2139-1-e.pdf
	Panel on Public Service	Panel report 2007-2008	CB(1)2101/07-08 http://www.legco.gov.hk/yr07-08/english/panels/ps/reports/ps0709cb1-2101-e.pdf
20.10.2008	Panel on Public Service	Administration's paper on policy initiatives of the Civil Service Bureau under the 2008-2009 Policy Address and Policy Agenda	CB(1)36/08-09(01) http://www.legco.gov.hk/yr08-09/english/panels/ps/papers/ps1020cb1-36-1-e.pdf

Date of meeting	Committee	Minutes/Paper	LC Paper No.
		Minutes of meeting	CB(1)354/08-09 http://www.legco.gov.hk/yr08-09/english/panels/ps/minutes/ps20081020.pdf