

For information on
21 June 2010

Legislative Council Panel on Public Service
Revision to the '3+3' Civil Service Entry System

Purpose

This paper informs Members on the implementation date and the estimated financial implications for revising the entry system for recruitment to the basic ranks in the Civil Service.

Background

2. In April 2010, we consulted this Panel, the Staff Sides and the Public Service Commission (PSC) on a proposal to remove the three-year agreement period currently required of a new recruit to a basic rank (i.e. the second limb of the '3+3' system) before he can be considered for appointment on permanent terms. The parties consulted are supportive of our proposal. This Panel and the Staff Sides have requested the Administration to effect the proposal as soon as possible.

Implementation date

3. In consultation with departmental/grade management, we have formulated the implementation arrangements to effect the change to the '3+3' system. We intend to implement the revision to the '3+3' system with effect from 1 July 2010. All new recruits appointed to the basic ranks in the Civil Service on or after 1 July 2010, save for those to grades where prior approval from the Civil Service Bureau (and advice from PSC where applicable) has been obtained for variations to the entry system, will be considered for permanent appointment upon satisfactory completion of their probationary period.

4. We will provide transitional arrangements for serving officers appointed under the '3+3' system. In gist, serving probationers will be considered for permanent appointments upon satisfactory completion of their probationary period. Officers who have completed their

probationary period and are serving the second limb of the '3+3' system will be invited to opt for permanent appointment with effect from 1 July 2010 or to continue to serve out their existing agreements. The suitability of serving officers for permanent appointment will be assessed in accordance with the established arrangements.

5. We estimate that as at 1 July 2010, there are 12 251 officers appointed under the '3+3' system, of whom 8 556 are serving on new probationary terms (i.e. in the first limb of the '3+3' system), 2 042 are on new agreement terms (NAT) (i.e. in the second limb of the '3+3' system) and 1 653 officers on new permanent terms (NPT) (i.e. already confirmed to the permanent establishment)¹. A breakdown of these officers by bureaux and departments is at Annex A. A breakdown of the officers serving on NAT by years of service is at Annex B.

Financial implications

6. With the removal of the second-limb of the '3+3' system, serving probationers and future recruits will be considered for permanent appointments upon completion of their probationary period. The Administration will make voluntary contributions under the Civil Service Provident Fund (CSPF) scheme in respect of the 4th to 6th years of service of serving probationers and future recruits, *in lieu* of any gratuity payment for the second limb of the '3+3' system. Since most of the grades subject to the '3+3' system currently offer a 15% gratuity to appointees during their three-year agreement period, and since such gratuity rate is the same as the Government's contribution rate under the CSPF Scheme for staff with three to less than 15 completed years of service, the financial implication of the proposal would not be substantial. In this regard, the maximum one-off additional expenditure arising from any differences between the gratuity rates for various grades and the contribution rate under the CSPF Scheme is estimated to be around \$41 million.

7. The modification to the '3+3' system would entail some additional cash flow requirement, in the form of advanced payment for contract gratuity and CSPF contributions, in 2010-11. At present, gratuity will only be paid at the end of the three-year agreement period. Under the transitional arrangements in paragraph 4 above, *pro-rata* contract gratuity payments will be made within 2010-11 for serving agreement officers who opt and are found suitable for immediate permanent

¹ The figures exclude direct entrants to supervisory ranks (who are appointed on agreement terms) and recruits to the disciplined services grades (who are offered appointment on permanent terms after satisfactory completion of the probationary period).

appointments. We estimate that the maximum additional cash flow requirement for such payments would be about \$53 million in 2010-11. However, the actual amounts would depend on the number of serving agreement officers who opt and are found suitable for immediate permanent appointments. We will seek the approval of the Finance Committee for supplementary provision in this respect, if required.

8. Under the existing '3+3' system, the Government will not need to make voluntary CSPF contributions until the commencement of the 7th year of service. With the removal of the three-year agreement period, such contributions would be made within 2010-11 for serving probationers who are considered suitable for permanent appointments upon completion of their probationary period; and for serving agreement officers who opt and are found suitable for immediate permanent appointment. We estimate that the maximum additional cash flow requirement would be about \$56 million in 2010-11, and the estimated additional requirement for individual Heads of expenditure in 2010-11 would not exceed \$10 million². We shall approve under delegated authority the supplementary provision required under individual Heads of Expenditure, if any.

Advice sought

9. Members are invited to note the contents of this paper.

Civil Service Bureau
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² The officers concerned are working in different bureaux and departments. Hence, the additional cash flow requirement for CSPF contribution under individual Heads of expenditure in 2010-11 would be no more than \$10 million.

Terms of Appointment of officers appointed under the '3+3' entry system as at 1.7.2010

Bureau/Department	No. of officers serving on			Total
	New Probationary Terms	New Agreement Terms	New Permanent Terms	
Agriculture, Fisheries and Conservation Department	205	57	59	321
Architectural Services Department	159	35	11	205
Audit Commission	15	3	1	19
Auxiliary Medical Service	4	0	1	5
Buildings Department	153	56	30	239
Census and Statistics Department	78	28	8	114
Chief Executive's Office	3	0	4	7
Civil Aid Service	5	0	2	7
Civil Aviation Department	94	43	39	176
Civil Engineering and Development Department	126	35	49	210
Civil Service Bureau	16	5	7	28
Commerce and Economic Development Bureau	29	15	13	57
Companies Registry	17	2	0	19
Constitutional and Mainland Affairs Bureau	17	7	6	30
Correctional Services Department	53	9	3	65
Customs and Excise Department	54	2	4	60
Department of Health	664	216	58	938
Department of Justice	113	17	27	157
Development Bureau	21	5	3	29
Drainage Services Department	142	38	17	197
Education Bureau	216	56	337	609
Electrical and Mechanical Services Department	297	41	36	374
Environment Bureau	0	2	2	4
Environmental Protection Department	79	11	76	166
Financial Services and the Treasury Bureau	23	10	9	42
Fire Services Department	18	5	1	24
Food and Environmental Hygiene Department	1023	176	67	1266
Food and Health Bureau	14	8	2	24
Government Flying Service	4	0	0	4
Government Laboratory	50	35	45	130
Government Logistics Department	63	2	7	72
Government Property Agency	17	3	1	21
Highways Department	144	110	32	286
Home Affairs Bureau	21	3	3	27
Home Affairs Department	200	30	34	264
Hong Kong Monetary Authority	0	0	1	1
Hong Kong Observatory	26	5	6	37
Hong Kong Police Force	241	20	40	301
Housing Department	456	8	9	473
Immigration Department	61	2	1	64
Information Services Department	60	5	17	82

Bureau/Department	No. of officers serving on			Total
	New Probationary Terms	New Agreement Terms	New Permanent Terms	
Inland Revenue Department	168	94	33	295
Innovation and Technology Commission	13	1	1	15
Intellectual Property Department	22	4	3	29
Invest Hong Kong	2	0	0	2
Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	2	0	0	2
Judiciary	78	27	31	136
Labour and Welfare Bureau	11	9	1	21
Labour Department	167	35	65	267
Land Registry	19	4	0	23
Lands Department	320	58	22	400
Legal Aid Department	41	9	12	62
Leisure and Cultural Services Department	891	311	53	1255
Marine Department	83	4	44	131
Office of the Government Chief Information Officer	7	3	2	12
Office of the Telecommunications Authority	1	1	1	3
Offices of Chief Secretary for Administration and Financial Secretary	38	5	5	48
Official Receiver's Office	22	2	1	25
Planning Department	49	7	9	65
Post Office	340	38	85	463
Radio Television Hong Kong	15	0	0	15
Rating and Valuation Department	48	1	8	57
Registration and Electoral Office	12	2	3	17
Secretariat, Commissioner on Interception of Communications and Surveillance	2	0	0	2
Security Bureau	18	8	5	31
Social Welfare Department	669	221	137	1027
Student Financial Assistance Agency	32	1	3	36
Television and Entertainment Licensing Authority	16	2	0	18
Trade and Industry Department	28	3	11	42
Transport and Housing Bureau	25	5	9	39
Transport Department	119	21	34	174
Treasury	36	0	0	36
University Grants Committee	3	3	1	7
Water Supplies Department	278	58	6	342
Total :	8556	2042	1653	12251

Note : Excluding direct entrants to supervisory ranks (who are appointed on agreement terms) and recruits to the disciplined services grades (who are offered appointment on permanent terms after satisfactory completion of the probationary period)

Year of service of officers serving on New Agreement Terms as at 1.7.2010

Year of service	4 years or less	5 years	6 years or above	Total
No. of officers	1874	69	99	2042

- Note : 1. Counting from the date of first appointment on civil service terms
2. Excluding direct entrants to supervisory ranks (who are appointed on agreement terms)