

# 立法會 *Legislative Council*

LC Paper No. CB(4)627/17-18(04)

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## **Panel on Public Service**

### **Meeting on 26 February 2018**

#### **Updated background brief on extension of the service of civil servants**

#### **Purpose**

This paper provides background information on the extension of the service of civil servants, and summarizes the major views and concerns expressed by members of the Panel on Public Service ("the Panel") on the subject in previous discussions.

#### **Background**

2. Having regard to an ageing population and shrinking labour force and in anticipation that the wastage of civil servants would be relatively high in the coming years,<sup>1</sup> the Government announced in January 2015 the adoption of a package of flexible initiatives for extending the service of civil servants.<sup>2</sup> Subsequently, the Civil Service Bureau ("CSB") updated the Panel at its meetings on 21 December 2015 and 20 February 2017 respectively about details of the initiatives.<sup>3</sup> The latest implementation progress of the initiatives is briefly summarized below:

- (a) since 1 June 2015, the retirement age of new recruits to the civilian grades has been raised to 65 and that for disciplined services grades to 60;

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<sup>1</sup> The retirement of civil servants would peak in the five-year period from 2017-2018 to 2021-2022, and the annual average number of retirees would be about 7 000.

<sup>2</sup> For details, see the Administration's paper [LC Paper No. CB\(4\)343/14-15\(04\)](#).

<sup>3</sup> For details, see the Administration's papers [LC Paper Nos. CB\(4\)356/15-16\(05\)](#) and [CB\(4\)554/16-17\(06\)](#).

- (b) the Post-retirement Service Contract ("PRSC") Scheme has been introduced since November 2015 for bureaux/departments ("B/Ds") to engage retired/retiring civil servants on contract terms to undertake ad hoc, time-limited, seasonal or part-time tasks which call for specific civil service expertise/experience;
- (c) the final extension of service for serving civil servants has been raised from 90 days to 120 days since February 2016, and CSB has relaxed the approval criteria and the application procedures to allow B/Ds flexibility to retain suitable serving officers beyond retirement age to meet specific and short-term operational and succession needs; and
- (d) the adjusted mechanism on further employment ("FE") has been implemented since June 2017 for B/Ds to flexibly retain serving civil servants beyond retirement age for a longer duration of up to five years in light of operational needs. CSB has consulted the staff sides to draw up an implementation guidelines on FE based on the following key principles:
  - (i) objective criteria to determine the need of FE, including genuine and operational needs, need to retain valuable expertise/experience, succession planning and promotion blockage;
  - (ii) fair FE selection exercise in which a selection board, the modus operandi similar to that of promotion and recruitment exercises, will be convened to consider FE applications;
  - (iii) regular review of the FE period under which each FE application will be approved for a fixed period initially and may be renewed upon application. Each FE for promotion ranks will not be more than 12 months so that readiness for advancement of officers in the lower ranks can be reviewed in a timely manner; and
  - (iv) appropriate checks and balances as FE selection board report and recommendations will be submitted to CSB and/or Public Service Commission ("PSC") for scrutiny.

3. The Chief Executive announced in her 2017 Policy Address that in order to tie in with the goal of expanding the labour force and to respond to the aspirations of serving civil servants, CSB will re-examine the issue that serving civil servants joining the Government between 1 June 2000 and 31 May 2015

will be allowed to choose to retire at 65 (for civilian grades) or 60 (for disciplined services grades) on a voluntary basis. CSB is now launching a consultation to seek staff views on the proposed implementation framework of this initiative.<sup>4</sup>

## **Discussions at the Panel**

4. The Panel discussed the issue at its previous meetings and invited deputations/individuals to give their views on 21 July 2014 and 18 May 2015 respectively. The major views and concerns expressed by Panel members and deputations/individuals, as well as the Administration's responses are summarized below.

### Adjusted mechanism on further employment of serving civil servants

5. Members and deputations queried about the selection process and composition of the selection boards for considering applications for FE. They worried that preference might be given to officers of senior ranks, and suggested introducing an appeal mechanism to enhance transparency.

6. The Administration responded that the adjusted mechanism would be applicable to all grades and ranks, and would be subject to oversight by CSB and PSC for ranks under its respective purview. To ensure fairness, the composition of selection boards would model on that of the promotion and recruitment boards comprising officers who were familiar with the work of the relevant rank. The chairman and members of the selection board should be of a substantively higher rank with the chairman holding a post at least two ranks above that of the required position.

7. Some members pointed out that some government school teachers did not have strong inclination to raise their retirement age. These teachers worried that extending their retirement age might cause young people more difficult to get employed as government school teachers. However, to avoid teachers' retirement in the middle of a semester, they hoped that their retirement could be deferred until the end of the respective school year to ensure continuity in teaching.

8. The Administration responded that other than final extension of service, a longer period of FE beyond retirement age of up to five years could be considered under the adjusted FE mechanism.

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<sup>4</sup> The link to the consultation paper is [http://www.csb.gov.hk/english/publication/files/Consultation\\_Paper\\_2018\\_Eng.pdf](http://www.csb.gov.hk/english/publication/files/Consultation_Paper_2018_Eng.pdf).

9. In response to a member's enquiry regarding the resources of FE, the Administration replied that staff on FE would normally continue to occupy posts in their own substantive ranks and hence no extra costs would be incurred for the establishment of additional posts.

#### Final extension of service beyond retirement age

10. In reply to members' enquiry about the number of applications received and approved since the launch of the revised arrangement for final extension of service from 90 days to 120 days in February 2016, the Administration replied that B/Ds had processed 2 327 out of 2 811 applications received by 24 December 2016, of which 1 617 were approved, with an average approval rate of 69%. The approval rates for officers at ranks with maximum pay point below Master Pay Scale point 10, from point 10 to 33, and above point 33 were 73%, 66% and 75% respectively.

#### Automatic extension of the service of serving civil servants

11. Some members opined that raising the retirement age of civil service new recruits could not address the immediate problems arising from ageing population and shrinking labour force, as its effect would only come into play after some 30 years. They considered that the Administration should give all serving civil servants the option to extend their service beyond their retirement age without selection, and suggested conducting a survey to gauge the views of civil servants in this regard. They further opined that the suggestion would not adversely affect the promotion prospects of younger officers as they also had the same option to extend their service upon retirement, and could fill vacancies at the promotion ranks arising from the retirement of the post-holders.

12. Echoing the above suggestion of allowing all serving civil servants to extend their service beyond their retirement age, some deputations supplemented that pensionable civil servants of the junior ranks could hardly sustain a living with their meagre pension, and those on the Civil Service Provident Fund ("CSPF") Scheme could only withdraw their accrued benefits derived from the mandatory contributions under the Scheme upon reaching the age of 65.

13. The Administration replied that raising the retirement age of new recruits was a long-term solution to tackle challenges posed by demographic changes and shrinking labour force. As operation needs, succession planning and recruitment situation varied from grade to grade and from time to time, the Government considered it not conducive to allow serving civil servants to opt for a higher retirement age from manpower planning perspective. From statistical forecasts for the coming years, it could be seen that natural wastage rate of civil service was cyclical and that it took about 14 years on average for a

civil servant to get promoted to the next higher rank. Hence the Government must be cautious to avoid promotion blockage. B/Ds had been requested to prepare medium-term manpower plans to assess manpower need to deploy flexible tools for extension of service as when necessary.

14. A member suggested providing all serving civil servants on the CSPF Scheme the option to extend their service beyond their retirement age if these civil servants agreed to be on the adjusted CSPF contribution scales for new recruits.<sup>5</sup> There was also a suggestion that civil servants of lower grades with no promotion rank or the rank only consisted two to three incremental points be allowed to extend their service beyond retirement age if they so wished.

15. The Administration advised that devising a mechanism through which management could flexibly retain staff beyond retirement age in the light of operational needs, succession planning and recruitment situation would be conducive to manpower planning. For entry ranks/one-rank grades, same as other ranks, Head of Grades/Head of Departments ("HoDs/HoGs") would consider a number of factors, such as whether there were recruitment difficulties, when deciding the mix of flexible human resource tools to address its manpower needs.

#### Higher retirement age for new recruits

16. Some members opined that adopting a higher retirement age for new recruits might have an impact on the promotion prospects and morale of serving civil servants, and called on the Administration to implement the initiatives over a longer timeframe. In reply, the Administration said that a package of flexible initiatives for service extension was promulgated after careful consideration of various factors, including promotion blockage. These initiatives served to balance the interests of different cohorts of civil servants while maintaining effective management of the civil service.

17. On some deputations' views that the retirement age of disciplined services new recruits should remain at 55 because their jobs were physically demanding, the Administration advised at the meeting on 19 January 2015 that in the Consultation Paper entitled "Extension of the Service of Civil Servants" issued by CSB in 2014,<sup>6</sup> it was proposed that the retirement age of disciplined services new recruits, regardless of their ranks, be extended to 57, which might be further extended up to the age limit of 60 subject to an annual suitability assessment. Taking into account the views from disciplined services staff bodies and discussion with the management of the disciplined services departments, it had

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<sup>5</sup> Please refer to paragraph 11 of the Administration's paper entitled "Extension of the Service of Civil Servants" ([LC Paper No. CB\(4\)343/14-15\(04\)](#)).

<sup>6</sup> For details, see the Administration's paper [LC Paper No. CB\(4\)343/14-15\(04\)](#).

further refined the proposal to the effect that the retirement age for new recruits of disciplined services, regardless of their ranks, would be extended to 60. On possible concern about the physical fitness of disciplined services staff aged between 57 and 60, individual disciplined services departments would devise suitable staff deployment arrangements taking into account the prevailing circumstances.

18. Members noted that the Administration would adjust the CSPF contribution scale for new recruits by lengthening the years of service in order to jump to the next contribution scale. Some members considered it unfair to civil servants who would leave the Government before reaching retirement age. Question was also raised as to whether it was a ploy to save money.

19. The Administration advised that it was an established policy to keep the Government's Mandatory Provident Fund/CSPF contributions at 18% of the overall salary cost, which was endorsed by the Executive Council in 2001. It should however be pointed out that the CSPF Scheme compared more favourably than the retirement benefits provided by many companies in the private market, and was characterized by progressive contribution rates by the Government in accordance with the civil servants' completed years of continuous service.

#### Employment of retired civil servants

20. Question was raised on whether there would be a mechanism to prevent HoDs/HoGs from employing retired civil servants under the PRSC Scheme to delay filling civil service vacancies in order to save costs. The Administration responded that there was no cause for such concern given the different nature of civil service posts and non-civil service positions under the PRSC Scheme. Whilst civil service posts would cover service needs of a permanent nature, the tasks to be taken up by retired civil servants under the PRSC Scheme were ad hoc/time-limited/seasonal tasks that should not be undertaken by civil service posts. Although retired civil servants under the PRSC Scheme would be employed on contract terms, they should not be confused with the non-civil service contract staff, as the former involved ad hoc tasks requiring civil servant expertise and/or experience.

21. A member sought information on the employment situation of retired civil servants. The Administration replied that it did not collate information on the employment situation of all retired civil servants.

### **Latest position**

22. The Administration proposes to update members on the progress of the implementation of the initiatives for extending the service of civil servants at the Panel meeting scheduled for 26 February 2018.

### **Relevant papers**

23. A list of relevant papers is in the **Appendix**.

Council Business Division 4  
Legislative Council Secretariat  
23 February 2018

Extension of the service of civil servants

List of relevant papers

Meeting	Date of meeting	Paper
Panel on Public Service	25 April 2014	<a href="#">Administration's paper</a>  <a href="#">Background brief prepared by the Legislative Council Secretariat</a>  <a href="#">Powerpoint presentation</a>  <a href="#">Minutes</a>
	21 July 2014	<a href="#">Administration's paper</a>  <a href="#">Updated background brief prepared by the Legislative Council Secretariat</a>  <a href="#">Minutes</a>
	19 January 2015	<a href="#">Administration's paper</a>  <a href="#">Minutes</a>
	18 May 2015	<a href="#">Background brief prepared by the Legislative Council Secretariat</a>  <a href="#">Minutes</a>
	21 December 2015	<a href="#">Administration's paper</a>  <a href="#">Updated background brief prepared by the Legislative Council Secretariat</a>  <a href="#">Minutes</a>

Meeting	Date of meeting	Paper
	20 February 2017	<a href="#">Administration's paper</a>  <a href="#">Updated background brief prepared by the Legislative Council Secretariat</a>  <a href="#">Minutes</a>
Council Meeting	16 May 2012	<a href="#">Official Record of Proceedings Pages 105 - 109 (Written question raised by Hon Mrs Regina IP)</a>
	29 May 2013	<a href="#">Official Record of Proceedings Pages 102 - 106 (Written question raised by Hon CHAN Kin-por)</a>
	22 April 2015	<a href="#">Official Record of Proceedings Pages 23 - 25 (Written question raised by Hon KWOK Wai-keung)</a>
	9 November 2016	<a href="#">Official Record of Proceedings Pages 118 - 123 (Written question raised by Dr Hon Elizabeth QUAT)</a>
	14 June 2017	<a href="#">Official Record of Proceedings Pages 73 - 77 (Written question raised by Hon WONG Ting-kwong)</a>

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