

立法會 *Legislative Council*

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Panel on Public Service

Meeting on 18 January 2021

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,¹ the Government announced in January 2015 the adoption of a package of flexible measures for extending the service of civil servants.² The latest implementation progress of the measures 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;
- (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;

¹ 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.

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

- (c) the final extension of service for serving civil servants has been raised from 90 days to 120 days since February 2016, and the Civil Service Bureau ("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 the light of operational needs, succession planning and recruitment situation of individual ranks. Specifically, when there is a need for FE in a rank, applications for FE will be invited from all eligible civil servants. An FE selection board will then be conducted to consider the applications received. The period that may be approved in each FE selection exercise should normally be 12 calendar months or less for promotion ranks, and 12 or 18 calendar months for entry ranks/one-rank grades. The approving authority has to seek the comments and advices of CSB and/or the Public Service Commission before approving FE.

3. In order to tie in with the goal of expanding the labour force and to respond to the aspirations of serving civil servants, the Chief Executive announced in her 2017 Policy Address that serving civil servants who joined 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). CSB launched a consultation to seek staff views on the proposed implementation framework of this new initiative³ from 20 February 2018 to 30 April 2018. The majority of respondents supported the new initiative in principle, while individual civil service bodies had major concern about the proposed migration of the contribution scale of the Civil Service Provident Fund ("CSPF") Scheme.

4. After considering views received during the consultation, the Chief Executive-in-Council decided to provide civil servants who joined the Government between 1 June 2000 and 31 May 2015 with the option to retire at 65 (for civilian grades) or 60 (for disciplined services grades) ("the Option") under the following terms:

³ The consultation paper can be downloaded at https://www.csb.gov.hk/english/publication/files/Consultation_Paper_2018_Eng.pdf.

- (a) civil servants who joined the Government between 1 June 2000 and 31 May 2015 and are in active service on the date the Option is launched be eligible for taking the Option if they are appointed on permanent terms ("Eligible Civil Servants");
- (b) Eligible Civil Servants who have taken the Option be required to migrate to the CSPF scale applicable to those who joined the civil service on or after 1 June 2015 ("2015 CSPF Scale"), subject to a grandfathering arrangement;⁴
- (c) Eligible Civil Servants be given two years to decide whether or not to take the Option, subject to transitional arrangements,⁵ and their decision be irrevocable; and
- (d) Eligible Civil Servants who have taken the Option be given the flexibility to retire during the period of their extended service.

5. Subsequently CSB launched the Option in July 2018. At the end of the option period, some 47 000 civil servants, representing about 83% of those eligible, had opted for the new retirement age.

Discussions at the Panel

6. The Panel had discussed the issue at various meetings. The major views and concerns expressed by Panel members, as well as the Administration's responses are summarized below.

⁴ Under the grandfathering arrangement, Eligible Civil Servants who have taken the Option will retain the Government's CSPF contribution rate immediately before the Option took effect until they have progressed above that rate along the migrated scale, i.e. the 2015 CSPF Scale. The grandfathering arrangement addresses the staff side's concern that upon taking the Option, an Eligible Civil Servant would stand to lose out on the Government's CSPF contribution before enjoying the benefits the Option will bring.

⁵ The Administration will make transitional arrangements for Eligible Civil Servants who, under the current retirement age, will cease active service during the option period. To cater for their circumstances, they may generally decide whether or not to take the Option two months before they would otherwise cease active service, and the migration to the 2015 CSPF Scale will take effect a short period afterwards. A short extension of service may be granted to the Eligible Civil Servant concerned to allow time for processing the case. Such a short extension should be similarly granted if an Eligible Civil Servant will otherwise retire soon after the Option period expires.

The Option

7. On a member's concern on whether there would be promotion blockage if a substantial number of Eligible Civil Servants chose to extend their service by taking the Option, the Administration advised that most of the Eligible Civil Servants would only reach their original retirement age 15 to 25 years later, B/Ds should have sufficient time to make succession planning in a systematic manner.

8. Noting from the Administration's paper that only 11% of eligible civil servants on Directorate/Directorate (Legal) Pay Scale had taken the Option as at 16 February 2020, a member asked about the reasons and whether the Administration would consider measures to encourage more eligible directorate officers to take the Option. The Administration responded that the statistics were only tentative at that time. The Eligible Civil Servants could decide whether or not to take the Option, and the Administration would not set a prescribed target number of eligible civil servants taking the Option.

9. A member opined that people might be attracted to join the civil service in view of a growing wave of layoffs in the private sector under the social situation and economic downturn. He was therefore concerned that the Option might create an adverse impact on civil service employment opportunities available to the general public. The Administration replied that the Option was put forward based on the long-term population projections and labour force of Hong Kong. According to the projections, the labour force in Hong Kong would become relatively critical from 2030. Taking into account that the majority of the Eligible Civil Servants would reach their normal retirement age starting around 2030, the Administration launched the Option in July 2018 so as to expand the labour force. The Administration would keep in view the implementation of the flexible measures for extending the service of civil servants and adjust the civil service establishment as necessary in accordance with the operational needs of individual B/Ds.

Retirement age of serving civil servants who joined the Government before 1 June 2000

10. Some members asked whether the Administration would, for the retention of expertise and experience, consider extending the Option to disciplined services officers who joined the Government before 1 June 2000, in particular those at commissioner rank. Members also expressed that the Administration should give all serving disciplined services staff the Option without going through any selection by the management. The Administration advised that since the majority of civil servants who joined the Government before 1 June 2000 would reach their retirement age in the next decade or so,

B/Ds would not have sufficient time to tackle the promotion blockage issue if they were allowed to extend their service by five years. The Administration added that B/Ds could make use of the flexible measures (i.e. PRSC Scheme, the final extension of service and FE mechanism) to extend the service of retiring/retired civil servants to meet the operational needs of B/Ds.

Flexible measures for extending the service of civil servants

11. Members in general expressed support for the Administration's flexible measures for extending the service of civil servants to retain talents, facilitate the transfer of expertise and experience to younger officers and eventually help ease the financial pressure of some civil servants, in particular those in the lower and middle salary bands.

Post-retirement Service Contract Scheme

12. A member suggested that more full-time PRSC staff should be employed to help ease the work burden of serving civil servant arising from the coaching needs to new recruits/interns and backlog of work in B/Ds due to the work from home arrangement arising from the COVID-19 pandemic. In this connection, he enquired about the number and percentage of approved applications under the PRSC Scheme as at 31 December 2019. The Administration pointed out that under the PRSC Scheme, B/Ds could engage retiring/retired civil servants to work on contract terms to undertake ad hoc, time-limited, seasonal or part-time tasks that required specific civil service expertise/experience. Retiring/retired staff who met the required qualification and experience would be invited to apply for the PRSC positions. Given that the number of PRSC positions was subject to the manpower demand and actual operational needs of B/Ds, the Administration considered the information on the percentage of approved PRSC applications to be of little use. As regards the number of full-time PRSC staff employed by B/Ds, the Administration would collect the updated data in mid 2020. The Administration also stated that under the PRSC Scheme, the aggregate employment period of a retiring/retired civil servant under the PRSC Scheme should not exceed five years. Prior approval of CSB should be sought in case of deviation from this rule.

Final extension of service of serving civil servants beyond retirement age

13. In response to members' enquiry on the reasons for rejection of the applications for final extension of service and whether allowing applicants to work in a lower rank during the extension period would help avoid causing promotion blockage, the Administration explained that there were different criteria when considering an application for final extension of service, including the performance, conduct and physical fitness of the officers concerned and no

undue promotion blockage, hence the reasons for the rejection varied from case to case. The approval rates of applications for final extension of service varied amongst different B/Ds according to their operational needs. The Administration added that unsuccessful applicants might approach the management for application review.

14. In reply to a member's enquiry on whether the Administration would consider setting up more formal appeal channels for the applicants under various flexible measures to extend their service, the Administration stressed that rigorous mechanisms were in place to process applications for final extension of service and FE. Appeals lodged by applicants of final extension of service and FE would be handled in accordance with the established mechanism.

Further employment beyond retirement age

15. In response to members' enquiry about the details of the adjusted FE mechanism, as well as the shortest and longest approved duration of FE, the Administration advised that individual B/Ds might, in the light of their operational needs, succession planning and recruitment situation of individual ranks etc., invite all eligible officers to apply for FE to fill vacancies identified in the relevant ranks for a longer duration of up to five years. For promotion ranks, a promotion exercise would normally be conducted in the first place to ascertain whether any vacancies could not be filled by promotion. Selection boards would be convened to consider applications for FE, and comments from CSB and advice from the Public Service Commission (for ranks under its purview) had to be sought before approving FE. While the maximum period for FE might be up to five years, each application would be approved for a fixed period (not more than 12 months in general) initially and might be renewed upon application. Given that the posts and engagement period for each FE vacancy would vary depending on the actual operational needs of B/Ds, the Administration did not collate statistics regarding the posts involved and duration for individual FE applications. The expenditure involved for FE vacancies would be met by the existing resources of B/Ds.

Motion debate at Council meeting

16. A motion was passed at the Council meeting on 5 June 2019 urging the Administration to, among other things, extend the option to extend service to civil servants under the old scheme, i.e. those who joined the Government before 1 June 2000, so that they can choose to retire at the age of 65 (for civilian grades) or 60 (for disciplined services grades). The wording of the motion is in **Appendix I**. Relevant hyperlinks to the motion and the Administration's responses are in **Appendix II**.

Latest position

17. The Administration has proposed to update members on extending the service of civil servants at the Panel meeting scheduled for 18 January 2021.

Relevant papers

18. A list of relevant papers is in the **Appendix II**.

Council Business Division 4
Legislative Council Secretariat
12 January 2021

(Translation)

**Motion on
“Improving the employment terms of civil servants,
enhancing the efficiency of policy implementation and
promoting creativity and innovation”
moved by Hon Tony TSE
at the Council meeting of 5 June 2019**

Motion as amended by Hon HO Kai-ming and Hon Charles Peter MOK

That as the civil service will face the peak period of civil servants' retirement, the problem of manpower shortage in the civil service will gradually surface; in this connection, this Council urges the Government to adopt effective measures to improve the employment terms, manpower, working environment and continuing education and training of civil servants, so as to attract and retain talents; raise the Government's efficiency of decision-making, decision execution and vetting and approval process, and strengthen inter-bureau and inter-departmental cooperation and coordination; and enhance middle and senior civil servants' creative mindset and capacity to manage changes, and promote the application and research and development of innovative technology in various government departments; specific measures to improve the employment terms and manpower problem of civil servants are as follows:

- (1) increasing the number of permanent posts to attract more people to join the civil service;
- (2) reviewing the deduction of payroll cost of increments arrangement under the pay adjustment mechanism of the civil service;
- (3) extending the option to extend service to civil servants under the old scheme, so that they can choose to retire at the age of 65 (for civilian grades) or 60 (for disciplined services grades);
- (4) comprehensively implementing five-day week to enable the remaining 20% of civil servants who have yet to work on a five-day week pattern to expeditiously benefit from the measure;
- (5) increasing the number of annual leave days of civil servants under the new scheme;

- (6) expeditiously providing Chinese medicine services for all civil servants; and
- (7) providing post-retirement medical and dental benefits for civil servants under the new scheme and their eligible dependants;

Other specific measures include:

- (8) training civil servants to effectively use new technology to address the changes in the demand for and expectations of government services in the community, so as to deliver better public services to the people in a more efficient and innovative way;
- (9) improving the establishment of civil servants, including exploring the inclusion of the information technology ('IT') profession in the list of civil service professional grades and reviewing afresh the arrangement of employing IT staff through the 'body-shopping' contract (i.e.'T-contract'), so as to raise the professional status of IT staff; and
- (10) drawing reference from overseas places such as the United Kingdom and Singapore to provide courses for frontline civil servants on data analytics and science, artificial intelligence, user-oriented design, agile delivery, etc., so as to systematically train civil servants' capacity to use innovative technology.

Extension of the service of civil servants

List of relevant papers

Meeting	Date of meeting	Paper
Panel on Public Service	20 February 2017	Administration's paper Updated background brief prepared by the Legislative Council Secretariat Minutes
	26 February 2018	Administration's paper Updated background brief prepared by the Legislative Council Secretariat Minutes
	18 March 2019	Administration's paper Updated background brief prepared by the Legislative Council Secretariat Minutes Administration's follow-up response to issues raised at the Panel meeting
	20 April 2020	Administration's paper Updated background brief prepared by the Legislative Council Secretariat Minutes

Meeting	Date of meeting	Paper
Council Meeting	5 June 2019	<u>Official Record of Proceedings Pages 223 - 346 (motion raised by Hon Tony TSE and the amendments to the motion moved by Hon HO Kai-ming, Hon Charles Peter MOK, Hon Jeremy TAM and Hon Holden CHOW)</u>
	20 November 2019	<u>Official Record of Proceedings Pages 162 – 167 (Written question raised by Mr HO Kai-ming)</u>
Legislative Council Brief	19 June 2018	<u>Extension of service of civil servants who joined the government between 1 June 2000 and 31 May 2015</u>