

立法會 *Legislative Council*

LC Paper No. CB(4)554/16-17(07)

Ref: CB4/PL/PS

Panel on Public Service

Meeting on 20 February 2017

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 Civil Service Bureau ("CSB") began a study in late 2013 to assess the manpower and retirement situation of the civil service in the coming years ("the Study"). In the light of the Study's findings, CSB proposed to extend the service of civil servants² and conducted a consultation from April to August 2014 accordingly.

3. Taking into account the views received/collected during the consultation and examination of relevant issues including financial implications,³ the Chief Executive announced in his 2015 Policy Address that the Government had

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 of the proposals, see the consultation paper on "Extension of the service of civil servants" (LC Paper No. [CB\(4\)571/13-14\(05\)](#)).

³ CSB commissioned a consultant to conduct an actuarial study on the financial implications of raising the retirement age of civil servants on the Government's contributions under the Mandatory Provident Fund ("MPF") Scheme and the Civil Service Provident Fund ("CSPF") Scheme.

decided to extend the service of civil servants. CSB also advised the Panel at its meeting on 19 January 2015 that the following proposed flexible retirement and employment initiatives:⁴

- (a) raising the retirement age of new recruits joining the civil service from around mid-2015 to (i) 65 in respect of the civilian grades; and (ii) 60 in respect of the disciplined services grades, regardless of their ranks;
- (b) in connection with the implementation of the new retirement age in (a) above, revising the scale of the Government's contributions to the CSPF Scheme for new recruits to keep the Government's overall financial commitment within 18% of the salary cost;
- (c) adjusting the present mechanism for further employment of civil servants beyond retirement age;
- (d) introducing a new Post-retirement Service Contract ("PRSC") Scheme for engaging retired civil servants on contract terms to fill non-directorate positions to perform ad hoc/time-limited/seasonal tasks which required specific civil service expertise or experience; and
- (e) extending the blanket permission for taking up post-service outside work after retirement to cover some 150 junior ranks of non-directorate civil servants whose maximum pay points did not exceed Master Pay Scale ("MPS") Point 20 or equivalent.

4. At the Panel meeting on 21 December 2015, CSB updated members with the implementation of the above initiatives as follows:

- (a) higher retirement age as indicated in paragraph 3(a) above was applied to all new recruits appointed to the civil service on or after 1 June 2015;
- (b) following consultation with the bureau/departmental management and the Public Service Commission ("PSC"), the Administration issued in May 2015 a draft implementation framework for the adjusted mechanism on further employment for staff consultation. Under the draft implementation framework:

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

- (i) openings for further employment would be determined in a reasonable and objective manner;
 - (ii) by making reference to the modus operandi for promotion and recruitment, selection boards would be convened to consider applications for further employment. Reports of the selection boards will be subject to scrutiny by CSB and PSC as appropriate;
 - (iii) the maximum period for final extension of service beyond retirement age would be raised from 90 days to 120 days;
 - (iv) a longer period of up to five years for further employment other than final extension was allowed; and
 - (v) the further employment mechanism would be extended to cover officers on the CSPF Scheme;
- (c) a set of guidelines that gives immediate effect to the PRSC Scheme was promulgated in November 2015; and
- (d) from 1 September 2015, blanket permission would be given to non-directorate civil servants on pensionable terms in 157 junior ranks whose maximum pay points do not exceed MPS Point 20 or equivalent to take up outside work during their pre-retirement leave and within the first two years of their retirement, subject to relevant conditions being met (including the civil servant concerned has had no past dealings with the prospective employer in his last two years of government service, and he has to comply with the relevant work restrictions in his taking up of the post-service outside work up to the end of two years of retirement).

5. In answering Legislative Council Finance Committee members' questions on the Estimates of Expenditure 2016-2017, the Secretary for the Civil Service advised that the Administration had promulgated in end February 2016 the revised arrangements for handling applications for final extension of service.⁵

⁵ Source: [Examination of Estimates of Expenditure 2016-17 by the Finance Committee - Reply Serial No. CSB006](#).

Discussions at the Panel

6. The Panel had discussed the issue at its meetings on 25 April 2014, 19 January 2015 and 21 December 2015, and invited deputations/individuals to give their views at the meetings on 21 July 2014 and 18 May 2015. 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

7. Some deputations were worried that the management of Bureaux/Departments ("B/Ds") might choose officers of senior ranks for further employment, and frontline civil servants might be excluded from the initiatives. They were also worried that the selection and vetting of applications for further employment by management of B/Ds might give rise to cronyism. Members were of the view that the Administration should devise an open and fair mechanism for further employment of serving civil servants beyond their retirement age, and they were concerned about the composition of the selection boards for considering applications for further employment. There was also a suggestion of introducing an appeal mechanism to enhance transparency of the further employment mechanism.

8. The Administration responded that the adjusted further employment mechanism would be applicable to all ranks and grades upon implementation. The composition of the selection board to be convened under the adjusted further employment mechanism would model on that of the promotion boards, and it would comprise officers who were familiar with the work of the relevant rank.

9. Due to the decline in the number of students in Hong Kong, some members pointed out that Government school teachers did not strongly request to raise the retirement age of new Government school teachers from 60 to 65, as that would make it more difficult for young people to get employed as teachers in Government schools. These members were also concerned that teachers teaching in Government schools were required to retire upon reaching the retirement age even in the middle of a semester while teachers in subsidized schools could continue to teach until the end of a semester after reaching the retirement age. To ensure continuity in teaching in the interests of students, many retiring teachers hoped that they could continue to teach beyond their retirement age until the end of the respective school year.

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

Automatic extension of the service of serving civil servants

11. Some members questioned why the retirement age of all serving civil servants could not be extended to 65, in particular that the ageing population and shrinking labour force would be problems in 2018 – 2043, extending the service of new recruits for five years would only be effective to handle such problems after some 30 years. They considered that the Administration should give all serving civil servants the option to extend their service beyond their current retirement age up to the retirement age to be set for new recruits without going through any selection by the management. To do so should not adversely impact on the promotion prospects of younger serving officers, as younger serving officers also had the same option to extend their service and they could have the chance to fill vacancies at the promotion ranks upon the retirement of the post-holders.

12. Some deputations also opined that serving civil servants should be allowed to extend their retirement age if they so wished. They pointed out that pensionable civil servants, especially those at junior ranks, could hardly sustain a living with their meagre pension. On the other hand, civil servants on the 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 while there was a clear case to raise the retirement age of new recruits given the latest population forecasts, the considerations for serving civil servants were more complicated, especially where there would be no anticipated significant succession or recruitment problems across-the-board over the coming decade or so. A service-wide extension of the retirement age of serving civil servants on a voluntary basis might not be conducive to manpower planning as this might lead to manpower mismatch between the expertise required by grades/departments and the skill-sets of those who were willing to serve beyond their retirement age. It would also adversely affect the promotion prospects of younger civil servants and injection of new blood into the civil service.

14. The Administration further advised that on average it took 14 years for a civil servant to get promoted to the next higher rank, whereas 15 to 22 years for certain ranks and file officers in disciplined services grades. Given the staff's concerns about promotion blockage and taking into account other relevant considerations, it was considered inappropriate to allow all serving civil servants to opt for a higher retirement age. Applications from serving civil servants for further employment beyond retirement age would be considered on the basis of a set of objective approval criteria, including operational and/or succession needs, no undue promotion blockage, satisfactory performance and conduct, physical fitness, etc.

15. A member suggested providing all serving civil servants, who had been appointed on or after 1 June 2000 and on the New Permanent Terms of appointment (i.e. those on the CSPF Scheme), the option to extend their service beyond their current retirement age up to 65 in respect of civilian grades or 60 in respect of disciplined services grades without going through any selection by the management, if these civil servants agreed to be on the adjusted CSPF contribution scales for new recruits.⁶

16. The Administration pointed out that delineating which categories of serving civil servants should be subject to a higher retirement age would be impractical and divisive. As the challenges brought about by an ageing population to B/Ds would be a dynamic process, the Administration considered it more appropriate to devise a mechanism through which management could flexibly retain staff beyond retirement age in the light of operational needs, succession planning and recruitment situation, which varied from grade to grade and from time to time. In this regard, the Administration saw merits to enhance the flexibility of the further employment mechanism, which would strike a balance among various considerations, including addressing demographic challenges, meeting operational needs, and responding to the aspirations of different cohorts of civil servants.

17. A member suggested that junior civil servants whose grade had no promotion rank or only two to three incremental points to the next and final promotion rank be allowed to continue to work beyond their retirement age in the civil service if they so wished under the adjusted further employment mechanism.

18. The Administration stressed that for entry ranks/one-rank grades, Head of Grades/Head of Departments ("HoGs/HoDs") would consider, e.g. whether there were recruitment difficulties, when deciding the mix of flexible human resource tools to address its manpower needs. Other than further employment of serving civil servants, HoGs/HoDs concerned could consider engaging retired/retiring civil servants on final leave on contract terms under the PRSC Scheme to undertake ad hoc, time-limited, seasonal or part-time tasks which called for specific civil service expertise/experience.

Higher retirement age for new recruits

19. 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 that taking into account the views received during the consultation, including those from disciplined services staff bodies, and

⁶ 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\(04\)](#)).

subsequent discussion with the management of the disciplined services departments, it had suitably 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.

20. 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 that it was unfair to the 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.

21. The Administration advised that it was an established policy to keep the Government's MPF/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 to their employees in the private market. The Administration further advised that the design of the CSPF Scheme was characterized by progressive contribution rates by the Government in accordance with the civil servants' completed years of continuous service, which could serve to retain staff in the civil service.

Employment of retired civil servants

22. Members hoped that the Administration's plan to extend the service of civil servants would also focus on providing further employment opportunities for retired civil servants who were willing to work beyond 60 years of age.

23. Question was raised as to whether there would be a mechanism to prevent HoGs/HoDs from employing retired civil servants under the PRSC Scheme to fill and/or 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.

24. A Member sought information on the employment situation of retired civil servants, such as the number engaged in paid or unpaid work, full-time or part-time employment, and the types of work they undertook.

25. The Administration replied that it did not collate information on the employment situation of all retired civil servants. Relevant information available to the Administration regarding civil servants who were subject to control on post-service outside work might not present a full picture. As a general impression, the jobs generally took up by senior civil servants after retirement were related to non-commercial organizations, such as universities and voluntary agencies, whereas junior civil servants tended to take up paid employment after retirement.

Latest position

26. 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 20 February 2017.

Relevant papers

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

Extension of the service of civil servants

List of relevant papers

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

Meeting	Date of meeting	Paper
Council Meeting	16 May 2012	Official Record of Proceedings Pages 105 - 109 (Written question raised by Hon Mrs Regina IP)
	29 May 2013	Official Record of Proceedings Pages 102 - 106 (Written question raised by Hon CHAN Kin-por)
	22 April 2015	Official Record of Proceedings Pages 23 - 25 (Written question raised by Hon KWOK Wai-keung)
	9 November 2016	Official Record of Proceedings Pages 118 - 123 (Written question raised by Dr Hon Elizabeth QUAT)

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14 February 2017