

Legislative Council meeting on 5 June 2019
**Motion on “Improving the employment terms of civil Servants,
enhancing the efficiency of policy implementation and promoting
creativity and innovation”**

Progress Report

At the Legislative Council meeting on 5 June 2019, the 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 as amended by Hon HO Kai-ming and Hon Charles MOK was passed. The full text of the motion is at [Annex](#). This note briefs Members on the related developments.

Manpower and establishment

2. Since the start of the current-term Government, the civil service establishment has increased by 1.9% and 3.7% over the past two years¹. For the current financial year, the establishment is expected to grow by about 1.8%, or by 3 481 posts. The magnitude of growth of the civil service establishment for these three years is higher than the annual growth in establishment of about 1% in the past two terms of Government. Moreover, to reduce the impact of time-limited posts on the grades concerned and on civil servants, we have completed a review and have been converting a total of over 750 time-limited posts into permanent posts last year and in the current year. We will continue to suitably increase the manpower of the civil service having regard to the operational needs of departments, so as to support the implementation of new policy initiatives and improving existing services of various departments.

Reviewing the payroll cost of increments (PCIs) deduction arrangement under the civil service pay adjustment mechanism

3. The Government attaches importance to the concerns raised by the civil service staff side on the payroll cost of increments (PCIs) deduction arrangement. We have been communicating and exchanging views with the staff side representatives on that in order to explore feasible solutions. In this regard, the Chief Executive-in-Council (CE-in-Council), in considering the 2019-20 civil service pay adjustment exercise, has decided to set a cap on the PCIs to be deducted. Specifically, from 2019-20 onwards, the average PCIs for each salary

¹ It refers to 2017-18 and 2018-19.

band from 1989-90, i.e. the year when the PCIs deduction arrangement was first introduced, to 2019-20, or the actual PCIs for the particular salary band for the year, whichever is the lower, will be adopted for deriving the net PTI for that salary band². By adopting this approach, the methodology for determining the PCIs to be deducted has been refined to prevent the net PTIs from being further eroded. At the same time, the principle of “offsetting”³ behind the PCIs deduction arrangement can be preserved. This is a positive response of the Government to the issue which has affected staff morale and over which the staff side had expressed concern in the past. We hope that the Finance Committee of the Legislative Council will approve the 2019-20 civil service pay adjustment proposal as soon as possible such that this new arrangement regarding PCI could be put into effect.

Providing the option to extend service to civil servants under “old” terms

4. Regarding the extension of the service of civil servants, the Government launched in July 2018 the option of allowing serving civil servants in the civilian and disciplined services grades who joined the Government between 1 June 2000 and 31 May 2015 to choose to extend their retirement age to 65 and 60 respectively in order to tie in with the goal of expanding the labour force and to respond to the aspirations of our colleagues in the civil service. As for civil servants who joined the Government before 1 June 2000, most of them will reach their currently applicable retirement age in the next decade or so. Therefore, from the population policy and civil service management perspectives, there is no justification to also allow these officers to choose to retire at a later age. In particular, quite a number of civil servants who joined the Government before 1 June 2000 will retire soon. If these officers are also allowed to choose to extend their retirement age, departments may not have sufficient time to adjust their manpower planning accordingly and to address the management problems that may arise immediately, such as blockage to promotion and healthy turnover, and mismatch of human resources. All these will affect the planning and deployment of manpower resources in departments, and such situations should be avoided.

² In accordance with the established annual civil service pay adjustment mechanism, the PCIs of each salary band is deducted from the gross pay trend indicator (PTI) of that salary band from the Pay Trend Survey (PTS) to derive the net PTI.

³ The arrangement seeks to offset exceptional merit pay (that cannot be distinguished from the general merit pay) and in-scale increment that are available in the private sector.

5. Departments will, taking into account factors such as their overall manpower situation, genuine and operational needs as well as succession arrangement, continue to flexibly deploy various measures to extend the service of civil servants, including the Post-retirement Service Contract Scheme, final extension of service and the adjusted further employment mechanism, to retain experienced civil servants reaching their retirement age. Such measures provide different avenues for civil servants to serve beyond the retirement age.

Five-day week

6. As at 30 September 2018, around 75% of the then civil service strength (around 123 500 civil servants) were working on a Five-day Week (FDW) pattern. The relevant figure is the highest since the implementation of FDW in July 2006.

7. In compliance with the four basic principles of no additional staffing resources, no reduction in the conditioned hours of work of individual staff, no reduction in emergency services and continued provision of essential counter services on Saturdays/Sundays, the Government will continue to encourage those departments which have not fully implemented FDW to arrange for more of their civil servants to work under a FDW pattern or to explore the feasibility of revising the Leave Deduction Arrangement for non-FDW civil servants, and, where possible, arrange their civil servants to rotate to FDW posts. The Civil Service Bureau welcomes continued dialogue between the staff side and their departmental management to work out possible proposals for furthering FDW.

Increasing the number of annual leave days of civil servants under the new scheme

8. Generally speaking, the existing leave benefits enjoyed by civil servants are no less favourable than those offered in the private sector. There is sufficient flexibility under the current arrangements for civil servants to take leave to meet different personal and family needs, e.g., if an officer does not have sufficient leave balance, he may apply for taking advanced or unpaid leave if necessary. We also encourage departmental management to facilitate their staff in taking leave and to accord priority to leave applications on family care grounds, subject to their operations not being affected.

9. As a good employer, we maintain contact with the staff side and listen to their views, and may review the existing leave arrangements

where justified. In the past year, we have implemented the following two enhancements –

- (a) effective from the day when the 2018 Policy Address was announced (i.e. 10 October 2018), we have extended the maternity leave for all female government employees to 14 weeks to allow them more time to take care of their newborns. Over 780 employees had enjoyed the extended leave during the first six months of the implementation of the new initiative; and
- (b) beginning from 1 January 2019, we have increased the vacation leave accumulation limits (from two times to three times of the annual vacation leave earning rates of officers) for civil servants appointed on New Terms and Common Terms with ten years of service or more. This initiative has allowed them more flexibility in planning and taking vacation leave.

Providing Chinese medicine services for civil servants

10. Following the Chief Executive's announcement in her 2018 Policy Address of introducing Chinese medicine as part of the civil service medical benefits, we have immediately proceeded with working out the appropriate arrangements with the objective of providing the new service as soon as possible. After detailed consideration, we have decided to adopt the mainstream practice of civil service medical benefits, i.e. the new Chinese medicine clinics will provide designated Chinese medicine out-patient services which are confined to "treatment" only to civil servants and their eligible dependants free of charge. The scope of service will include general consultations and acupuncture services. To expedite the commencement of services, we plan to provide Chinese medicine services by way of a pilot scheme to set up Chinese medicine clinics for civil servants at two Chinese Medicine Centres for Teaching and Research, located respectively in the Eastern District of Hong Kong Island and Tsuen Wan of the New Territories. We plan to launch the pilot scheme in the first quarter of 2020.

Providing post-retirement medical and dental benefits to civil servants under new terms and their eligible dependants

11. The Government is fully aware of Members' concern and the staff side's request for provision of post-retirement medical and dental benefits for civil servants appointed on new terms on or after 1 June 2000.

As the new appointment system was introduced in response to the 1999 Civil Service Reform having taken into account the feedback received during the consultation stage, the need to meet the changes in the society, and the demands of the general public, the Government has no plan to change the current arrangements at this stage.

Innovation and technology training for civil servants

12. The Government adopts a multi-pronged approach to enhance training on innovation and technology (IT) applications for civil servants to support the implementation of the Smart City Blueprint for Hong Kong and encourage innovation in public services. The Government plans to provide such training to about 43 000 officers in 2019.

13. The IT training organised by the Civil Service Training and Development Institute (CSTDI) under the Civil Service Bureau focuses on enhancing the ability of senior civil servants to harness the potential of new technology applications and devise innovative services, and to strengthen middle-ranking civil servants' ability in implementing service innovation and applying practical knowledge and techniques in managing digital services.

14. CSTDI also partners with Mainland, overseas and local universities and technology institutions in organising workshops and thematic seminars on IT topics, as well as arranging visits and exchanges with IT practitioners. CSTDI also designs and uploads learning resources on IT topics to support on-line learning for civil servants.

15. Bureaux / Departments also provide IT training for their staff to meet their respective operational needs, including training on advanced IT-related topics such as innovative design, trends of new technology applications specific to their professional areas, big data analytics, artificial intelligence, blockchain, cloud computing, information technology project management and security, etc.

Inclusion of the IT profession in civil service professional grades and reviewing the arrangement of engaging IT contract staff through T-contract

16. According to the Innovation and Technology Bureau, classifying information technology (IT) related grades from the current general grade to professional grade of the civil service needs to be premised on an IT

professional recognition framework. The Government has previously considered establishing a unified professional recognition framework for local Information and Communications Technology professionals, and in 2012 set up the Task Force on Information and Communications Technology Professional Development and Recognition (Task Force) under the then Digital 21 Strategy Advisory Committee. In its report released in September 2015, the Task Force pointed out that as the industry and the public had not reached a general consensus on the relevant issues of a unified professional recognition framework, it would be very difficult to implement such a framework. Nowadays, the qualification requirements of IT practitioners in the industry keep evolving with the emergence of new technologies, adding to the difficulty in setting up a unified professional recognition framework. It is thus not an opportune timing to consider classifying IT-related grades as a professional grade of the civil service.

17. As regards the arrangement to engage IT contract staff through T-contract, it has provided bureaux/ departments (B/Ds) with the flexibility to meet the fluctuating IT manpower demand, and to tap into the latest expertise and a larger pool of professionals in the market. We consider it necessary to continue with the arrangement. OGCIO has stepped up the monitoring of the use of T-contract services since February 2019. If any B/Ds need to engage additional T-contract staff to provide services of a recurrent nature, prior approval from Directorate Officers must be obtained. In addition, OGCIO has reminded B/Ds that in their annual review of IT manpower requirements, they should consider bidding for the necessary resources under the annual Resource Allocation Exercise to create civil service posts for T-contract positions with long-term operational and service needs. OGCIO will continue to provide support to B/Ds, and to monitor the effectiveness of the related measures and conduct timely review.

Conclusion

18. It has been the Government's established practice to devise various policy initiatives to attract and retain talents. This is in line with Members' objectives. The Government will continue its efforts in maintaining communications with stakeholders, including both the management and staff sides, to address civil service issues of concern to Members.

Civil Service Bureau
August 2019

(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.