

立法會 *Legislative Council*

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Panel on Public Service

Meeting on 20 April 2020

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 initiative ("new initiative")³ 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. According to the information provided by the Administration at the meeting in March 2019 that as at 16 February 2019, out of some 56 000 Eligible Civil Servants, around 16 000 staff, comprising about 11 400 civilian staff (33% of eligible civilian staff) and 4 500 disciplined services staff (21% of eligible disciplined services staff), had taken the Option. All applicants should be accepted unless there were exceptional circumstances for individual cases where allowing the staff to take the Option would prejudice the interest of the public service.

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 period from the day when the Option is launched to the end of 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 for 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.

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.

New initiative

7. Members in general welcomed the implementation of the new initiative. On a member's query whether the new initiative might cause promotion blockage to younger civil servants, the Administration advised that since the majority of serving civil servants who joined the Government between 1 June 2000 and 31 May 2015 would reach their non-extended retirement age 15 to 25 years later, B/Ds would have sufficient time to make succession planning in a systematic manner. In addition, the retirement age of civil servants who joined after 31 May 2015 had been raised, promotion blockage should not be a major concern to staff.

8. Since the Option taken by Eligible Civil Servants is irrevocable, a member expressed his worry that some civil servants on new permanent terms ("NPT") who chose to take the Option might not be able to work subsequently before their new retirement age due to family or health reasons. The member requested the Administration to make flexible arrangement to allow these civil servants with special reasons to retire early. The Administration responded that under the proposed implementation framework, eligible civil servants taking the Option could retire during their extended service after giving the requisite notice.

9. As Eligible Civil Servants on disciplined services grades were only allowed to choose to retire at 60, a member suggested that the Administration should consider allowing them to choose to retire at 65 and deploying them to clerical positions or positions with less physical fitness requirements during their extended service. Due consideration should be given to avoiding promotion blockage, say, by creating new posts to accommodate them in order to make use of their experience and expertise.

10. In reply to a member's enquiry about the proposed changes to the retirement benefits system under the new initiative, the Administration explained that CSPF Scheme was the retirement benefits system for civil servants appointed on new civil service terms on or after 1 June 2000 and when they subsequently progressed onto NPT. In compliance with the parameter of keeping the Government's overall financial commitment to the CSPF Scheme within 18% of the salary cost, when the retirement age of civil servants appointed on or after 1 June 2015 was raised, 2015 CSPF Scale applicable to these civil servants was introduced. As the appointment terms and conditions

of Eligible Civil Servants who had taken the Option and civil servants appointed on or after 1 June 2015 would be largely the same, the Administration proposed that Eligible Civil Servants who had taken the Option should migrate to the 2015 CSPF Scale with effect from the implementation date of the Option.⁶

11. On members' enquiries on whether the fringe benefits, such as the annual leave earning rate, of Eligible Civil Servants would be affected if they took the Option and whether the flexible measures as mentioned in paragraphs 2(a) to 2(d) above to extend the service of civil servants were still applicable to them, the Administration advised that there would be no major changes to their fringe benefits for taking the Option and the flexible measures should continue to apply to them.

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

12. Some members opined that as the new initiative was unfair to serving civil servants who joined before 1 June 2000 and had adversely affected the staff morale, they urged the Administration to give this group of civil servants the same option to extend their service without selection so as to retain talents and facilitate the transfer of experience of civil servants.

13. The Administration explained that B/Ds would not have sufficient time to make succession planning in a systematic manner and address the promotion blockage issue if civil servants appointed before 1 June 2000 were allowed to extend their service by five years. By way of illustration, around 12 000 new recruits were appointed to the civil service in 2017-2018, while around 6 000 to 7 000 serving civil servants retired in the same year. If all retirees were allowed to extend their service for five years, the number of new recruits joining the Government would be reduced by as much as about 60%. It would not be conducive to a healthy turnover for the civil service. Since the majority of the Eligible Civil Servants would reach their current retirement age in 10 years' time before the labour force of Hong Kong was expected to become critical starting from 2030, the new initiative tied in well with the goal of expanding the labour force.

Adjusted mechanism on further employment of serving civil servants

14. Members 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

⁶ See footnote 4 on grandfathering arrangement as mentioned in paragraph 4(b).

an appeal mechanism to enhance transparency.

15. The Administration responded that the adjusted mechanism would be applicable to all grades and ranks and would be subject to oversight by CSB and the Public Service Commission 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.

Post-retirement Service Contract Scheme and Final extension of service beyond retirement age

16. In reply to the question on whether there was any target number for staff to be employed under the PRSC Scheme, the Administration advised that as long as there were operational needs, individual B/Ds could engage retired/retiring civil servants on contract terms.

17. Question was raised on whether there would be a mechanism to prevent Head of Departments/Head of Grades 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 natures 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 required civil servant expertise and/or experience.

18. In reply to a member's concern about applications for the final extension of service of serving civil servants beyond retirement age which were not approved by B/Ds, the Administration pointed out that as at 24 February 2019, i.e. three years after implementation of the revised arrangements, 8 725 applications were received by B/Ds, involving about 250 grades and nearly 500 ranks. Among them, 8 179 applications (94%) had been processed. Out of the processed applications, 6 318 applications were approved (approval rate of 77%) and the remaining 1 861 applications (23%) were rejected. The applications were rejected mainly due to the relevant B/Ds' operational needs, possible promotion blockage, and the performance of individual staff, etc.

Motion debate at Council meeting

19. A motion was passed by the Council at the 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

20. 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 April 2020.

Relevant papers

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

Council Business Division 4
Legislative Council Secretariat
9 April 2020

(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

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>