

For information on
19 January 2015

Legislative Council Panel on Public Service

Extension of the Service of Civil Servants

Purpose

This paper briefs Members on the way forward for extending the service of civil servants, taking into account the feedback received through the related consultation and examination of the relevant issues including financial implications.

Background

Consultation on extension of the service of civil servants

2. In the face of the demographic challenges arising from an ageing population and a shrinking labour force, the Government, being the largest employer in Hong Kong, considered it an opportune time to examine possible options for extending the working life of civil servants so as to enable us to better respond to such challenges. At the same time, in anticipation of the higher wastage of civil servants in the coming years mainly due to the expansion of the Civil Service in the 1980s, we needed to examine whether there would be any operational and/or succession issues requiring to be addressed.

3. Against the above backdrop, the Civil Service Bureau (CSB) conducted a study to assess the manpower and retirement situation in the Civil Service in the coming years, and to examine possible options for extending the service of civil servants after their retirement. Subsequently, CSB released on 3 April 2014 the consultation paper on “Extension of the Service of Civil Servants” (the “Consultation Paper”) for a four-month consultation until 2 August 2014. At the Panel meeting on 25 April 2014, the Administration briefed Members on the consultation vide LC Paper No. CB(4)571/13-14(05).

4. To recap, taking into account the relevant objectives and guiding principles set out in the Consultation Paper (please refer to

Annex A), a flexible retirement and employment package embracing the following initiatives has been proposed –

- (a) to adopt a higher retirement age for civil service new recruits as from a future date. Specifically, we propose that the retirement age of new recruits for the civilian grades be extended by five years to 65. For the disciplined services, we propose that the retirement age for new recruits of all the disciplined services grades, regardless of their ranks, be set at 57, but may be further extended up to the age limit of 60 subject to an annual suitability assessment;
- (b) to make suitable adjustments to the existing mechanism on further employment of civil servants so that Heads of Grade/Department (HoGs/HoDs) would have more flexibility to retain experienced officers beyond their retirement age under the current further employment terms to meet specific operational and/or succession needs against the backdrop of a higher wastage of civil servants in the coming years (e.g. allowing a longer period for further employment (in any case, such period should, in total, not be more than five years) subject to relevant conditions being met, including well justified operational and/or succession needs, no undue promotion blockage, good performance and physical fitness; and relaxing suitably the approval criteria);
- (c) to introduce a new Post-retirement Service Contract (PRSC) Scheme for engaging retired civil servants on contract terms, on a targeted basis, to fill non-directorate positions for undertaking ad hoc duties requiring specific civil service expertise or experience; and
- (d) to streamline the control regime of post-service employment for non-directorate civil servants at junior ranks to facilitate their taking up of outside work after retirement, if they so wish.

Major feedback received through the consultation

5. During the consultation period, a total of 371 submissions were received from the public (including individuals claiming themselves as civil servants), the grade/departmental management, the staff side of Departmental Consultative Committees, civil service staff bodies and

non-civil service parties concerned through different consultative platforms (please refer to **Annex B** for details).

6. In sum, the majority of respondents agree, or have no in-principle objection, to the proposed direction of extending the service of civil servants. They generally concur that the proposal will enable the Government to keep pace with the demographic changes of society, provide flexibility to meet the operational and succession needs of individual grades/departments, and meet the aspirations of different cohorts of civil servants. On the other hand, quite a number of respondents from the public and individuals claiming themselves as civil servants consider that the service of civil servants should not be extended to avoid possible adverse impacts on the promotion prospects of serving officers, employment prospects of younger generations, performance standard of the Civil Service and/or public finance.

7. As mentioned in paragraph 4 above, we have proposed four flexible retirement and employment initiatives in the Consultation Paper. The major views received on individual proposed initiatives are summarised below –

(a) *Higher retirement age for new recruits*

While the majority of respondents support the direction of raising the retirement age for new recruits, staff bodies from the disciplined services consider it unfair to require only new recruits of the disciplined services grades to undergo an annual suitability assessment after 57 up to the age limit of 60 when the proposed extension of retirement age by five years from 60 to 65 for new recruits of the civilian grades is unconditional.

(b) *Adjusted further employment mechanism*

The staff sides hold the view that all serving civil servants, in particular those who have been appointed on or after 1 June 2000 and on New Permanent Terms (NPT) of appointment (i.e. those on the Civil Service Provident Fund (CSPF) Scheme¹),

¹ The CSPF Scheme is the retirement benefits system for civil servants appointed on or after 1 June 2000 and on NPT of appointment. Under the CSPF Scheme, the Government's contribution, inclusive of mandatory and voluntary contributions, would increase progressively with years of service in accordance with a contribution scale. Disciplined services officers are provided with an additional Special Disciplined Services Contribution (SDSC), currently at a rate of 2.5% of the basic salary, in recognition of their earlier retirement age vis-à-vis civilian staff. CSPF officers

should be given the option to extend (or not) 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. On the other hand, the grade/departmental management unanimously consider that applications for further employment should be subject to a fair and objective selection process by the management to avoid manpower mismatch, and adverse impacts on promotion prospects of serving officers and healthy turnover for the Civil Service.

In addition, quite a number of respondents have expressed concerns about the selection process under the further employment mechanism. They consider that clear and suitable guidelines should be drawn up to ensure transparency and objectivity and to avoid creating a culture of cronyism or flattery in the Civil Service.

(c) *New PRSC Scheme*

The grade/departmental management are in support of the proposed PRSC Scheme as it would provide flexibility for adjusting staffing level and staff mix to meet their operational and succession needs. On the other hand, less than half of the respondents from the staff sides have provided views on this initiative. Generally, these respondents support, or have no objection to, the PRSC Scheme given its minimal impacts on the civil service system, including its establishment and retirement benefits.

(d) *Streamlining control regime on post-service outside work²*

The grade/departmental management largely agree that this proposed initiative would help remove unnecessary barriers for junior non-directorate civil servants to continue to stay in the work force after retirement from the Civil Service and save

may withdraw the accrued benefits attributable to the Government's voluntary contribution upon leaving the Civil Service at the prescribed retirement age.

² The current control regime on post-service outside work is underpinned by the pensions legislation, relevant Civil Service Regulations (CSRs) and CSB circulars. The control regime seeks to ensure that no impropriety is involved in retired civil servants taking up post-service outside work. Civil servants retiring on pensionable terms are required to seek prior approval from the authority before taking up outside work in the first two years of retirement. Currently, blanket permission is granted to pensionable civil servants remunerated on the Model Scale 1 Pay Scale to take up post-service outside work after retirement.

administrative cost in processing these applications. Some respondents point out that due caution should be exercised in drawing the line of grades/ranks that would be eligible for blanket permission to forestall any real or perceived conflict of interests.

Way forward

8. We have critically assessed the feedback received through the consultation against the objectives and guiding principles adopted in drawing up the four proposed initiatives in the Consultation Paper (**Annex A**). We have also commissioned a consultant to conduct an actuarial study on the financial implications on the Government's contributions under the Mandatory Provident Fund (MPF) Scheme and the CSPF Scheme should we decide to extend the retirement age. Having regard to the outcome of the above analyses and following consultation with the Executive Council (ExCo), we will adopt the four initiatives proposed in the Consultation Paper with suitable refinements and/or appropriate mechanisms. Specifically –

- (a) we plan to raise the retirement age of new recruits joining the Civil Service from around mid-2015 to –
 - (i) 65 in respect of the civilian grades;
 - (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, the scale of the Government's contributions to the CSPF Scheme for new recruits joining the Civil Service will be revised to keep the Government's overall financial commitment within 18% of the salary cost;
- (c) the present mechanism for further employment of civil servants beyond retirement age will be adjusted by –
 - (i) institutionalising the selection process by reference to the modus operandi for promotion and recruitment;
 - (ii) allowing a longer period of further employment up to a maximum of five years beyond the normal/prescribed

retirement age;

- (iii) relaxing the approval criteria for further employment;
and
 - (iv) extending the coverage of further employment to officers appointed on NPT in the form of extension of CSPF service;
- (d) a new PRSC Scheme will be introduced for bureaux/departments (B/Ds) to engage retired civil servants on contract terms, on a targeted basis, to undertake ad hoc duties (including time-limited or part-time ones) which require specific civil service expertise or experience; and
- (e) the blanket permission for taking up post-service outside work after retirement will be extended to cover some 150 junior ranks of non-directorate civil servants whose maximum pay points do not exceed Master Pay Scale (MPS) Point 20 or equivalent.

Salient points are highlighted in the ensuing paragraphs.

(a) Higher retirement age for new recruits

9. The initiative of raising the retirement age of new recruits to enable the Government to better respond to the demographic challenges arising from an ageing population has received wide support. We will adopt the initiative proposed in the Consultation Paper with suitable refinements. Specifically, we will raise the retirement age of new recruits to the civilian grades from 60 to 65 as proposed in the Consultation Paper. As regards the disciplined services grades, taking into account the feedback received through the consultation and our subsequent discussion with the management of the disciplined services departments, we will raise the retirement age of disciplined services new recruits from 55/57³ to 60, regardless of their ranks. In view of the job nature and distinct physical requirements of the disciplined services grades, we consider it appropriate to maintain a difference of five years in the retirement ages for the disciplined services and civilian grades.

³ Currently, under the New Pension Scheme (NPS) and the CSPF Scheme, the prescribed/normal retirement age for disciplined services officers is 55 or 57 (depending on rank).

10. The CSPF design is characterised by progressive contribution rates by the Government depending on the civil servants' completed years of continuous service, which would reach 25% upon completion of 30 years of continuous service. If the existing contribution scale of the CSPF Scheme remains unchanged, the new recruits who would be subject to a higher retirement age of 60/65 would have a longer period of time to enjoy the higher contribution rates. According to the actuarial study, the Government's expenditure on annual MPF/CSPF contributions is projected to increase by the peak of \$12.8 billion to \$106.5 billion in 2084, representing an annual contribution rate of 19.6% (i.e. the percentage of the Government's overall contribution over the overall salary cost) for that year. The long-term average contribution rate (i.e. the average of annual contribution rates over the second half of the projection period covered by the study) will increase from the current level of 18.0% to 19.2%, exceeding the 18% endorsed by ExCo in 2001.

11. To maintain the Government's MPF/CSPF contributions at 18% of the overall salary cost, we will adjust the CSPF contribution scale for new recruits by lengthening the years of service in order to jump to the next contribution scale. Given that the difference between the retirement age of new recruits to the civilian grades (65) and disciplined services grades (60) will remain as five years, the SDSC applicable to disciplined services staff will remain at the existing rate of 2.5%. The existing and adjusted CSPF contribution scales are set out in the table below –

CSPF contribution rate	Existing completed years of continuous service on civil service terms (in years)	Revised completed years of continuous service for next contribution scale (in years)
5%	Below 3	Below 3
15%	3 – below 15	3 – below 18
17%	15 – below 20	18 – below 24
20%	20 – below 25	24 – below 30
22%	25 – below 30	30 – below 35
25%	30 and above	35 and above

Note: The SDSC for the disciplined services will remain at the existing level of 2.5%.

With the above adjusted contribution scale, the Government's expenditure

on annual MPF/CSPF contributions will, according to the actuarial study, be \$98.9 billion in 2084, representing an annual contribution rate of 18.2% for that year. The long-term average contribution rate will be maintained at 18%.

12. We have raised in the Consultation Paper the question as to whether there would be merits in adopting a phased approach in introducing a higher retirement age. The consultation feedback indicates that any adverse impacts arising from an one-off increase of retirement age, such as promotion blockage during the several years before the new recruits who are subject to a higher retirement age retire, would likely be smoothed out by different age groups of new recruits joining over a lengthy period. Besides, a phased approach in introducing a higher retirement age might be confusing and result in administrative burdens when different retirement ages would be applicable to different batches of new recruits during the transition period. Given the foregoing, we have decided that a phased approach should not be pursued.

(b) Adjusted further employment mechanism

13. The current exercise seeks to introduce measures for the Civil Service, as part of the entire working population, to take early action in responding to demographic challenges which are known to be coming in future years while ensuring operational effectiveness of B/Ds in the interim. For new recruits who will retire several decades later, there is a clear case to raise their retirement age given the latest population forecasts. The considerations for serving officers are more complicated, especially where there will be no anticipated significant succession or recruitment problems across-the-board over the coming decade or so. The management problems that may come with automatic extension of the service of serving officers without corresponding expansion of establishment and reference to performance and skill set, including manpower mismatch, promotion blockage and lack of healthy turnover, should be avoided. These concerns are fully shared by bureau/departmental management.

14. The challenges brought about by an ageing population to B/Ds is a dynamic process which would require a flexible solution to deal with. Instead of delineating which categories of serving officers (say, by grades/ranks or terms of appointment) should be subject to a higher retirement age which is impractical and divisive, it is advisable 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 vary from grade to grade and from time to time. In this regard, we see 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.

15. The existing further employment mechanism is already subject to checks and balances by CSB and the Public Service Commission (PSC) as appropriate. To further address staff's concern, we will institutionalise a selection process such that the openings for further employment will be determined in a reasonable and objective manner and that applications for further employment will be assessed by a fair and objective process. We will draw up detailed guidelines by making reference to the modus operandi for promotion and recruitment under which selection boards will be convened to consider applications for further employment.

16. The specific adjustments to enhance the flexibility of the further employment mechanism proposed in the Consultation Paper have received general support. We will adopt the adjustments as set out below –

- (a) allowing a longer period of further employment:
 - (i) in respect of final extension, to 120 days from the current maximum period of 90 days; and
 - (ii) in respect of all further employment cases other than final extension, up to a total duration of five years but subject to periodic review for those cases with a longer duration; and
- (b) allowing the transfer of expertise or experience to younger officers as an additional acceptable justification for all further employment cases, including final extension, apart from the existing criteria of genuine need to retain the officers for a specified period as so to meet special operational/succession needs.

17. The coverage of the further employment mechanism, on equity grounds, will be extended to officers on NPT of appointment⁴. Also, the principles and spirits of the adjusted mechanism on further employment will equally apply to agreement officers appointed on a fixed-term duration. For the terms and conditions for further employment of officers on NPT of appointment, having regard to the relevant arrangements applicable to serving officers on NPS terms, further employment of these NPT officers will be in the form of extension of CSPF service whereby the service during the further employment period will be counted in arriving at the number of completed years of continuous service for the purpose of determining the applicable CSPF contribution rates and the Government's voluntary contribution will be vested in them upon completion of the further employment period. For serving officers on pensionable and agreement terms, the terms and conditions of further employment and extension/renewal of agreement will remain unchanged.

(c) New PRSC Scheme

18. The initiative of providing B/Ds with additional flexibility, under a new PRSC Scheme, for employing retired civil servants on contract terms to fill non-directorate positions to perform ad hoc/time-limited/seasonal tasks which require civil servant expertise and/or experience is generally welcomed by the management and staff sides. The Scheme will enable HoGs/HoDs to adjust their staffing level and staff mix to meet operational needs; facilitate transfer of expertise or experience by tapping the talent pool of retired civil servants; and ensure the quality, efficiency and cost-effectiveness of service delivery through flexible deployment of manpower resources (e.g. part-time staff).

19. The PRSC positions will be open to applications by civil service retirees and applications are subject to selection by the management through a transparent and objective process. The salaries of the PRSC positions should be no better than the pay level of comparable civil service ranks and the pay package will be all inclusive without job-related allowances or other benefits.

⁴ At present, there is no specific provision in the CSRs for further employment of officers on NPT of appointment beyond their normal retirement age.

(d) Streamlining control regime on post-service outside work

20. The initiative of streamlining the control regime on post-service outside work for non-directorate civil servants at junior ranks is generally supported by both management and staff. In consultation with HoGs/HoDs, we have identified some 150 junior ranks, whose maximum pay points do not exceed MPS Point 20 or equivalent, as suitable ones for being given the blanket permission for taking up outside work after retirement. Examples include Cultural Services Assistant, Postman, etc.

21. To further assure the integrity of the control mechanism, we will subject the blanket permission in paragraph 20 above to the conditions that (a) the non-directorate civil servant has had no past dealings with the prospective employer in his last two years of government service; and (b) the non-directorate civil servant has to comply with standard work restrictions in his taking up of the post-service outside work which are mainly prohibitions from getting involved in the bidding for government contracts/tenders/projects, etc. Retired civil servants who do not meet, or who do not want to be subject to, the above conditions can still apply to their HoGs/HoDs for approval to take up the outside work concerned.

Next steps

22. CSB will, in consultation with grade/departmental management, staff sides and other relevant parties (including PSC), hammer out the implementation details, guidelines, necessary amendments to CSRs, etc. Our target is to raise the retirement age for new recruits joining the Civil Service from around mid-2015 and formulate implementation details for the remaining initiatives as set out in paragraph 8.

Advice sought

23. Members are invited to note the content of this paper.

**Civil Service Bureau
January 2015**

**Flexible Retirement and Employment Initiatives Proposed in the
Consultation Paper on “Extension of the Service of Civil Servants”
(the “Consultation Paper”)**

Objectives and Guiding Principles

- As set out in paragraph 3.2.1 of the Consultation Paper, we propose to adopt a holistic approach which embraces a range of flexible retirement and employment initiatives with a view to serving the following objectives –
 - (a) keeping pace with the demographic changes of society so that the Civil Service, as part of the entire working population, can better respond to the economic and social challenges arising thereof, and setting an example to the private sector and other public bodies to follow; and
 - (b) addressing the different operational and succession needs of individual grades/departments having regard to the needs to maintain effective management and to meet the aspirations of different cohorts of civil servants.

- Paragraph 3.2.2 of the Consultation Paper has also highlighted that in devising the retirement and employment initiatives, we are guided by the following principles –
 - (a) relevant employment initiatives should be participated by serving or retired civil servants on a voluntary basis. Such initiatives should allow staff to continue to make contributions beyond their retirement age, while enabling Heads of Grade/Heads of Department (HoGs/HoDs) to retain experience and expertise of retirees to meet operational and/or succession needs. Consideration of applications for the employment initiatives would need to be processed by HoGs/HoDs by going through a transparent and objective selection process;

- (b) balance has to be struck between the need to provide sufficient incentives for serving or retired civil servants to take up employment after their retirement and to ensure prudent use of public funds;
- (c) liabilities on retirement benefits particularly the pension liabilities should be contained so as to minimise additional costs that may be incurred by taxpayers; and
- (d) due regard should be given to the need to minimise adverse impacts on the promotion prospects of serving officers and healthy injection of new blood to the Civil Service.

Consultation on Extension of the Service of Civil Servants

Summary of Major Views Received/Collected

Background

The Civil Service Bureau had conducted a consultation on extension of the service of civil servants during the period from 3 April to 2 August 2014. The consultation paper set out the proposed initiatives for extending the service of civil servants so as to enable the Government to keep pace with the demographic changes of society, while providing flexibility to meet the operational and succession needs of individual grades/departments.

Analysis of Feedback Received

2. Upon the end of the consultation period on 2 August 2014, we have received a total of 371 submissions from the public (including individuals claiming themselves as civil servants), grade/departamental management, staff side of Departmental Consultative Committees (DCCs), civil service staff bodies and non-civil service parties. In addition, during the consultation period, we have collected/received views and suggestions through different consultative platforms, including briefings for the staff side of DCCs and civil service staff bodies, meetings with bureau/departamental management, meetings with the Legislative Council Panel on Public Service, and briefings for advisory bodies concerned (viz. the Advisory Committee on Post-service Employment of Civil Servants, the Public Service Commission, the Standing Committee on Disciplined Services Salaries and Conditions of Service, and the Steering Committee on Population Policy). The major points made in the submissions/received through the consultative platforms are summarised in paragraphs 3 to 18 below.

Summary of Major Views on Proposed Initiatives

3. In sum, the majority of respondents agree, or have no in-principle objection, to the proposed direction of extending the service of civil servants. They generally concur that it will enable the Government to keep pace with the demographic changes of society, provide flexibility to meet the operational and succession needs of individual grades/departments, and meet the aspirations of different cohorts of civil servants. On the other hand, quite a number of respondents from the public and individuals claiming themselves as civil servants consider that the service of civil servants should not be extended to avoid possible adverse impacts on the promotion prospects of serving officers, employment prospects of younger generations, performance standard of the Civil Service and/or public finance.

A. Higher Retirement Age for New Recruits

4. The consultation paper has proposed –

- (a) extending the retirement age of new recruits for the civilian grades by five years to 65, and setting the retirement age of new recruits for all the disciplined services grades, regardless of their ranks at 57, which may be further extended up to the age limit of 60 subject to an annual suitability assessment;*
- (b) examining the financial implications of this proposal in greater detail (particularly the Government's voluntary contributions under the Civil Service Provident Fund (CSPF) Scheme); and*
- (c) assessing whether a phased approach would be adopted in introducing a higher retirement age by applying a higher retirement age to new recruits progressively.*

5. The majority of respondents support the direction of raising the retirement age for new recruits. That said, staff bodies from disciplined services consider it unfair to require only new recruits of disciplined services grades to undergo an annual suitability assessment after 57 while noting that the proposed extension of five years for new recruits of civilian grades is unconditional. They request that the retirement age for new recruits of

disciplined services grades should be raised to 65 (i.e. the same as that for new recruits of civilian grades), or at least to 60 without the need to go through the annual suitability assessment proposed in the consultation paper.

6. It is also noted that among different groups of respondents who have expressed views on this initiative, those from the public and individuals claiming themselves as civil servants show the lowest support rate. These respondents have expressed concern about possible adverse impacts on the promotion prospects of serving officers and employment prospects of younger generations, performance standard of the Civil Service and/or public finance.

7. Views are mixed on the issue of financial implications (i.e. the Government's voluntary contributions under the CSPF Scheme) and the need for a phased approach in introducing a higher retirement age. On the former, a few respondents from the disciplined services staff bodies request that the Government should provide grades whose new retirement age is set at below 65 with special contribution under the CSPF Scheme to maintain the overall relativity in terms of CSPF benefits in recognition of their earlier retirement age vis-à-vis that for new recruits of civilian grades. On the issue of phased approach, only a few respondents have provided views and more than half of them do not support such idea.

B. Further Employment Mechanism

8. The consultation paper has proposed –

(a) making suitable adjustments to the further employment mechanism for retaining experienced officers beyond their retirement age, including:

(i) allowing a longer period of further employment other than final extension of service, subject to the relevant conditions being met. In any case, such period should, in total, not be more than five years;

(ii) relaxing suitably the approval criteria for further employment;

- (iii) raising suitably the maximum period for final extension which is currently set at 90 days, to say, 120 days, and relaxing suitably the approval criteria; and*
 - (iv) extending the coverage to officers on new terms of appointment.*
- (b) further employing officers under the current further employment terms;*
- (c) continuing to vet applications for further employment through a transparent and objective selection process by Heads of Grade/Heads of Department (HoGs/HoDs) having regard to the relevant factors (including genuine operational and/or succession needs, no undue promotion blockage, good performance, conduct and physical fitness, and periodic review of the duration of further employment); and*
- (d) officers on further employment should not be eligible for consideration for promotion during the further employment.*

9. While the majority of respondents support the general direction of providing flexibility to further employ civil servants beyond retirement age, the staff sides (i.e. the staff side of DCCs and civil service staff bodies which have put forth submissions) do not agree to the proposed adjustments to the further employment mechanisms set out in the consultation paper. Specifically, citing the example of the introduction of the New Pension Scheme (NPS) in 1987, the staff sides have held the view that all serving civil servants, in particular those who have been appointed on or after 1 June 2000 and on New Permanent Terms of appointment (i.e. those on the CSPF Scheme), should be given the option to extend (or not) 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. Such view is shared by quite a number of individuals claiming themselves as civil servants, some respondents from the public and the non-civil service parties. On this, the grade/departmental management unanimously consider that applications for further employment should be subject to a fair and objective selection process by the management to avoid manpower mismatch, and minimize adverse impacts on promotion prospects of

serving officers and a healthy turnover of the Civil Service.

10. Similar to the initiative of introducing a higher retirement age for the new recruits, among different groups of respondents who have given views on this initiative, those from the public and individuals claiming themselves as civil servants show the lowest support rate to the proposed adjustments to the further employment mechanism. Those respondents who do not support this initiative are concerned about the adverse impacts on the employment prospects of younger generations, promotion prospects of serving officers and hence staff morale, performance standard of the Civil Service, a healthy turnover of the Civil Service and financial liabilities on retirement benefits, tensions between the management and the staff applying for further employment, additional resources involved in processing large number of applications, and a culture of cronyism or flattery.

11. It is noted that quite a number of respondents from each group, irrespective of whether they support this initiative or not, have expressed concerns about the selection process under the further employment mechanism. They consider that clear and suitable guidelines should be drawn up to ensure transparency, fairness and objectivity and to avoid creating a culture of cronyism or flattery in the Civil Service. On this, the grade/departmental management and a few respondents (including individuals claiming themselves as civil servants and non-civil service parties) have suggested making reference to existing mechanisms that have proven to be effective. For example, consideration could be given to adopting a mechanism similar to the promotion board mechanism for selecting officers to be further employed, under which further employment would be resorted to if the promotion boards could not identify sufficient number of officers to fill vacancies at the promotion ranks concerned.

C. *New Post-retirement Service Contract (PRSC) Scheme*

12. The consultation paper has proposed –

- (a) introducing a new PRSC Scheme for engaging retired civil servants on contract terms, on a targeted basis, to fill non-directorate positions for undertaking ad hoc/time-limited duties requiring*

specific civil service expertise or experience;

- (b) the age limit of 65 for civilian staff and 60 for disciplined services staff may generally apply to the PRSC appointment;*
- (c) the salaries of the PRSC positions should be no better than the pay level of comparable civil service ranks, but position holders are not entitled to other civil service fringe benefits generally;*
- (d) contract positions created under the Scheme should be fully justified on the basis of the operational and/or succession needs, and subject to resource availability; and*
- (e) applications for contract positions should be subject to a transparent and objective selection process by HoGs/HoDs.*

13. The grade/departmental management are in support of the proposed PRSC Scheme as it would provide flexibility for adjusting staffing level and staff mix to meet operational and succession needs. Less than half of the respondents from the staff sides and the non-civil service parties, and only a small number of those respondents from the public and individuals claiming themselves as civil servants have provided views on this initiative. Generally, these respondents support, or have no objection to, the PRSC Scheme given its minimal impacts on civil service system, including its establishment and retirement benefits. The few respondents who do not support/have reservation about the PRSC Scheme are mainly concerned that contract staff could not undertake enforcement duties of the disciplined services grades, and engagement of contract staff to perform duties of or similar to disciplined services grades would adversely affect the career development and promotion prospects of serving disciplined services officers, and injection of new blood into the disciplined services.

14. Similar to the initiative of making adjustments to the further employment mechanism, some of the respondents have raised concern about the selection process under the PRSC Scheme. They consider that applications for PRSC positions should be subject to a fair and objective selection process by the management, and clear guidelines on approval mechanism and relevant arrangements should be devised to avoid favouritism in processing applications.

There is also concern that the proposed PRSC Scheme might be perceived as favouring the retired civil servants.

15. In addition, views are diverse with regard to the package proposed for retired civil servants holding the PRSC positions. While a few respondents agree that the salaries of the PRSC positions should be no better than the pay level of comparable civil service ranks and position holders are not entitled to other civil service fringe benefits, some consider that these contract staff should be offered salaries and fringe benefits, in particular medical benefits, comparable to those enjoyed by them before retirement, or allowed to enjoy fringe benefits being provided to serving civil servants at comparable ranks.

D. Streamlining Control Regime on Post-service Outside Work

16. The consultation paper has proposed: *streamlining the control regime of post-service employment for non-directorate civil servants at junior ranks by extending the blanket permission to take up post-service outside work after retirement to non-Model Scale 1 Pay Scale frontline and supporting civil servants, say, those holding positions below a certain pay point.*

17. The grade/departmental management largely agree that this proposed initiative would help remove unnecessary barriers for junior non-directorate civil servants to continue to stay in the work force after retirement from the Civil Service and save administrative cost in processing these applications. On the other hand, most of the respondents from other groups have not expressed particular views on this proposal. Of the few respondents who have given views, the majority are generally in support of the proposed direction of streamlining the regime. That said, a few respondents have raised concern that the line for blanket permission may not be set too low having considered that certain ranks whose maximum pay points are not too high are required to perform contract management duties and have frequent contacts with the contractors, or have access to sensitive business information. A few other respondents have pointed out that due caution should be exercised in drawing the line of grades/ranks that would be eligible for blanket permission to forestall any real or perceived conflict of interests.