

For information on
21 June 2010

Legislative Council Panel on Public Service
Revision to the '3+3' Civil Service Entry System

Purpose

This paper informs Members on the implementation date and the estimated financial implications for revising the entry system for recruitment to the basic ranks in the Civil Service.

Background

2. In April 2010, we consulted this Panel, the Staff Sides and the Public Service Commission (PSC) on a proposal to remove the three-year agreement period currently required of a new recruit to a basic rank (i.e. the second limb of the '3+3' system) before he can be considered for appointment on permanent terms. The parties consulted are supportive of our proposal. This Panel and the Staff Sides have requested the Administration to effect the proposal as soon as possible.

Implementation date

3. In consultation with departmental/grade management, we have formulated the implementation arrangements to effect the change to the '3+3' system. We intend to implement the revision to the '3+3' system with effect from 1 July 2010. All new recruits appointed to the basic ranks in the Civil Service on or after 1 July 2010, save for those to grades where prior approval from the Civil Service Bureau (and advice from PSC where applicable) has been obtained for variations to the entry system, will be considered for permanent appointment upon satisfactory completion of their probationary period.

4. We will provide transitional arrangements for serving officers appointed under the '3+3' system. In gist, serving probationers will be considered for permanent appointments upon satisfactory completion of their probationary period. Officers who have completed their

probationary period and are serving the second limb of the '3+3' system will be invited to opt for permanent appointment with effect from 1 July 2010 or to continue to serve out their existing agreements. The suitability of serving officers for permanent appointment will be assessed in accordance with the established arrangements.

5. We estimate that as at 1 July 2010, there are 12 251 officers appointed under the '3+3' system, of whom 8 556 are serving on new probationary terms (i.e. in the first limb of the '3+3' system), 2 042 are on new agreement terms (NAT) (i.e. in the second limb of the '3+3' system) and 1 653 officers on new permanent terms (NPT) (i.e. already confirmed to the permanent establishment)¹. A breakdown of these officers by bureaux and departments is at Annex A. A breakdown of the officers serving on NAT by years of service is at Annex B.

Financial implications

6. With the removal of the second-limb of the '3+3' system, serving probationers and future recruits will be considered for permanent appointments upon completion of their probationary period. The Administration will make voluntary contributions under the Civil Service Provident Fund (CSPF) scheme in respect of the 4th to 6th years of service of serving probationers and future recruits, *in lieu* of any gratuity payment for the second limb of the '3+3' system. Since most of the grades subject to the '3+3' system currently offer a 15% gratuity to appointees during their three-year agreement period, and since such gratuity rate is the same as the Government's contribution rate under the CSPF Scheme for staff with three to less than 15 completed years of service, the financial implication of the proposal would not be substantial. In this regard, the maximum one-off additional expenditure arising from any differences between the gratuity rates for various grades and the contribution rate under the CSPF Scheme is estimated to be around \$41 million.

7. The modification to the '3+3' system would entail some additional cash flow requirement, in the form of advanced payment for contract gratuity and CSPF contributions, in 2010-11. At present, gratuity will only be paid at the end of the three-year agreement period. Under the transitional arrangements in paragraph 4 above, *pro-rata* contract gratuity payments will be made within 2010-11 for serving agreement officers who opt and are found suitable for immediate permanent

¹ The figures exclude direct entrants to supervisory ranks (who are appointed on agreement terms) and recruits to the disciplined services grades (who are offered appointment on permanent terms after satisfactory completion of the probationary period).

appointments. We estimate that the maximum additional cash flow requirement for such payments would be about \$53 million in 2010-11. However, the actual amounts would depend on the number of serving agreement officers who opt and are found suitable for immediate permanent appointments. We will seek the approval of the Finance Committee for supplementary provision in this respect, if required.

8. Under the existing '3+3' system, the Government will not need to make voluntary CSPF contributions until the commencement of the 7th year of service. With the removal of the three-year agreement period, such contributions would be made within 2010-11 for serving probationers who are considered suitable for permanent appointments upon completion of their probationary period; and for serving agreement officers who opt and are found suitable for immediate permanent appointment. We estimate that the maximum additional cash flow requirement would be about \$56 million in 2010-11, and the estimated additional requirement for individual Heads of expenditure in 2010-11 would not exceed \$10 million². We shall approve under delegated authority the supplementary provision required under individual Heads of Expenditure, if any.

Advice sought

9. Members are invited to note the contents of this paper.

Civil Service Bureau
June 2010

² The officers concerned are working in different bureaux and departments. Hence, the additional cash flow requirement for CSPF contribution under individual Heads of expenditure in 2010-11 would be no more than \$10 million.

Terms of Appointment of officers appointed under the '3+3' entry system as at 1.7.2010

| Bureau/Department | No. of officers serving on | | | Total |
|--|----------------------------|---------------------|---------------------|-------|
| | New Probationary Terms | New Agreement Terms | New Permanent Terms | |
| Agriculture, Fisheries and Conservation Department | 205 | 57 | 59 | 321 |
| Architectural Services Department | 159 | 35 | 11 | 205 |
| Audit Commission | 15 | 3 | 1 | 19 |
| Auxiliary Medical Service | 4 | 0 | 1 | 5 |
| Buildings Department | 153 | 56 | 30 | 239 |
| Census and Statistics Department | 78 | 28 | 8 | 114 |
| Chief Executive's Office | 3 | 0 | 4 | 7 |
| Civil Aid Service | 5 | 0 | 2 | 7 |
| Civil Aviation Department | 94 | 43 | 39 | 176 |
| Civil Engineering and Development Department | 126 | 35 | 49 | 210 |
| Civil Service Bureau | 16 | 5 | 7 | 28 |
| Commerce and Economic Development Bureau | 29 | 15 | 13 | 57 |
| Companies Registry | 17 | 2 | 0 | 19 |
| Constitutional and Mainland Affairs Bureau | 17 | 7 | 6 | 30 |
| Correctional Services Department | 53 | 9 | 3 | 65 |
| Customs and Excise Department | 54 | 2 | 4 | 60 |
| Department of Health | 664 | 216 | 58 | 938 |
| Department of Justice | 113 | 17 | 27 | 157 |
| Development Bureau | 21 | 5 | 3 | 29 |
| Drainage Services Department | 142 | 38 | 17 | 197 |
| Education Bureau | 216 | 56 | 337 | 609 |
| Electrical and Mechanical Services Department | 297 | 41 | 36 | 374 |
| Environment Bureau | 0 | 2 | 2 | 4 |
| Environmental Protection Department | 79 | 11 | 76 | 166 |
| Financial Services and the Treasury Bureau | 23 | 10 | 9 | 42 |
| Fire Services Department | 18 | 5 | 1 | 24 |
| Food and Environmental Hygiene Department | 1023 | 176 | 67 | 1266 |
| Food and Health Bureau | 14 | 8 | 2 | 24 |
| Government Flying Service | 4 | 0 | 0 | 4 |
| Government Laboratory | 50 | 35 | 45 | 130 |
| Government Logistics Department | 63 | 2 | 7 | 72 |
| Government Property Agency | 17 | 3 | 1 | 21 |
| Highways Department | 144 | 110 | 32 | 286 |
| Home Affairs Bureau | 21 | 3 | 3 | 27 |
| Home Affairs Department | 200 | 30 | 34 | 264 |
| Hong Kong Monetary Authority | 0 | 0 | 1 | 1 |
| Hong Kong Observatory | 26 | 5 | 6 | 37 |
| Hong Kong Police Force | 241 | 20 | 40 | 301 |
| Housing Department | 456 | 8 | 9 | 473 |
| Immigration Department | 61 | 2 | 1 | 64 |
| Information Services Department | 60 | 5 | 17 | 82 |

| Bureau/Department | No. of officers serving on | | | Total |
|--|----------------------------|---------------------|---------------------|--------------|
| | New Probationary Terms | New Agreement Terms | New Permanent Terms | |
| Inland Revenue Department | 168 | 94 | 33 | 295 |
| Innovation and Technology Commission | 13 | 1 | 1 | 15 |
| Intellectual Property Department | 22 | 4 | 3 | 29 |
| Invest Hong Kong | 2 | 0 | 0 | 2 |
| Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service | 2 | 0 | 0 | 2 |
| Judiciary | 78 | 27 | 31 | 136 |
| Labour and Welfare Bureau | 11 | 9 | 1 | 21 |
| Labour Department | 167 | 35 | 65 | 267 |
| Land Registry | 19 | 4 | 0 | 23 |
| Lands Department | 320 | 58 | 22 | 400 |
| Legal Aid Department | 41 | 9 | 12 | 62 |
| Leisure and Cultural Services Department | 891 | 311 | 53 | 1255 |
| Marine Department | 83 | 4 | 44 | 131 |
| Office of the Government Chief Information Officer | 7 | 3 | 2 | 12 |
| Office of the Telecommunications Authority | 1 | 1 | 1 | 3 |
| Offices of Chief Secretary for Administration and Financial Secretary | 38 | 5 | 5 | 48 |
| Official Receiver's Office | 22 | 2 | 1 | 25 |
| Planning Department | 49 | 7 | 9 | 65 |
| Post Office | 340 | 38 | 85 | 463 |
| Radio Television Hong Kong | 15 | 0 | 0 | 15 |
| Rating and Valuation Department | 48 | 1 | 8 | 57 |
| Registration and Electoral Office | 12 | 2 | 3 | 17 |
| Secretariat, Commissioner on Interception of Communications and Surveillance | 2 | 0 | 0 | 2 |
| Security Bureau | 18 | 8 | 5 | 31 |
| Social Welfare Department | 669 | 221 | 137 | 1027 |
| Student Financial Assistance Agency | 32 | 1 | 3 | 36 |
| Television and Entertainment Licensing Authority | 16 | 2 | 0 | 18 |
| Trade and Industry Department | 28 | 3 | 11 | 42 |
| Transport and Housing Bureau | 25 | 5 | 9 | 39 |
| Transport Department | 119 | 21 | 34 | 174 |
| Treasury | 36 | 0 | 0 | 36 |
| University Grants Committee | 3 | 3 | 1 | 7 |
| Water Supplies Department | 278 | 58 | 6 | 342 |
| Total : | 8556 | 2042 | 1653 | 12251 |

Note : Excluding direct entrants to supervisory ranks (who are appointed on agreement terms) and recruits to the disciplined services grades (who are offered appointment on permanent terms after satisfactory completion of the probationary period)

Year of service of officers serving on New Agreement Terms as at 1.7.2010

| Year of service | 4 years or less | 5 years | 6 years or above | Total |
|------------------------|-----------------|---------|------------------|--------------|
| No. of officers | 1874 | 69 | 99 | 2042 |

- Note : 1. Counting from the date of first appointment on civil service terms
2. Excluding direct entrants to supervisory ranks (who are appointed on agreement terms)