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Panel on Public Service

Meeting on 3 June 2013

Updated background brief on the overview of the civil service establishment, strength, retirement, resignation and age profile

Purpose

This paper provides background information on the overall establishment, strength, retirement, resignation and age profile situation of the civil service¹, 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

Establishment and strength

2. The civil service establishment (i.e. the number of civil service posts) remained at around 186 000 to 196 000 throughout the 1990s, while the actual number of civil servants ranged from 180 000 to 190 000. The turn of the millennium witnessed a down-sizing of the civil service through enhanced efficiency drives, the general and targeted voluntary retirement schemes, and the six years of open recruitment freeze² which ended in March 2007. By the end of March 2007, the civil service establishment and strength stood at 159 400 and 153 800 respectively.

¹ For the purpose of this paper, the civil service does not include judges and judicial officers, locally-engaged staff in the Mainland and overseas Economics and Trade Offices and officers in the Independent Commission Against Corruption.

² The open recruitment freeze was in effect from 1999-00 to 2006-07, save for 2001-02 and 2002-03. Where there were strong operational needs, exceptional approval had been given for a limited number of grades to conduct open recruitment during the period of open recruitment freeze.

3. There has been a modest increase of about 1% in the civil service establishment each year since 2006-07. The 2013-14 Draft Estimates of Expenditure project a 1% increase or an additional 1 708 posts in the civil service establishment. Subject to the approval of the 2013-14 Draft Estimates by the Legislative Council, the civil service establishment is estimated to stand at 171 422 posts at the end of March 2014.

Retirement and resignation

4. Details regarding the retirement age of civil servants are set out in **Appendix I**.

5. The number of retiring civil servants stood high at around 8 800 (5.1%) in 2001-02 and in the following three years, mainly because of the two general voluntary retirement schemes. It then dropped to around 2 600 (1.7%) in 2005-06 and had increased steadily to around 3 900 (2.5%) in 2010-11. The number of directorate civil servants retiring increased gradually from around 4% of the directorate strength in 2001-02 to around 7% in 2010-11.

6. With the introduction of the New Pension Scheme in 1987 and the declining number of civil servants on the Old Pension Scheme, civil servants retiring before the age of 55 decreased from 36% of the total number of retirees in 1986-87 to 8% in 2010-11. By the end of 2011, 94% of all civil servants on pensionable terms and the Civil Service Provident Fund Scheme were subject to a retirement age of 60.

7. Over the last decade or so, the number of civil servants resigning has remained at around 0.5% of the overall strength of the civil service and of the directorate strength.

Age profile

8. The age profile of the civil service largely mirrors that of the community and the working population of Hong Kong. The age group of 40-49 has become the largest group of civil servants since 1999-2000. The age group of 50-59 has also continued to increase throughout the period. Since the lifting of the open recruitment freeze in 2007-08, more young people of the 20-39 age group have been recruited into the civil service.

Major views and concerns expressed by the Panel

9. The Panel discussed issues relating to the civil service establishment, strength, retirement and age profile with the Administration on 22 February 2010, 17 January 2011 and 16 April 2012. The views and concerns expressed by Panel members and the Administration's responses are summarized below.

Succession and experience retention

10. At the meeting on 16 April 2012, the Panel noted that there was a rising trend of the projected number of retirees up to 2020-21, and that a relatively large proportion of the directorate civil servants came from the age group of 50-59 and they would be retiring within the next decade. Some members considered that there was a succession problem in the civil service, and urged the Administration to draw up measures to deal with the succession problem and to ensure the effective transfer of knowledge and skills from the retiring civil servants to their successors.

11. The Administration advised that with the resumption of open recruitment since April 2007, the Government had been recruiting civil servants to fill vacancies arising from retirement. The Administration had also stepped up training efforts at all levels to broaden the exposure of civil servants and to prepare them for greater responsibilities in the next higher rank. The Civil Service Bureau ("CSB") had been monitoring closely with B/Ds the succession situation of various grades and ranks. Posts vacated by the retiring civil servants would be taken over by other civil servants in the respective B/Ds, or be filled by open recruitment. Over the past few years, there were only a few cases where the posts vacated by retirees could not be filled by promotion. In such cases, either the posts were filled by direct recruitment from outside the civil service or the retiring civil servants were invited to extend their service beyond retirement for one or two years.

12. Some members suggested that, in line with global trends, civil servants should be allowed to opt to work beyond the retirement age of 60. The Administration responded that the extension of the retirement age of civil servants was a complex issue. There was a need to consider the financial implications of the proposal, its impact on the promotion prospect of serving staff and staff morale, and also the impact on the opportunities of job seekers in joining the civil service. Civil servants' views on the proposal were divided, and the Administration did not see a strong justification for extending the retirement age of civil servants at this stage.

13. On the issue of transfer of knowledge and experience from senior civil servants to junior civil servants, a member opined that the public records in the Administration were not properly managed, and thus had created problem of accumulation and retention of knowledge and skills. The Administration advised that there were regulations on how departmental records should be kept, and civil servants were used to keeping detailed records of their work, which served as useful reference for officers to handle similar cases in future. When discharging their duties, civil servants should not only make reference to the precedents but also exercise discretion having regard to changing circumstances. In this connection, CSB had stepped up training for civil servants on decision-making in the area of public administration.

14. Some members opined that the increasing trend of outsourcing government services and the engagement of non-civil service contract ("NCSC") staff had made it more difficult for B/Ds concerned to accumulate and retain knowledge and skills. The Administration disagreed that there was such a trend, and pointed out that the establishment of the civil service had increased steadily in the past few years, while the number of NCSC staff and agency workers engaged by B/Ds had been on a decline. The Administration would keep the engagement of NCSC staff by B/Ds on regular reviews, and would seek to convert NCSC positions to civil service posts where appropriate.

Civil service establishment and strength

15. Some members expressed concern about the shortage of manpower in the civil service for the delivery of quality public service. They considered that the down-sizing of the civil service in the early years of 2000s had resulted in staff shortage at the working levels, and the modest increase in the civil service establishment in recent years fell short of the increase in service needs. Members also urged the Administration to speed up the recruitment process to narrow down the gap between the establishment and strength of the civil service.

16. The Administration responded that, since 2007, no predetermined ceiling had been set for the civil service establishment, and new posts would be created where justified in meeting the demand for new and improved services. While conscious of the need to maintain a lean and efficient civil service, the Administration would consider bids for additional posts seriously on a case-by-case basis. Owing to the lead time required for conducting recruitment exercises, it was unavoidable that there was constantly a gap between the establishment and strength of the civil service. To speed up the

recruitment process, CSB and the Public Service Commission had put in place measures to streamline the recruitment procedures.

Competence of the civil servants

17. At the meeting on 22 February 2010, some members raised concern on the competence of civil servants at senior levels, and commented that appropriate training should be provided to civil servants on independent thinking and public accountability. A member proposed that the Administration should consider open recruitment of candidates from outside the civil service to fill senior positions in those B/Ds that require professional expertise.

18. The Administration advised that public law had been made an important component of induction training for Administrative Officers ("AO") to impart to them the proper attitude and the considerations they should take into account when exercising public power. Through the public law courses, issues such as the need to observe rationality, reasonableness and proportionality were discussed, and civil servants were encouraged to exercise discretion and judgement as and when necessary.

19. The Administration also advised that open recruitment for promotion ranks would be undertaken only when there was difficulty in filling the positions through internal promotion. In general, there had been no difficulty in filling posts up to D2, D3 and D4 levels through internal promotion. For positions requiring professional expertise, special arrangements would be made for the general grade officers filling these positions to accumulate adequate experience in the relevant professional areas. Furthermore, where circumstances permitted, posts at the Deputy Secretary and Permanent Secretary levels in these areas would be filled by officers who had worked in these same areas in the past.

Political appointment system

19. At the meetings on 17 January 2011 and 12 April 2012, some members expressed concern about the impact of the political appointment system on the morale and wastage of senior civil servants, particularly those in AO grade.

20. The Administration advised that since politically appointed officials ("PAOs") were not civil servants, their appointments would not impact on the promotion of civil servants. The Civil Service Code promulgated in 2009 set out the working relationship between PAOs and civil servant. The

respective roles and responsibilities of PAOs and civil servants under the political appointment system were delineated clearly in the Code.

Council question

21. Dr Hon Margaret NG raised an oral question at the Council meeting on 1 December 2010 regarding the turnover rate of the AO grade in the civil service. In its reply, the Administration advised that the annual attrition rate of the AO grade for the five years up to 2009-10 ranged from 2.8% to 4.3%, and that the AOs concerned left the civil service for various reasons. The Administration did not consider that the development of the political appointment system had caused any negative impact on the morale of civil servants, including AOs. The Administration had no plan to review the conditions of service for the AO grade.

Latest development

22. The Administration will provide an updated overview of the civil service establishment, strength, retirement, resignation and age profile situation at the next Panel meeting scheduled for 20 May 2013.

Relevant papers

23. A list of relevant papers is given in **Appendix II**.

Council Business Division 4
Legislative Council Secretariat
21 May 2013

**Extract from the Administration's paper for the Panel meeting
on 16 April 2012
(LC Paper No. CB(1)1498/11-12(03))**

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6. Retirement is the primary reason for departure of civil servants from the Service. The normal retirement ages are –

- (i) 55 for civil servants (both civilian and disciplined services grades) recruited before July 1987 and remain on the Old Pension Scheme (OPS);
- (ii) 60 for civilian civil servants who have switched from the OPS to the New Pension Scheme (NPS) and for civil servants recruited to civilian grades on or after 1 July 1987 on the NPS or the Civil Service Provident Fund (CSPF) Scheme;
- (iii) 55 or 57 (depending on ranks)³ for civil servants in the disciplined services grades who have switched from the OPS to the NPS and for civil servants recruited to disciplined services grades on or after 1 July 1987 on the NPS or the CSPF Scheme.

7. Civil servants may also apply to retire early after attaining the age of –

- (i) 45 for rank-and-file civil servants in disciplined services grades and are on the OPS;
- (ii) 50 for civilian civil servants and are on the OPS, civil servants in officer ranks of disciplined grades and are on the OPS, and rank-and-file civil servants in disciplined services grades who have switched from the OPS to the NPS; and
- (iii) 55 for civilian civil servants who have switched from the OPS to the NPS, and civil servants in directorate ranks of disciplined services grades whose normal retirement age is 57 who have switched from the OPS to the NPS.

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³ The normal retirement age is 57 for civil servants in some directorate ranks in the disciplined services grades, while the normal retirement age is 55 for civil servants in all other ranks in the disciplined services grades.

**Civil Service establishment, strength,
retirement, resignation and age profile**

List of relevant papers

Date	Meeting/Event	References
22.2.2010	Panel on Public Service	<p>Administration's paper on "An overview of the Civil Service: Establishment, Strength, Retirement, Resignation and Age Profile" (LC Paper No. CB(1)1134/09-10(03)) http://www.legco.gov.hk/yr09-10/english/panels/ps/papers/ps0222cb1-1134-3-e.pdf</p> <p>Minutes of meeting http://www.legco.gov.hk/yr09-10/english/panels/ps/minutes/ps20100222.pdf</p>
1.12.2010	Council Meeting	<p>Question raised by Dr Hon Margaret NG on "Attrition rate of Administrative Officer grade" http://www.info.gov.hk/gia/general/201012/01/P201012010165.htm</p>
17.1.2011	Panel on Public Service	<p>Administration's paper on "An Overview of the Civil Service: Establishment, Strength, Retirement, Resignation and Age Profile" (LC Paper No. CB(1)1001/10-11(03)) http://www.legco.gov.hk/yr10-11/english/panels/ps/papers/ps0117cb1-1001-3-e.pdf</p> <p>Background brief on "overview of the civil service: establishment, strength, retirement, resignation and age profile" http://www.legco.gov.hk/yr10-11/english/panels/ps/papers/ps0117cb1-1040-1-e.pdf</p> <p>Minutes of meeting http://www.legco.gov.hk/yr10-11/english/panels/ps/minutes/ps20110117.pdf</p>

Date	Meeting/Event	References
16.4.2012	Panel on Public Service	<p>Administration's paper on "An overview of the Civil Service: Establishment, Strength, Retirement, Resignation and Age Profile" (LC Paper No. CB(1)1498/11-12(03)) http://www.legco.gov.hk/yr11-12/english/panels/ps/papers/ps0416cb1-1498-3-e.pdf</p> <p>Updated background brief on "Updated overview of the civil service establishment, strength, retirement and age profile" (LC Paper No. CB(1)1498/11-12(04)) http://www.legco.gov.hk/yr11-12/english/panels/ps/papers/ps0416cb1-1498-4-e.pdf</p> <p>Minutes of meeting (LC Paper No. CB(1)2241/11-12) http://www.legco.gov.hk/yr11-12/english/panels/ps/minutes/ps20120416.pdf</p>

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