

立法會 *Legislative Council*

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Panel on Public Service

Meeting on 25 April 2014

Background brief on consultation on extension of the service of civil servants

Purpose

This paper provides background information on the consultation launched by the Civil Service Bureau ("CSB") on 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 retirement age of civil servants in previous discussions.

Background

2. The Steering Committee on Population Policy ("SCPP"), chaired by the Chief Secretary for Administration, released a consultation document on population policy on 24 October 2013. In the light of an ageing population and shrinking labour force, the Administration considered it an opportune time to examine possible options for extending the working life of civil servants. Also, it is anticipated that the wastage of civil servants would be relatively high in the coming years due to the expansion of the civil service in the 1980s. Against this backdrop, CSB began a study in late 2013 to assess the manpower and retirement situation of the civil service in the coming years.

3. Details regarding the retirement age of civil servants are set out in **Appendix I**. According to CSB's study¹, the annual average number of retirees (excluding voluntary retirement retirees) for the five-year period ending 2012-13 and the projected figures for the five-year periods to follow are as follows –

Five-year period	Annual average number of retirees	Annual average number of retirees as a percentage of the civil service strength as at 31 March 2013
2008-09 to 2012-13	4 200	2.7%
2013-14 to 2017-18	6 000	3.7%
2018-19 to 2022-23	7 000	4.4%
2023-24 to 2027-28	5 400	3.4%

4. Based on the data collected from the Heads of Grade/Heads of Department ("HoGs/HoDs"), the projected natural wastage rates of the civilian departments/offices and the disciplined services departments for the five-year periods up to 2022-23 are as follows² –

Five-year period	Civilian departments /offices		Disciplined services departments	
	Five-year natural wastage rate	Annual average natural wastage rate	Five-year natural wastage rate	Annual average natural wastage rate
2013-14 to 2017-18	16.0%	3.2%	18.3%	3.7%
2018-19 to 2022-23	25.3%	5.1%	18.3%	3.7%
Ten-year period as a whole	41.4%	4.1%	36.7%	3.7%

¹ For details, please refer to the consultation paper on "Extension of the service of civil servants" (LC Paper No. [CB\(4\)571/13-14\(05\)](#)).

² The natural wastage rates shown in the table are compared against the respective strengths of the two groups of departments as at 31 March 2013.

Discussions of the Panel on Public Service

5. The Panel discussed issues relating to the manpower and retirement situation of the civil service when it deliberated the subject of "An overview of the civil service: establishment, strength, retirement, resignation and age profile" at its meetings on 16 April 2012 and 3 June 2013. The Panel also held a special meeting on 10 January 2014 to receive views from civil service unions and other concerned parties on manpower situation of the civil service and retirement age of civil servants. The major views and concerns expressed by Panel members and deputations, and the Administration's responses are summarized below.

Succession in the civil service

6. At the meeting on 16 April 2012, some members noted that a large number of civil servants would be retiring in the next 10 years, and that a large proportion of the directorate civil servants were in the age group of 50-59. They expressed concern about the succession problems in the civil service, and urged the Administration to draw up measures to ensure the effective transfer of knowledge from experienced civil servants to younger ones.

7. Members reiterated their concerns at the meeting on 3 June 2013 over the succession situation in the civil service. They were particularly worried that the succession problems of professional grades, such as the architect and engineer grades, would affect the progress of public works projects in the coming years.

8. The Administration advised that a number of measures were in place to facilitate succession in the civil service. Firstly, a well-established mechanism was in place under which bureaux/departments ("B/Ds") would review regularly the succession situation of each grades for advance succession planning. In addition, B/Ds would conduct timely recruitment and promotion exercises to fill vacancies arising from retirement, and the recruitment processes were streamlined where possible to expedite the recruitment of suitable persons. Under exceptional circumstances, B/Ds could further employ civil servants beyond their retirement age to help them meet specific operational or succession needs. In tandem with the above efforts, appropriate training and development programmes were provided for

civil servants to enable them to discharge their duties more effectively. Junior civil servants would be given opportunities to take up greater responsibilities where possible, so that they could accumulate relevant experience and job knowledge of the next higher rank.

Retirement age of civil servants

9. At the meeting on 3 June 2013, members in general expressed support for extending the retirement age of civil servants, which, in their view, could forestall succession problems, prevent the outflow of experienced civil servants to other organizations, and lessen the Government's burden in providing retirement benefits for retired civil servants. There were suggestions that voluntary extension of retirement age could first be implemented for civil service grades where promotion blockage was not an issue, and that a pilot scheme could be rolled out in some B/Ds first, e.g. the disciplined services departments. There was, however, a concern that extending the retirement age of civil servants would adversely affect the advancement of younger civil servants.

10. At the special meeting on 10 January 2014, a majority of the deputations were supportive of extending the retirement age of civil servants. The deputations expressed the view that as the number of retiring civil servants would be on the rise in the next five to 10 years, extending the retirement age of civil servants could help solve the succession problem in the civil service and alleviate the manpower shortage problem in some B/Ds. They opined that if any scheme to extend the retirement age of civil servants was implemented, serving civil servants should be allowed to opt for such new scheme or their existing retirement entitlements.

11. Some other deputations indicated that there was no clear consensual view on the matter among the staff concerned. A few other deputations did not support extending the retirement age of civil servants. These deputations opined that such arrangement would create blockage to the posting and promotion prospects of younger civil servants, and fewer new recruits would be joining the civil service thereby slackening the regeneration process within the civil service.

12. Taking note of deputations' views, Panel members urged the Administration to release the finding of its study on the manpower and retirement situation in the civil service as soon as possible and to fully consult civil servants and stakeholders on the options identified from the study.

Council questions

13. Hon CHAN Kin-por raised a written question on the retirement of disciplined services staff at the Council meeting of 29 May 2013. Hon Mrs Regina IP raised a written question on Government's recurrent expenditure on pension payments and projections on Government's future pension obligations at the Council meeting of 16 May 2012. Hyperlinks to the relevant Hansards are provided in **Appendix II**.

Recent development

14. CSB published a consultation paper on "Extension of the Service of Civil Servants" on 3 April 2014 for a four-month consultation with staff, grade/departmental management and other concerned parties on the following proposed initiatives³–

- (a) adopting a higher retirement age for new recruits, i.e. 65 for the civilian grades, and 57 for disciplined services grades which may be further extended to 60 subject to an annual suitability assessment based on both physical fitness and work performance;
- (b) providing flexibility for HoDs/HoGs to further employ civil servants without a break in service beyond their normal retirement age;
- (c) introducing a post-retirement service contract scheme for engaging retired civil servants, subject to the age limit of 65 for civilian staff and 60 for disciplined services staff, to perform ad hoc or time-limited tasks which require civil servant expertise and/or experience; and

³ For details, please refer to the consultation paper on "Extension of the service of civil servants" (LC Paper No. [CB\(4\)571/13-14\(05\)](#)).

- (d) streamlining the control regime of post-service employment for non-directorate civil servants by giving blanket permission to frontline and supporting civil servants to take up post-service outside work after retirement.

15. According to recent media reports, various sectors of the society including civil service unions have expressed the following concerns and views on the proposed initiatives in the consultation paper –

- (a) There are concerns about the financial implications and long-term fiscal sustainability of the proposal of adopting a higher retirement age for new recruits. Apart from the increase in the Government's voluntary contributions under the Civil Service Provident Fund Scheme, the proposal may result in the need for additional government subventions for the public organizations in the medical, education and social welfare sectors if these sectors adopt similar initiatives to extend the retirement age of their employees;
- (b) The proposal of providing flexibility for HoDs/HoGs to further employ civil servants after their retirement age may promote a culture of cronyism and a "flattering culture" in the civil service, if there is no suitable monitoring mechanism. Moreover, the proposal may affect the promotion prospects of serving civil servants and the employment prospects of civil service job seekers, thereby slackening the regeneration process in the civil service;
- (c) There is a view that all serving civil servants in the disciplined services grades should be offered extension of service up to the age of 57, and then their service may be further extended up to the age of 60 subject to certain conditions being met;
- (d) Civil servants from professional grades and those at senior ranks may not have great motivation to extend their service, as they have been working under considerable pressure under the political accountability system; and

- (e) It may be difficult for serving civil servants in the general grades to be offered extension of service on the grounds of meeting operational and/or succession needs, as the vacancies arising from their retirement can be filled more easily.

16. The Administration will brief the Panel on the proposed initiatives and its work plan for the consultation on 25 April 2014.

Relevant papers

17. A list of relevant papers and hyperlinks is shown in **Appendix II**.

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Legislative Council Secretariat
23 April 2014

**Extract from the Administration's paper for the Panel meeting
on 3 June 2013
(LC Paper No. CB(4)625/12-13(06))**

- (A). 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; and
 - (iii) 55 or 57 (depending on ranks)^{Note} 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.
- (B). Civil servants may 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.

^{Note} 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.

Appendix II

Consultation on extension of the service of civil servants

List of relevant papers

Meeting	Date of meeting	Paper
Panel on Public Service	16 April 2012 (Agenda item III)	Agenda Administration's paper Updated background brief Minutes
Council Meeting	16 May 2012	Official Record of Proceedings Pages 105 - 109 (Written question raised by Hon Mrs Regina IP)
Council Meeting	29 May 2013	Official Record of Proceedings Pages 102 - 106 (Written question raised by Hon Mr CHAN Kin-por)
Panel on Public Service	3 June 2013 (Agenda item V)	Agenda Administration's paper Updated background brief Minutes

Meeting	Date of meeting	Paper
Panel on Public Service	10 January 2014 (Agenda item I)	Agenda Background brief

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