

Extension of the Service of Civil Servants

Consultation Paper

Civil Service Bureau

April 2014

Introduction

- Hong Kong is facing an ageing population and a shrinking labour force
- People aged 65 or above
 - 2031 : 2.16 million (or more than doubling 2012: 0.98 million)
 - 2041 : 2.56 million (or 1/3 of the then projected total population)
- Labour force participation rate
 - 2012 : 58.8%
 - 2041 : 49.5%

Introduction (Con't)

Study on extension of the service of civil servants

- The Government, being the largest employer in Hong Kong, has to examine possible options for extending the working life of civil servants so as to enable us to better respond to demographic challenges
- In anticipation of the higher wastage of civil servants in the coming years, we need to examine whether there are any operational and/or succession issues

Study Findings

- For the five-year period from 2008-09 to 2012-13, annual average number of retirees was about 4 200 (2.7%)
- For the five-year period ending 2017-18, the number is projected to increase to around 6 000 (3.7%)
- For the next five-year period ending 2022-23, the number will increase to around 7 000 (4.4%)
- For the five-year period ending 2027-28, the number will decline to around 5 400 (3.4%) and the declining trend will continue thereafter

Study Findings (Con't)

From 2013-14 to 2022-23

- For most grades, vacancies arising from retirement could be filled by promotion and recruitment
- Only a few professional and technical grades with higher wastage rate might have the need for further employment of civil servants beyond retirement age

Study Findings (Con't)

- From the civil service management perspective, there is no need to extend the retirement age of serving civil servants across the board
- But there is a strong case to introduce a higher retirement age for civil service new recruits against the backdrop of an ageing population, and to set an example to other employers
- We see merits in introducing suitable retirement and employment initiatives to extend the service of serving civil servants beyond retirement age so as to address the different operational and succession needs of individual grades/departments at different times

Proposed Framework of Retirement and Employment Initiatives

Objectives :

- For Civil Service, to keep pace with demographic changes so as to better respond to challenges arising thereof, and set an example to other employers
- For departmental management, to equip them with effective human resource tools to flexibly address different operational and succession needs of individual grades/departments
- For civil servants, to provide appropriate channels so that those with right calibre and aspirations to serve would be given more opportunities to continue their service after retirement

Proposed Framework of Retirement and Employment Initiatives (Con't)

Principles :

- Civil servants could apply for participation in relevant employment initiatives on a voluntary basis. Consideration of such applications would need to be processed by Heads of Grade/Department through a transparent and objective selection process
- Subject to operational and succession needs, balance has to be struck between the need to provide sufficient incentives for civil servants to continue their service beyond retirement age and to ensure prudent use of public funds

Proposed Framework of Retirement and Employment Initiatives (Con't)

Principles :

- Liabilities on retirement benefits should be contained so as to minimise additional costs that may be incurred by taxpayers
- Due regard should be given to the need to minimise adverse impacts on the promotion prospects of serving officers and to ensure healthy injection of new blood into the Civil Service with a view to keeping pace with time

Proposed Framework of Retirement and Employment Initiatives (Con't)

Proposed Initiatives :

- A. To adopt a higher retirement age for civil service new recruits
- B. To provide more flexibility for departmental management to further employ officers after they have reached retirement age to fill civil service posts
- C. To introduce a new “Post-retirement Service Contract Scheme” (PRSC Scheme) for engaging retired civil servants, on a targeted basis, to fill contract positions
- D. To streamline the control regime of post-service employment for non-directorate frontline and supporting civil servants

A. Higher Retirement Age for New Recruits

- Civilian grades : extend the retirement age by five years to 65
- Disciplined services grades: retirement age, regardless of their ranks, be set at 57, but may be further extended up to 60, subject to annual physical fitness and relevant assessment

A. Higher Retirement Age for New Recruits (Cont't)

- Need to further examine –
 - Financial implications of the proposed initiatives above. Since the Government's voluntary contribution rate under the CSPF Scheme increases progressively with the years of service of officers, we need to examine the financial implications of adopting a higher retirement age for new recruits
 - Might need to consider adopting a phased approach in applying a higher retirement age to new recruits so as to smoothen the adverse impacts of raising the retirement age in the transition process

B. Further Employment Mechanism

- Suitable adjustments to the further employment mechanism –
 - Allowing a longer period of further employment, subject to the relevant conditions being met (but in any case, such period should, in total, not be more than five years); and relaxing suitably the approval criteria
 - Raising the maximum period for final extension which is current set at 90 days, and relaxing suitably the approval criteria
 - Extending the coverage to officers on new terms of appointment

B. Further Employment Mechanism (Con't)

- Applications for further employment will continue to be subject to vetting through a transparent and objective process, and only be approved where fully justified
- Propose that officers on further employment should not be eligible for consideration for promotion during the further employment period

C. New PRSC Scheme

- Engaging retired civil servants to fill contract positions –
 - Positions to be created should be fully justified on the basis of operational and/or succession needs
 - Adjust flexibly the staffing levels and staff mix with a view to meeting operational and/or succession needs at different times
 - Minimal impacts on the existing civil service system (including promotion, establishment, injection of new blood, etc.) as positions will not form part of the civil service establishment
 - Guidelines will be drawn up to ensure that the Scheme could only be used under well-justified circumstances, and the selection process should be transparent and objective

D. Streamlining Control Regime on Post-service Outside Work

- Streamlining the relevant approval process so as to avoid unduly deterring non-directorate civil servants at junior ranks from pursuing post-retirement career –
 - Present: Blanket permission has been granted to civil servants remunerated on the Model Scale 1 Pay Scale to take up post-service outside work after retirement
 - Future: Consideration may be given to extending such blanket permission to other frontline and supporting civil servants given the relatively remote risk of impropriety for them taking up outside work after retirement

Looking Ahead

- Consultation lasts for four months up to 2 August 2014
 - Will engage in active exchange with the staff sides, grade/departmental management and other parties concerned
- Taking into account the feedback received and further examination of the relevant issues including the financial implications of the proposals, we would decide on the way forward and work out the implementation details

The End