

立法會 *Legislative Council*

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Panel on Public Service

Meeting on 21 July 2014

Updated 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 subject in previous discussions.

Background

2. The Steering Committee on Population Policy, 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 ("the Study").

Major findings of the Study

3. According to the 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%

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

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.

Proposed framework of retirement and employment initiatives

5. The findings of the Study indicate that no specific succession problems are anticipated for most grades, except for a few professional and technical grades with a higher natural wastage rate. While there is no need to extend the retirement age of serving civil servants across the board, there is a need for setting a higher retirement age for civil service new recruits against the backdrop of an ageing population, and introducing suitable retirement and employment initiatives for coping with different operational and/or succession needs of bureaux/departments ("B/Ds") at different times.

6. In the light of the study findings, CSB put up the following proposals³ as set out in the consultation paper on "Extension of the Service of Civil Servants" published in April 2014 –

- (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 ("PRSC") 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
- (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.

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\(05\)](#)).

The consultation will end on 2 August 2014. Upon receiving the views from different stakeholders, the Administration will work out the implementation details, including the financial implications of the proposals, at the next stage.

Discussions at the Panel

7. The Panel discussed the proposals in the consultation paper on 25 April 2014. At its previous meetings on 16 April 2012 and 3 June 2013, the Panel discussed issues relating to the succession and retirement situation of the civil service. The major views and concerns expressed by Panel members and the Administration's responses are summarized below.

Succession in the civil service

8. At the meeting on 16 April 2012, 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. Some members expressed concern that there might be 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.

9. 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.

10. The Administration advised that in general, there was no succession problem in the civil service, but a few grades which had a small establishment and/or faced direct competition for talents from the private sector might require more flexibility to address succession needs. A number of measures were in place to facilitate succession in the civil service. These include regular review of the succession situation of each grades for advance succession planning, and timely recruitment and promotion exercises to fill vacancies arising from retirement.

Implementation arrangements for the proposed retirement and employment initiatives

11. At the meeting on 25 April 2014, members generally supported the Administration's proposed initiatives on extension of service of civil servants. Some members considered that the Administration should devise an open and fair mechanism for further employment of serving civil servants beyond their retirement age, and opined that such extension should not create promotion blockage to younger civil servants. There was a suggestion of introducing an appeal mechanism to enhance transparency of the mechanism.

12. The Administration advised that under the existing further employment mechanism, consideration would be given for an officer to be further employed beyond their retirement age only under exceptional circumstances for a specified period of time. The management was required to seek approval from CSB and advice of the Public Service Commission as appropriate for relevant cases. Subject to the outcome of the consultation, CSB would issue guidelines to B/Ds on further employment to ensure that applications for further employment would be subject to vetting through a transparent and objective process, and only be approved where fully justified having regard to relevant factors (including genuine operational and/or succession needs).

13. On a member's suggestion of allowing new recruits to opt for a higher retirement age, the Administration advised that such arrangement might cause considerable difficulties in manpower planning and the administration of retirement age of civil servants. As to another member's suggestion of allowing serving civil servants on certain pay points to opt for a higher retirement age, the Administration advised that this suggested arrangement might have similar downsides as across-the-board extension of retirement age, such as adversely affecting the promotion prospects of younger civil servants and injection of new blood into the civil service, and therefore was not considered desirable.

14. A member enquired whether the Administration would consider providing retired civil servants engaged under the PRSC scheme with fringe benefits similar to those applicable to civil servants at equivalent ranks. The Administration advised that since retired civil servants would be appointed on contract terms under the proposed scheme and such appointments were not civil service appointments, they would not be entitled to civil service fringe benefits generally.

Impact of the proposed retirement and employment initiatives on public finance

15. Some members enquired about the impact of the proposed initiatives on public finance. The Administration advised that the proposal of adopting a higher retirement age for civil service new recruits would result in an increase in the Government's voluntary contributions if the existing Civil Service Provident Fund Scheme and its contribution rates remained unchanged, since such contributions would increase progressively with the years of service of civil servants covered by the Scheme. It would be difficult to assess the impact of the initiatives on the amount of pension payments arising from further employment of civil servants on pensionable terms, since many variables were involved. The Administration would examine in greater detail the financial implications of the proposed initiatives with a view to hammering out the implementation details at the next stage.

Council questions

16. 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

17. Civil service unions and other interested parties will attend the Panel meeting scheduled for 21 July 2014 to give views on the subject.

Relevant papers

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

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

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- (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.

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^{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
Panel on Public Service	10 January 2014 (Agenda item I)	Agenda Background brief Minutes

Meeting	Date of meeting	Paper
Panel on Public Service	25 April 2014 (Agenda item V)	Agenda Background brief Powerpoint presentation Minutes

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