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Panel on Public Service

Meeting on 18 May 2015

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

Purpose

1. This paper provides background information on the overall establishment, strength, retirement, resignation and age profile situation of the civil service, 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. Throughout the 1990s, the civil service establishment (i.e. the number of civil service posts) remained at around 186 000 to 196 000, 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 six years of open recruitment freeze¹ 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 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. The 2015-16 Draft Estimates of Expenditure provide for 2 540 additional civil service posts in various bureaux and departments ("B/Ds"), representing an increase of 1.5% over the 2014-15 Revised Estimates of the civil service establishment. Subject to the approval of the 2015-16 Draft Estimates by the Legislative Council, the civil service establishment is estimated to stand at 176 448 posts at the end of March 2016.²

Age profile and resignation

4. The age profile of the civil service largely mirrors that of the community and the working population of Hong Kong. Since 2006-2007, around two thirds of civil servants are in the age groups of 40-49 and 50-59. With the gradual resumption of open recruitment since 2007, more young people have been recruited into the civil service.

5. As regards directorate civil servants, the age group of 50-59 has remained the largest group since 1999-2000, representing about 71% of its strength in 2012-2013.

6. Over the last decade or so, the number of civil servants resigning has remained at around 0.5% of the overall strength of civil service and of the directorate strength. Over half of the resignees left during their probation period.

Retirement

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

8. On 23 March 2015, the Government announced that a higher retirement age for new recruits would be adopted with effect from 1 June 2015. Specifically, the retirement age of new recruits appointed to the civil service on or after 1 June 2015, will be raised to 65 in respect of the civilian grades, and 60 in respect of disciplined services grades, regardless of their ranks.

9. Assuming that civil servants will only retire upon reaching their applicable normal retirement age, the annual average number of retirees for the five-year period ending 2012-2013 and the projected figures for the five-year periods to follow are as follows –

² The figures include judges and judicial officers, locally-engaged staff in the Mainland and overseas Economic and Trade Offices ("ETO") and officers in the Independent Commission Against Corruption ("ICAC"), as reflected in the 2015-16 Draft Estimates.

Five-year period	Annual average number of retirees	Annual average number of retirees as a percentage of the civil service strength ³ as at 31 March 2013
2008-09 to 2012-13	4 200	2.6%
2013-14 to 2017-18	6 000	3.7%
2018-19 to 2022-23	7 000	4.3%
2023-24 to 2027-28	5 400	3.3%
2028-29 to 2032-33	4 500	2.8%

Major views and concerns expressed by the Panel

10. The Panel discussed issues relating to the civil service establishment, strength, retirement, resignation and age profile with the Administration on 17 January 2011, 16 April 2012, 3 June 2013 and 25 April 2014. The major views and concerns expressed by Panel members and the Administration's responses are summarized below.

Succession and experience retention

11. 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 problem in the civil service, in particular that of the professional grades which might affect the progress of public works projects in the coming years.

12. The Administration advised that a well-established mechanism had been put in place to facilitate B/Ds in making early planning for succession and taking timely actions where necessary. Under the mechanism, the Secretary for the Civil Service regularly met with Permanent Secretaries and Heads of Department to discuss the succession situation in individual departments and grades and make advance planning. In cases involving special succession and/or operational needs, B/Ds could also further employ, on a case-by-case basis, officers beyond their retirement age to meet specific operational or succession needs. In tandem with the succession planning efforts, the Administration also provided training and development opportunities for civil servants at all levels to enrich their exposure, enabled

³ The strength figure included civil servants working in government departments, those who have been seconded / posted to subvented / public-funded bodies, e.g. Hong Kong Monetary Authority and Hospital Authority, Judges and Judicial Officers, ICAC officers and locally engaged staff working in Hong Kong ETOs.

them to acquire the necessary knowledge and skills for the discharge of their responsibilities, and prepared them for higher responsibilities.

13. To facilitate succession in the long run, members urged the Administration to improve civil service benefits, in particular the retirement benefits, to retain quality staff. The Administration responded that, to ensure that civil service pay could attract people of suitable calibre to join and retain them in the civil service, various surveys on pay trend/level were regularly conducted to ascertain whether civil service pay was broadly comparable with that in the private sector. The Administration advised that the whole civil service remuneration package, comprising salaries and fringe benefits, was still attractive and competitive in the labour market.

14. Members were concerned about the lack of promotion opportunities for some professional grades within a reasonable period of time and prolonged acting appointments. The Administration was urged to review the promotion system of the civil service including the acting appointment arrangements.

15. The Administration advised that the objective for promotion was to select the most suitable and meritorious officer who was able to perform the more demanding duties in a higher rank. Selection for promotion was based on objective criteria, including character, ability, performance, etc. Seniority would only be given weight if no eligible officer stood out clearly as the most suitable for promotion. According to the information available, in 2012-2013, it took an average of about 14 years for civil service promotees to be promoted to the next higher rank. The Administration further advised that there were two types of acting appointments, namely, acting appointments to test an officer's suitability for promotion and acting appointments for an officer to undertake temporarily the duties of another vacant post. For the former type of acting appointments, the performance of the officers would be assessed at least on an annual basis to determine their suitability for substantive promotion.

16. Members raised concern about the effective transfer of knowledge and skills from retiring civil servants to their successors. Members opined that the improper management of public records in the Administration, the outsourcing of government services and the engagement of non-civil service contract ("NCSC") staff had hampered the accumulation and retention of knowledge and skills in the relevant B/Ds.

17. On public records management, the Administration advised that there were regulations on how departmental records should be kept. When discharging their duties, civil servants should not only make reference to

precedents but also exercise discretion having regard to changing circumstances. In this connection, Civil Service Bureau ("CSB") had stepped up training for civil servants on decision-making in the area of public administration.

18. The Administration 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 under regular reviews, and would seek to convert NCSC positions to civil service posts where appropriate.

19. On the suggestion of granting NCSC staff with relevant working experience priority in open recruitment exercises to fill civil service vacancies, the Administration advised that the Government's recruitment policy was to select the most suitable persons for the jobs through an open, fair and competitive process. Since relevant working experience was one of the factors to be taken into account in the recruitment process, NCSC staff who met the entry requirements of specific civil service ranks should generally enjoy a competitive edge over other applicants.

Speeding up the recruitment process

20. Members noted that the Director of Audit had commented on the long time taken for conducting civil service recruitment exercises in his Report No. 62. A member enquired what measures had been/would be taken by the Administration to address the problem.

21. The Administration responded that CSB had, since 2007, introduced suitable streamlining measures to the recruitment process with a view to meeting the manpower needs of B/Ds more swiftly. For instance, a recruiting department could invite candidates whose qualifications required further verification to attend recruitment examination and/or interview, and offer appointment subject to the completion of the qualifications assessment. CSB had also implemented improvement measures since 2013 to reduce the number of unqualified applications by revising the standard application form for civil service jobs and enhancing the online job application system to add built-in reminders for applicants to confirm that they could meet the entry requirements of the jobs selected.

Shortage of manpower in B/Ds

22. Members pointed out that the ratio of civil servants to total population was decreasing since 1990s, despite that there had been a modest

increase of about 1% in the civil service establishment each year since 2007-2008. Members considered it undesirable that many civil servants had to work overtime to meet the increasing workload and new service demand. Members urged the Administration to carefully assess manpower situation in individual B/Ds and address the manpower shortage problems.

23. The Administration responded that it would not be appropriate to determine the civil service establishment based on the increase in the size of population. Apart from strengthening the establishment, there were other means to cope with the increase in workload, such as redeployment of manpower resources, streamlining of work procedures, re-engineering of operations, etc. Each year, B/Ds would review their respective staffing situation to assess whether additional resources would be required to meet the demand for new or improved services to the public. Any proposals on creation of posts had to be fully justified by genuine operational and service needs.

Resignation of civil servants

24. Some members expressed concern over the resignation situation in the civil service, especially the outflow of officers in the Administrative Officer ("AO") grade to other public organizations. A member considered that resignation of senior civil servants was attributable to the adverse impact of the political appointment system on the morale of senior civil servants.

25. The Administration responded that the resignation situation in the civil service was not alarming, as the resignation rate had remained at a low level of below 0.5% of the strength of the civil service. Turnover of civil servants in the AO grade was stable, although there might be individual cases of senior officers resigning because of other job opportunities. Also, there were well-established mechanisms for civil servants to channel opinions or grievances they had at work, and there was not any noticeable decline in the morale of civil servants.

26. As regards political appointment system, the Administration advised that 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 servants. The respective roles and responsibilities of PAOs and civil servants under the political appointment system were delineated clearly in the Code.

Council questions

27. 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 2009-2010 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.

28. Hon KWOK Wai-keung raised a written question on the retirement of civil servants at the Council meeting on 22 April 2015. In its reply, the Administration advised that although the number of civil service retirees would be higher over the next decade, no significant succession or recruitment problem across-the-board in the civil service was anticipated.

Latest developments

29. At the Panel meeting scheduled for 18 May 2015, the Administration will provide an updated overview of the civil service establishment, strength, retirement, resignation and age profile situation. The Panel will receive views from civil service unions and other interested parties on the implementation of extension of the service of civil servants at the same meeting.

Relevant papers

30. A list of relevant papers is in **Appendix II**.

**Annex B to the Administration's paper for the Panel meeting
on 25 April 2014
(LC Paper No. CB(4)571/13-14(03))**

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(A) The normal retirement age is –

- (i) 55 for civil servants (both civilian and disciplined services grades) recruited before 1 July 1987 and remain on the Old Pension Scheme (OPS);
- (ii) 60 for civilian civil servants who have switched from OPS to the New Pension Scheme (NPS) and for civil servants recruited to civilian grades on or after 1 July 1987 on NPS or the Civil Service Provident Fund (CSPF) Scheme; and
- (iii) 55 or 57 (depending on ranks)¹ for civil servants in the disciplined services grades who have switched from OPS to NPS and for civil servants recruited to disciplined services grades on or after 1 July 1987 on NPS or 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 OPS;
- (ii) 50 for civilian civil servants and are on OPS, civil servants in officer ranks of disciplined services grades and are on OPS², and rank-and-file civil servants in disciplined services grades who have switched from OPS to NPS; and
- (iii) 55 for civilian civil servants who have switched from OPS to NPS, and civil servants in directorate ranks of disciplined services grades whose normal retirement age is 57 who have switched from OPS to NPS.

¹ 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.

² Civilian civil servants and officer ranks of disciplined services grades on OPS may also apply for premature retirement on attaining the age of 45 on grounds of ill health, or on adequate compassionate or personal grounds.

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

List of relevant papers

Meeting	Date of meeting	Paper
Council meeting	1 December 2010	Oral question raised by Dr Hon Margaret NG on "Attrition rate of Administrative Officer grade"
Panel on Public Service	17 January 2011 (item IV)	Agenda Administration's Paper Minutes
	16 April 2012 (item III)	Agenda Administration's paper Minutes
	3 June 2013 (item V)	Agenda Administration's paper Minutes
	25 April 2014 (item IV)	Agenda Administration's paper Minutes Administration's response
Council meeting	22 April 2015	Written question raised by Hon KWOK Wai-keung on "Retirement of civil servants"