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Panel on Public Service

Meeting on 18 April 2016

Updated background brief on the overall establishment, strength, retirement, resignation and age profile of the Civil Service

Purpose

1. This paper provides background information on the overall establishment, strength, retirement, resignation and age profile 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, whilst 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 two general voluntary retirement ("VR") schemes in 2000 and 2003, the targeted VR schemes for specific grades, and the six years of open recruitment freeze¹ which ended in March 2007. As at 31 March 2007, the civil service establishment and strength stood at 159 400 and 153 800 respectively.

3. In recent years, the Civil Service has grown steadily to meet the demand for new or improved services to the public. The annual growth of the civil service establishment had been in the range of 1% to 1.5% between 2007-2008 and 2015-2016. The 2016-2017 Draft Estimates of Expenditure provide for 2 223

¹ The open recruitment freeze was in effect from 1999-2000 to 2006-2007, save for 2001-2002 and 2002-2003. 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.

additional civil service posts in various bureaux and departments ("B/Ds"), including some 540 posts for replacing non-civil service contract ("NCSC") positions for which the long-term need has been established. The proposed increase in civil service establishment for 2016-2017 represents a year-on-year increase of 1.3% over the 2015-2016 Revised Estimates (i.e. 176 272 posts). Subject to the approval of the 2016-2017 Draft Estimates by the Legislative Council, the civil service establishment is estimated to stand at 178 495 posts at the end of March 2017.

Wastage

Retirement

4. Retirement has always been the primary reason for departure of civil servants from the Civil Service. According to the Administration, the number of officers retired from the Civil Service will increase from the annual average of around 4 500 for the five-year period ended 2013-2014 to around 6 400 in the five-year period ending 2018-2019², and around 6 800 in the next five-year period ending 2023-2024. The declining trend will continue thereafter. Whilst there would be no anticipated significant succession or recruitment problems across-the-board over the coming decade or so, to better address the cyclical movements in natural wastage of civil servants in the coming years, flexible human resource tools, including the employment of retired/retiring civil servants on contract terms under the Post-retirement Service Contract Scheme and adjustments to the further employment mechanism, have been/will be implemented to allow Heads of Department/Heads of Grade to address the different operational and succession needs of individual grades/departments which will change from time to time.

5. The existing retirement age of civil servants is prescribed under the pensions legislation and Civil Service Regulations. Following the announcement in the 2015 Policy Address, the Government announced in March 2015 that new recruits appointed to the Civil Service on or after 1 June 2015 will be subject to the new retirement age of 65 in respect of the civilian grades and 60 in respect of the disciplined services grades, regardless of their ranks.

Resignation

6. Resignation only accounts for a small number of departure of civil servants. According to the Administration, the resignation rate hovered around 0.5% of the overall strength of the Civil Service. In 2013-2014, the resignation rate was 0.55%. Over half of the resignees left during their probation period.

² According to the Administration, the estimated number of officers retiring in 2016-2017 is around 6 600, representing a wastage rate of about 4% of the strength as at end January 2016.

Age profile

7. In 2013-2014, 29% and 35% of the strength of the Civil Service are in the age groups of 40-49 and 50-59 respectively. Whilst around two thirds of civil servants are in the age groups of 40-49 and 50-59 since 2006-2007, more young people have been recruited to the Civil Service with the gradual resumption of open recruitment since April 2007. In the five-year period ended 2013-2014, there were around 21 600 new recruits in the age group of 20-29 (or about 62% of the total intake) and around 8 800 new recruits in the age group of 30-39 (or about 25%). As a result, the number of civil servants in the age group of 20-29 increased from 9% of the civil service strength in 2009-2010 to about 12% in 2013-2014. According to the Administration, this trend would continue in the years ahead, which would moderate the ageing profile of the Civil Service against the backdrop of a larger number of anticipated retirement in the coming decade.

8. As regards the age profile of directorate civil servants from 1999-2000 to 2013-2014, the number of directorate civil servants in the age group of 40-49 has been on a continuous decline, whereas that in the age group of 50-59 has remained the largest group since 1999-2000, representing about 72% of its strength in 2013-2014.

Major views and concerns expressed by the Panel

9. The Panel discussed issues relating to the overall establishment, strength, retirement, resignation and age profile of the Civil Service with the Administration on 17 January 2011, 16 April 2012, 3 June 2013, 25 April 2014 and 18 May 2015. Major views and concerns expressed by Panel members and the Administration's responses are summarized in the ensuing paragraphs.

Succession and experience retention

10. Noting that the number of civil servants retiring would increase in the next 20 years, question was raised as to whether the Administration had put in place any measure to ensure the smooth succession and handover of responsibilities.

11. 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 ("HoDs") 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 Government provided professional training and development opportunities for civil servants. Apart from training arranged by individual B/Ds, the Civil Service Training and Development Institute of the Civil Service Bureau ("CSB") also coordinated and made available suitable complementary training programmes and management courses for civil servants. Furthermore, some senior civil servants in departments might be seconded to work at policy bureaux to enrich their exposure.

12. Regarding the situation where a retiring civil servant was on pre-retirement leave and a successor was not arranged meanwhile, the Administration advised that HoDs would normally create a supernumerary post for accommodating a retiring civil servant on pre-retirement leave whilst the post originally occupied by the retiring officer could be filled by his/her successor.

13. To facilitate smooth succession, the Administration was urged to improve civil service benefits, in particular the retirement benefits, to retain quality staff. The Administration advised that various surveys on pay trend/level were regularly conducted to ascertain whether civil service pay was broadly comparable to private sector pay. The whole civil service remuneration package, comprising salaries and fringe benefits, was still attractive and competitive in the labour market.

14. Concern was raised about the effective transfer of knowledge and skills from retiring civil servants to their successors, having regard to the improper management of public records in the Administration.

15. The Administration explained 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, CSB had stepped up training for civil servants on decision-making in the area of public administration.

16. Concern was also raised about the lack of promotion opportunities within a reasonable period of time and prolonged acting appointments for some professional grades. The Administration was urged to review the promotion system of the Civil Service, including the acting appointment arrangements.

17. 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.

18. Whilst noting that NCSC positions would be replaced by civil service posts where appropriate, suggestion was made that preferential consideration should be given to NCSC staff applying for civil service posts.

19. 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 applicants³.

Speeding up the recruitment process

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

21. The Administration advised 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 considered it undesirable that many civil servants had to work

³ The average success rates for NCSC staff and other applicants during the period from January 2007 to August 2015 were around 15% and 2% respectively.

overtime to meet the increasing workload and new service demand. The Administration was urged to carefully assess manpower situation in individual B/Ds and address the manpower shortage problems.

23. The Administration advised that 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.

24. As there would be around 6 400 civil servants retiring each year in the five-year period ending 2018-2019, question was raised as to whether there would be less civil servants providing services to the public.

25. The Administration advised that actions would be taken to fill vacancies in a timely manner. In the past few years, about 8 700 appointments were made per annum to fill vacancies arising mainly from retirement, resignation and creation of new posts in relation to new initiatives and enhanced services.

Resignation of civil servants

26. Some members expressed concern over the outflow of civil servants in the Administrative Officer ("AO") grade to other public organizations, which might be attributable to the adverse impact of the political appointment system on the morale of senior civil servants.

27. The Administration advised that turnover of civil servants in the AO grade was stable. The Administration also pointed out that as 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.

28. In view of the fact that the fringe benefits provided to civil servants appointed under the Civil Service Provident Fund ("CSPF") Scheme (i.e. appointed on or after 1 June 2000) were less favourable than those provided to civil servants appointed under the Old and New Pension Schemes, question was raised as to whether there were more resignees after the replacement of pension schemes by the CSPF Scheme since 2000. The Administration replied that no increasing trend in resignation was observed since the introduction of the new terms of appointment in 2000.

Latest development

29. At the Panel meeting scheduled for 18 April 2016, the Administration will update members on the overall establishment, strength, wastage position and age profile of the Civil Service.

Relevant papers

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

Council Business Division 4
Legislative Council Secretariat
14 April 2016

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

List of relevant papers

Meeting	Date of meeting	Paper
Panel on Public Service	17 January 2011 (Item IV)	<u>Agenda</u> <u>Minutes</u>
	16 April 2012 (Item III)	<u>Agenda</u> <u>Minutes</u>
	3 June 2013 (Item V)	<u>Agenda</u> <u>Minutes</u>
	25 April 2014 (Item IV)	<u>Agenda</u> <u>Minutes</u> <u>Administration's response</u>
Panel on Public Service	18 May 2015 (Item IV)	<u>Agenda</u> <u>Minutes</u>

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