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Panel on Public Service Meeting on 16 April 2012

Updated background brief for discussion item: Updated overview of the civil service establishment, strength, retirement and age profile

Purpose

This paper provides background information on the overall establishment, strength, retirement and age profile situation of the civil service, and summarizes 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. According to the information provided by the Administration¹, after reaching the peak of around 200 000 posts in 1990-1991, the civil service establishment (i.e. the number of civil service posts) remained at around 186 000 to 196 000 throughout the 1990s. The turn of the millennium witnessed a down-sizing of the civil service through enhanced efficiency drives, general and targeted voluntary retirement ("VR") schemes and six years of general open recruitment freeze. As at the end of March 2007, the establishment stood at 159 400 while the strength (actual number of civil servants) was 153 800. With the lifting

¹ See paper (LC Paper No. CB(1)1001/10-11(03)) provided by the Administration for the Panel meeting on 17 January 2011.

of the general open recruitment freeze in phases since 2007-2008, the establishment and strength of the civil service were increased to 162 832 and 156 573 respectively on 1 April 2010.

Retirement and resignation

- 3. According to the Administration², the number of civil servants retiring from the civil service dropped sharply in 1997-1998 and 1998-1999, and picked up steadily at the turn of the century before peaking at around 8 800 (or 5.1% of the strength of the civil service) in 2001-2002, largely due to the first general VR scheme. The number of retirees would increase from the annual average of 3 500 for the five-year period ending 2009-2010 to around 6 800 in the five-year period ending 2019-2020, and then decline moderately to around 6 500 in the following five-year period ending 2024-2025.
- 4. As regards resignations, the number of resignees had decreased from the peak of 7 900 (or 4.2% of the strength of the civil service) in 1989-1990 to around 1 000 (or 0.5% of the strength of the civil service) in 1998-1999. The number had stabilized below 0.5% of the strength of the civil service over the last decade or so.

Age profile

5. The age profile of the civil service mirrored that of the community and the working population of Hong Kong. Despite efforts made to recruit more young people into the civil service in recent years, the number of civil servants in the 40-59 age group represented about two thirds of the total strength of the civil service in 2009-2010. The Administration expected in the years ahead, the recruitment of more young people and the larger number of anticipated retirements would work together to moderate the aging profile of the civil service.

Succession and training

6. In anticipation of an increase of civil servants retiring in the next decade, the Administration found it necessary to initiate rigorous

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² Same as 1.

succession planning measures. The Secretary for the Civil Service ("SCS") meets regularly with heads of bureaux and department ("B/Ds") to examine succession situation in departments and grades, in an endeavour to address succession problems in a timely manner.

Major views and concerns expressed by the Panel

7. The Panel discussed with the Administration on 22 February 2010 and 17 January 2011 on issues relating to the civil service establishment, strength, retirement and age profile. The views and concerns expressed by Panel members are summarized below.

Measures to tackle the succession problem of the civil service

- 8. At the Panel meeting on 22 February 2010, members were concerned about the projected increase in the number of retiring civil servants in coming years and the succession problem in the various B/Ds. The Administration advised that the aging profile was mainly a result of the expansion of the civil service in the 1980s. With the resumption of open recruitment in 2007, civil servants were being recruited to fill vacancies arising from retirement, and B/Ds had stepped up their training efforts at all levels to prepare staff for greater responsibilities in the next higher rank.
- 9. Systematic training and development programmes had been put in place for civil servants to enrich their exposure, acquire necessary skills and knowledge and prepare themselves for higher responsibilities. In addition to in-house training, the Civil Service Bureau ("CSB") had introduced a structured training and development framework for officers with potential for advancement, covering public policy, management, leadership development, national studies and the Basic Law.
- 10. Some members considered that the succession problem could hardly be addressed in a timely manner by training and resumption of recruitment. They urged the Administration to recruit candidates from outside the civil service for posts other than those of the entry ranks.
- 11. The Administration advised that open recruitment would be

conducted to recruit people from outside the civil service to fill senior posts, if there was a succession problem. Some recent examples included the Director of Broadcasting, the Government Chief Information Officer and the Law Draftsman.

- 12. Some members believed that the Administration should, in line with global trends, adjust the retirement age of civil servants to 65. would allow more time for the Administration to deal with the succession The Administration advised that the extension of retirement age of civil servants was a highly complicated issue which had to be handled with utmost care. The supply and demand of the labour market and the age profile of the working population of Hong Kong in the next 20 to 30 years should be looked at. There was also a need to consider the financial implications of the proposal and its impact on the promotion prospect of serving civil servants. The proposal, if implemented, would adversely affect job opportunities of fresh graduates, while the succession problem might only be put off for a few years or so. CSB was conducting some research studies on the subject. The Administration would consult the public, when there was a need to adjust civil servants' retirement age.
- 13. Panel members believed that the Administration should speed up the recruitment process. The Administration should gear up training to better equip serving civil servants for greater responsibilities at higher levels. Further, members expressed concern that the employment of staff on Non-Civil Service Contract ("NCSC") terms had created problems in experience retention as there was a high turnover of NCSC staff. In their opinion, the Administration should expedite the conversion of NCSC staff to civil servants. Also, to attract high-calibre candidates to the civil service, the Administration should cease engaging NCSC staff for positions which had a long-term need.
- 14. The Administration advised that apart from some 4 000 NCSC positions identified for conversion in the 2006 review, Heads of B/Ds had been asked to keep NCSC positions on regular review and to create additional civil service posts where justified. SCS would continue to meet with B/Ds to discuss manpower planning of departments concerned, with a view to identifying and tackling any succession problems.

Manpower to cope with increased workload

- 15. Some members pointed out that given the steady population growth and increased service needs over the past 20 years, there were insufficient civil servants to cope with the increased workload. They urged the Administration to increase the size of civil service establishment to at least 170 000.
- 16. The Administration responded that, since 2007, no predetermined ceiling had been set for the civil service establishment, and new posts would be created where justified in meeting the demand for new and improved services. While conscious of the need to maintain a lean and efficient civil service, the Administration would consider bids for additional posts seriously on a case-by-case basis.

<u>Impact of tightened control regime on post-retirement employment</u>

- 17. Some members were concerned that the tightened control regime on post-retirement employment in accordance with the recommendations of the independent Committee on Review of Post-Service Outside Work for Directorate Civil Servants might cause more directorate grade officers to leave the service for other employments which offered more favourable pay and benefit packages and imposed no restrictions on post-service employment. However, a member opined that the Administration should not be over-concerned about people not joining the civil service due to tightened control over post-service employment, as good civil servants were driven by a strong sense of mission, and should not be eager with post-service employment.
- 18. The Administration responded that the number of resigned directorate grade officers was not alarming and there was no evidence suggesting that their resignations were related to the tightened post-retirement control regime.

Political Appointment System

19. At the Panel meeting on 17 January 2011, a member attributed

poor morale and wastage of senior civil servants in the Administrative Grade to the Political Appointment System, which offered top positions in the civil service and unreasonably high pay to the concerned Government officials, and yet blocked up promotions of the senior civil servants.

20. The Administration advised that since political appointees were not civil servants, their appointments would not impact on the civil service establishment and promotions. In effect, over 90% of the posts in promotional ranks were filled through internal promotion.

Latest development

21. The Administration will provide an updated overview of the civil service establishment, strength, retirement, resignation and age profile situation at the next Panel meeting scheduled for 16 April 2012.

Relevant papers

22. A list of relevant papers and hyperlinks is shown in the **Appendix**.

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Appendix

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

List of relevant papers

Date	Meeting/Event	References
22.2.2010	Panel on Public Service	Administration's paper on "An overview of the Civil Service: Establishment, Strength, Retirement, Resignation and Age Profile" (LC Paper No. CB(1)1134/09-10(03)) http://www.legco.gov.hk/yr09-10/english/panels/ps/papers/ps0222cb1-1134-3-e.pdf Minutes of meeting http://www.legco.gov.hk/yr09-10/english/panels/ps/minutes/ps20100222.pdf
26.5.2010	Council Meeting	Question raised by Dr Hon David LI on "Number of civil servants in past five years" http://www.info.gov.hk/gia/general/201005/26/P201005260123.htm
1.12.2010	Council Meeting	Question raised by Dr Hon Margaret NG on "Attrition rate of Administrative Officer grade" http://www.info.gov.hk/gia/general/201012/01/P 201012010165.htm
17.1.2011	Panel on Public Service	Administration's paper on "An Overview of the Civil Service: Establishment, Strength, Retirement, Resignation and Age Profile" (LC Paper No. CB(1)1001/10-11(03)) http://www.legco.gov.hk/yr10-11/english/panels/ps/papers/ps0117cb1-1001-3-e.pdf Background brief on "overview of the civil service: establishment, strength, retirement, resignation and age profile" http://www.legco.gov.hk/yr10-11/english/panels/ps/papers/ps0117cb1-1040-1-e.pdf Minutes of meeting http://www.legco.gov.hk/yr10-11/english/panels/ps/minutes/ps20110117.pdf

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