

**For Discussion on
16 June 2008**

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Legislative Council Panel on Public Service

General Overview of the Civil Service Strength, Retirement and Resignation

Purpose

This paper provides an overview of the strength, and the retirement and resignation situation of the civil service over the past 25 years. It also provides a projection on the retirement situation in the next 25 years.

Background

2. The civil service is the cornerstone of effective governance of Hong Kong. Over the past 25 years, Hong Kong has undergone significant demographic, socio-economic and political changes. As the backbone of the Government, the civil service has also been evolving with times to meet the changing circumstances and needs of our community. In response to societal changes, the Administration has devised appropriate manpower measures to ensure the civil service meets the expectation of the community, and to optimize the civil service manpower resources for the effective provision of public services.

Strength of the civil service

3. The civil service experienced a substantial expansion in the 1980's, largely because of the increased demand for public services associated with population and economic growth at the time. The expansion was most notable in the early 1980's, and continued for the rest of the decade, albeit at a slower rate. As shown in **Annex A**, the number of civil servants rose from about 170 000 in 1983-84, to around 183 000 in 1987-88, to the peak of about 190 000 in 1990-91, and fluctuated within the range of 180 000 and 190 000 for the rest of the 1990's. During this period, the Administration embarked on a number of reorganisation exercises, which involved the hiving off of some government functions through the establishment of the Kowloon-Canton Railway Corporation in 1983, the Hospital Authority in 1991, the Vocational Training Council in 1991, and the Hong Kong Monetary Authority in 1993. These exercises resulted in the departure of around

13 300 civil servants over a number of years from the Government.

4. At the turn of the last decade, in the light of the deteriorating economic and fiscal position, the Administration made rigorous efforts to enhance efficiency, downsize the civil service, and reduce public expenditure. Through the implementation of two voluntary retirement (VR) schemes in 2000 and 2003 and targeted VR schemes for specific grades with surplus staff, the general open recruitment freeze in 1999-2000 to 2000-01 and 2003-04 to 2006-07 (see paragraph 7 below), natural wastage, and bureaux/departments' re-engineering, re-prioritisation and re-structuring efforts, the number of civil servants gradually decreased to about 154 000 in 2006-07, representing a reduction of over 19% from the peak in the 1990's.

5. Over the past 25 years, the population of Hong Kong has grown by 29% from 5.38 million in 1983, to 6.27 million in 1995 and to 6.96 million in 2007, which has translated into a substantial increase in the demand for public services. Civil servants, as a percentage of the total population, dropped from 3.1% in 1983-84, to 2.9% in 1994-95 (after the departure of all the civil servants referred to in paragraph 3 above), and to 2.2% in 2006-07. In this connection, it is worth noting that as Hong Kong continues to forge ahead, the issues facing the community have become increasingly complex and intricate, and people's expectation of the quality and quantity of public services has also become higher compared with the past.

6. There has also been a change in the age profile of the civil service over the years, as illustrated in **Annex B**. For example, around 71% and 33% of civil servants were in the age group of 20-39 in 1983-84 and 2006-07 respectively, while around 26% and 67% of civil servants were in the age group of 40-59 for the two specified years respectively. This change is mainly attributed to the substantial expansion of the civil service in the 1980's and to our efforts in controlling the size of the civil service in the last decade or so. Another contributory factor is the introduction of the New Pension Scheme (NPS) in 1987 and the specification of the age of 60 as the normal retirement age for civil servants in the civilian grades on NPS (see paragraph 8 below).

7. We are keenly aware of the importance to constantly impart vigour into the civil service and maintain its vibrancy. Therefore, during the period of 2003-04 to 2007-08 when there was a freeze on open recruitment, some grades were allowed to conduct open recruitment on an exceptional basis to meet new essential service needs and to alleviate manpower planning problems, with the

approval of a Panel co-chaired by the Chief Secretary for the Administration and the Financial Secretary (referred to hereafter as the “CS/FS Panel”). In total, the CS/FS Panel granted exceptional approval for the concerned bureaux and departments to conduct open recruitment to fill about 5 660 vacancies in non-VR grades and another some 1 200 vacancies in the VR grades. The open recruitment freeze has since been lifted in two phases for most grades, the first phase on 1 April 2007 with respect to the non-VR grades, and the second phase in late March 2008 with respect to the VR grades. In time, we expect a moderation of the aging profile of the civil service.

Retirement and resignation in the civil service

Retirement

8. Retirement refers to normal as well as early retirement. Before 1 July 1987, civil servants appointed on pensionable terms are on the Old Pension Scheme (OPS) under which the normal retirement age is 55 for both civilian and disciplined services grades. The early retirement age for civilian civil servants on OPS is 50 to 54, and can be further advanced to 45-49 for exceptional reasons (e.g. on compassionate grounds). The early retirement age for disciplined services civil servants on OPS is 45 to 54. On 1 July 1987, the Government introduced the NPS to replace the OPS having regard to the then estimated working life expectancy. Civil servants joining the Government on pensionable terms on and after that date are on the NPS under which the retirement age is 60 for civilian grades and 55 or 57 for disciplined services grades (depending on the grade and rank of the civil servants concerned)¹. Civil servants on the OPS were allowed to opt for the NPS; and around 100 000 had done so.

9. As shown in **Annex A** and **Annex C**, the number of retirees in the civil service increased significantly in the decade or so before 1997. In the 1980's, the number of retirees remained at around 0.5-0.6% of the total number of civil servants. This figure climbed gradually in the early 1990's and peaked in 1996-97 at 2.2%, followed by a sharp drop in the two years thereafter, probably because of the large number of early retirees in the immediately preceeding years. Since 2001-02, the number of retirees has been on the rise again, mainly due to the normal retirement of intakes in the 1960's, which was another period of rather

¹ Civil servants recruited on or after 1 June 2000 and have become permanent staff are under the Civil Service Provident Fund Scheme. They also retire at the age of 60 (for civilian grades) or at 55/57 (for disciplined services grades).

substantial growth of the civil service.

10. The introduction of the NPS has allowed more civil servants to continue serving beyond the age of 55 and retire at the age of 60. As shown in **Annex C**, the number of retirees at the age of 55 or above constituted 64% and 83% of the total number of retirees in 1983-84 and in 2006-07 respectively. Conversely, the percentage of retirees aged 54 or below fell from 36% in 1983-84 to 17% in 2006-07.

11. Based on the current profile of the civil service, we expect that the number of retirees will climb steadily in the next 15 years (see **Annex D**), from the actual annual average of around 3 000 in the past five-year period of 2003-04 to 2007-08, to an estimated annual average of 3 400 in the five-year period of 2008-09 to 2012-13, to an estimated annual average of 5 800 for the subsequent five-year period of 2013-14 to 2017-18, and to an estimated annual average of around 7 100 in the five-year period of 2018-19 to 2022-23. Thereafter, we estimate the number will drop gradually. This projection tallies with the expansion of the civil service in the 1980's. Separately, with the declining number of civil servants remaining on the OPS, the percentage of retirees at the age of 55 or above will continue to rise until the end of the 2020's when such civil servants will all have retired.

Resignation

12. The number of resignations in the civil service rose sharply in the three years subsequent to the introduction of the NPS in 1987, from around 2 500 (or 1.4% of the civil service strength) in 1986-87 to around 7 900 (or 4.2% of the civil service strength) in 1989-90, as shown in **Annex E**. The number remained at a relatively high level in the early to mid-1990's. We believe this is partly attributed to some civil servants who decided to resign after opting for the (then) newly-introduced NPS which allows civil servants who resign before the normal retirement age to be paid deferred pension on attaining the age of 60² subject to their fulfilling the requirement of 10 years of pensionable service. The payment of a deferred pension, which is not allowed under the OPS, may have therefore induced some civil servants to leave the Government to pursue a second career or other personal goals. Since the late 1990's, the number of resignations has steadied at below 0.5% of the civil service strength.

² Civil servants having switched from OPS to NPS will have the deferred pension paid on their attaining the age of 55.

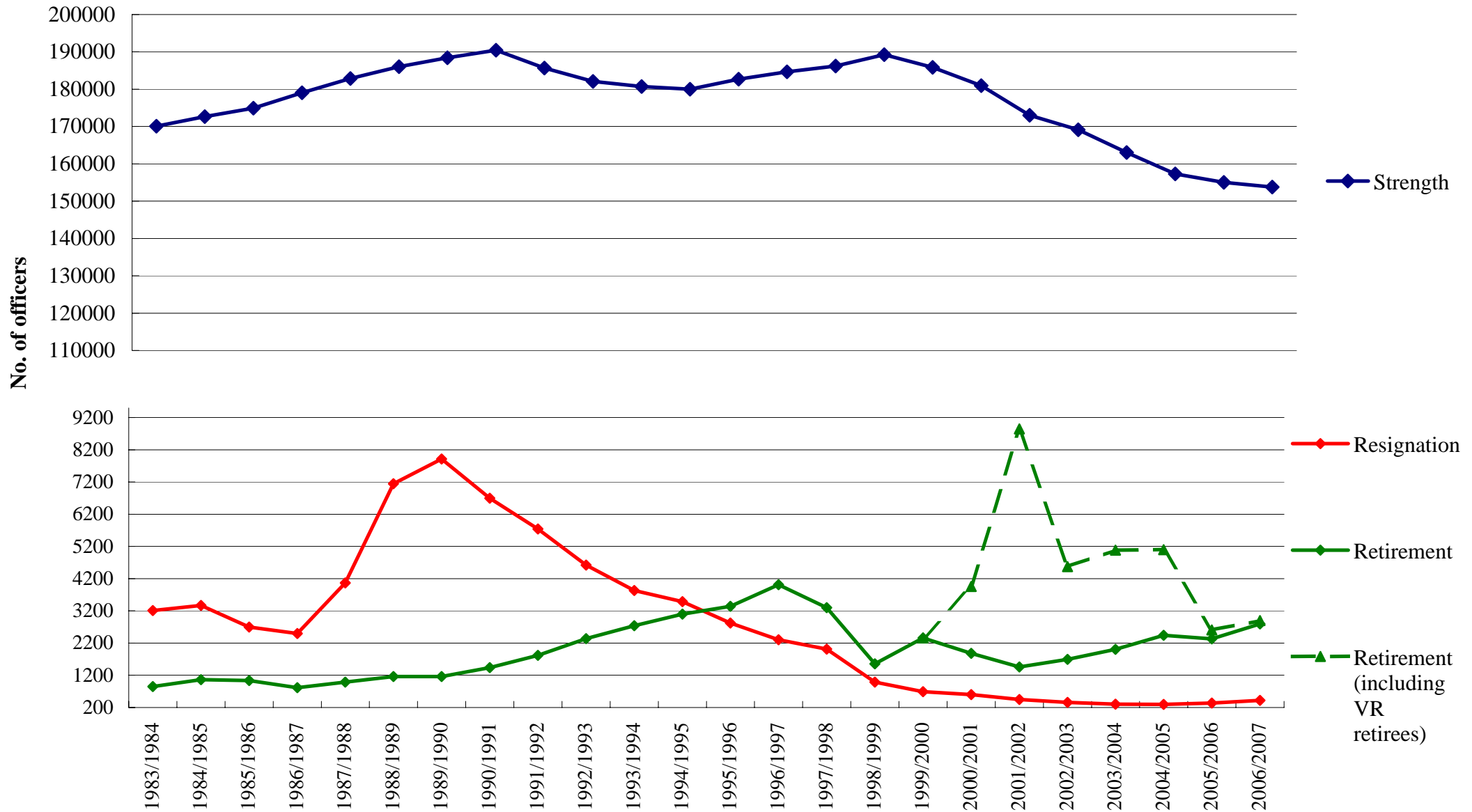
Advice sought

13. Members are invited to note the contents of this paper.

Civil Service Bureau
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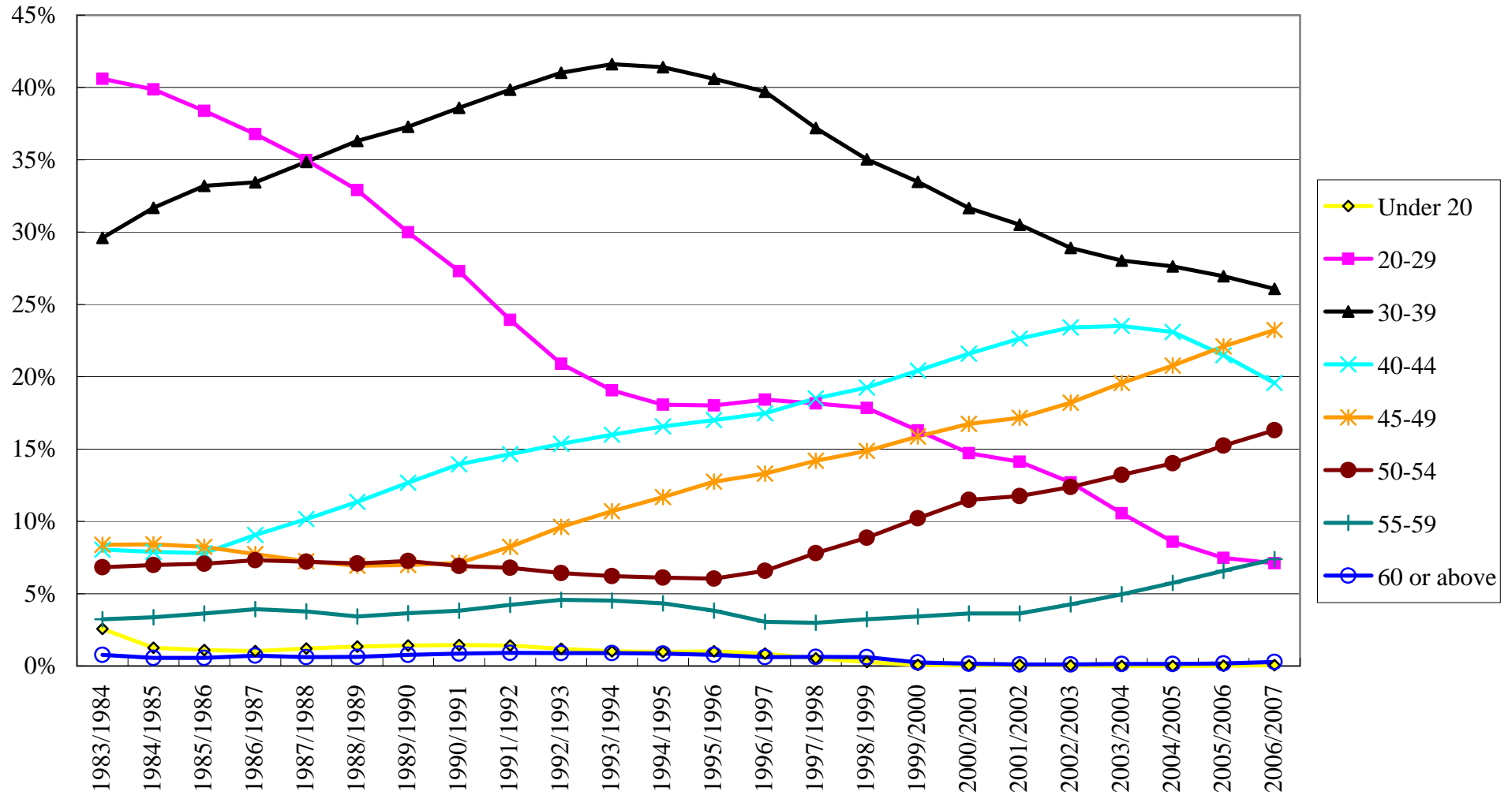
Strength, Retirement and Resignation of Civil Service from 1983-84 to 2006-07

Annex A

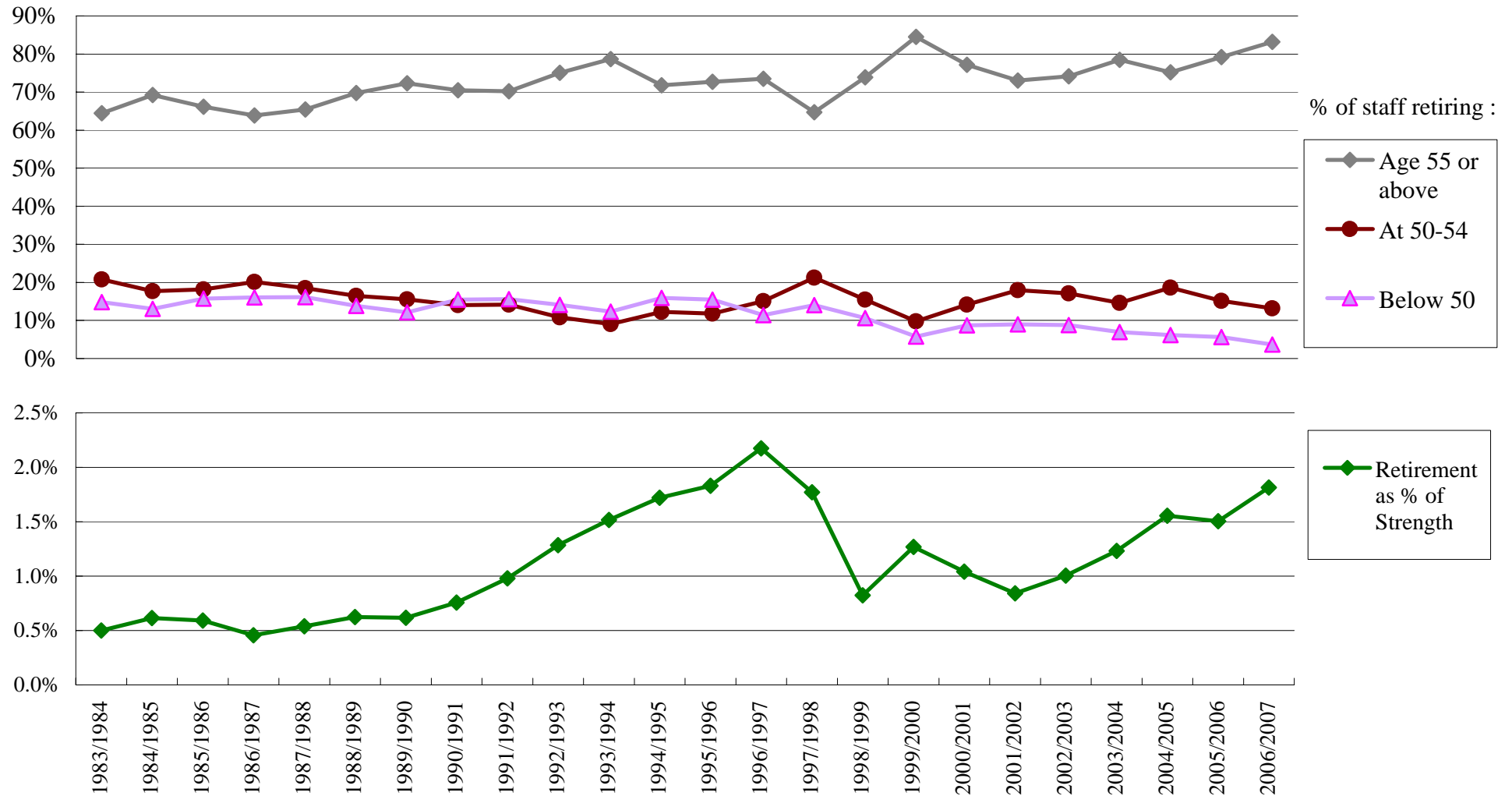


Note: Retirement in this chart refers to normal and early retirement (except where specified).

Civil Servants by age groups from 1983-84 to 2006-07



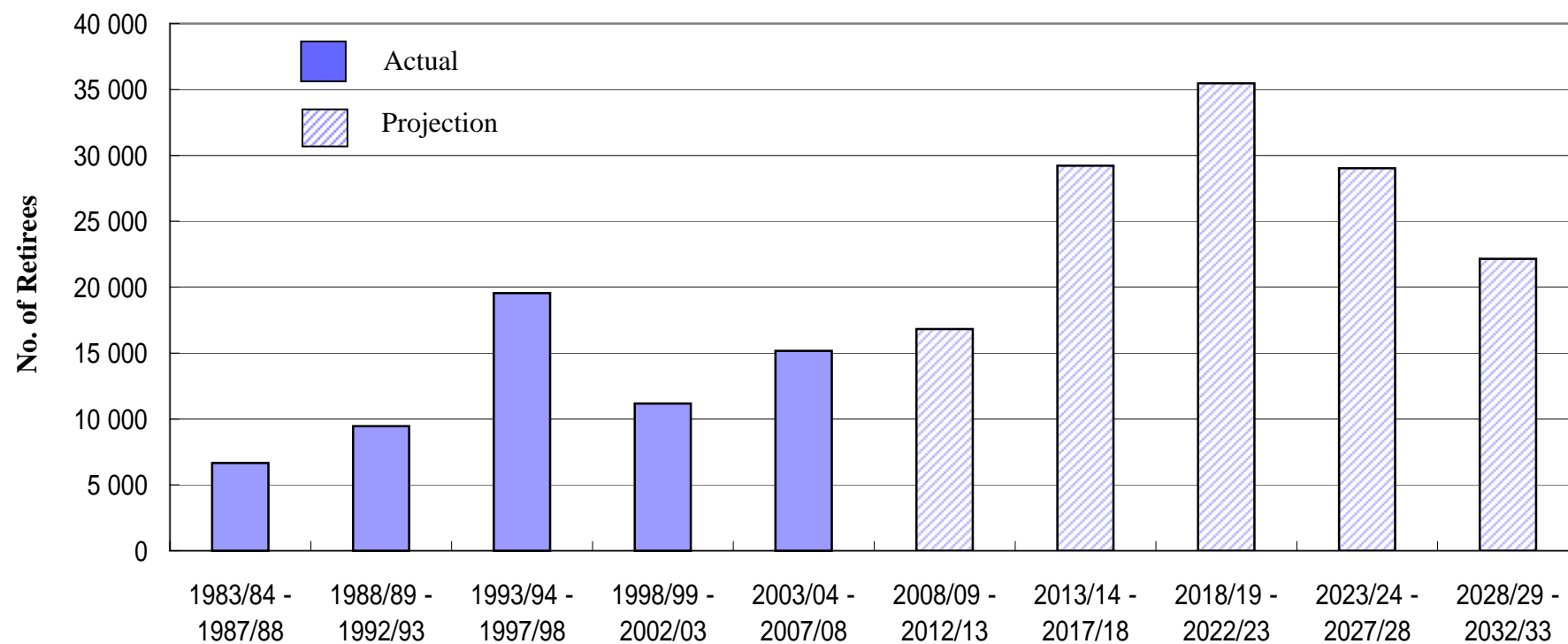
Retirement of Civil Servants from 1983-84 to 2006-07



Note: Retirement in this chart refers to normal and early retirement.

Projected Number of Retirees in the Next 25 Years

Annex D



Note : Projection made on the basis of age profile of the civil service as at 1 April 2007 and staff leaving on normal retirement.

Resignation of Civil Servants from 1983-84 to 2006-07

