

LCQ9: Impacts of departure of civil servants on fiscal reserves

Following is a question by the Hon Paul Tse and a written reply by the Secretary for the Civil Service, Mr Patrick Nip, in the Legislative Council today (April 27):

Question:

It has been reported that there are about 6 300 civil servants reaching the normal retirement age in the 2021-2022 financial year. At the same time, the large number of civil servants resigning, emigrating, etc. has resulted in a wastage of as high as 8 500 in the civil service in the 2020-2021 financial year, accounting for around 4.8 per cent of the strength. As revealed by the latest Subsidized Schools Provident Fund Annual Report of the Education Bureau, 2 125 teachers of government-subsidized schools, many of whom had not reached the retirement age, withdrew a total of \$6.8 billion of provident fund contributions in the 2020-2021 school year on grounds of resignation or retirement, etc. Regarding the impacts of departure of civil servants on fiscal reserves, will the Government inform this Council:

(1) whether it has compiled statistics on the departure in the past two years of civil servants and government school teachers appointed under the civil service system; of the respective numbers of those among such civil servants and teachers who were appointed on pensionable terms and on the terms under the Civil Servant Provident Fund Scheme;

(2) of the amount of public funds earmarked by the Government for the 2021-2022 financial year for meeting the civil service retirement expenditure and, among them, the total amount of funds for meeting pension expenditure; as some members of the public have pointed out that under the impacts of the retirement and emigration tides, the number of civil servants leaving the service is expected to rise continuously in the coming few years, whether the Government has assessed if there is a need to adjust upwards the estimates of expenditure on pension payment for the 2021-2022 financial year and onwards;

(3) of the amount of pension payment (with a breakdown by lump sum and monthly pension payments) made by the Government in each month of the past two years, and its month-on-month rate of change; and

(4) whether it will expeditiously assess the impacts of civil servants withdrawing pensions for reason of departure on the loss of fiscal reserves; if so, of the details, and whether it has estimated the number of civil servants who will leave the service in each of the coming two years; if it will not assess, of the reasons for that?

Reply:

President,

In 2020-21, the wastage in the civil service was about 8 500, accounting for around 4.8 per cent of the strength. Retirement was the primary reason for departure of civil servants from the civil service, while the other reasons, including resignation, completion of agreement and death, accounted for only a small proportion of wastage.

Pension arrangement for civil servants are governed by relevant pension legislation (including the Pensions Ordinance (Cap. 89) and the Pension Benefits Ordinance (Cap. 99)). As for new recruits to the civil service starting from June 1, 2000, they are employed on terms that attract retirement benefits under either the Mandatory Provident Fund (MPF) Scheme or the Civil Service Provident Fund (CSPF) Scheme.

It is stipulated in relevant legislation that the entitlement to pension benefits is a right. An officer's pension is calculated according to the prescribed formulae in the pension legislation and in general it will only be payable to the officer upon his/her reaching the statutory retirement age, regardless of when and why a civil servant leaves the service. For employees' MPF or CSPF, the Government will make monthly contribution on the basis of employees' salary, year of service and contribution rate applicable to them. The number of civil servants leaving the service before his/her reaching the retirement age will not have additional financial impact for the Government.

My reply to the questions raised by the Hon Paul Tse is as follows:

(1) The respective numbers of civil servants and teachers appointed on civil service terms (including Education Officer, Certificated Master/Mistress and Primary School Master/Mistress grades) who left the service in 2019-20 and 2020-21 are tabulated below:

	2019-20	2020-21
Civil servants on pensionable terms		
All civil servants (Note)	6 351	6 371
Teachers appointed on civil service terms	84	84
Civil servants who are entitled to retirement benefits under the MPF Scheme or the CSPF Scheme		
All civil servants (Note)	1 960	2 123
Teachers appointed on civil service terms	13	25
Total:		
All civil servants (Note)	8 311	8 494
Teachers appointed on civil service terms	97	109

Note: Inclusive of the figure below on teachers appointed on civil service terms.

(2) The revised estimate for pension payment in the financial year of 2021-22

and the estimate for the financial year of 2022-23 are \$43,466.7 million and \$45,852 million respectively. When preparing the estimate for pension payment, we will take into account a number of factors which mainly include the number of retired public officers receiving pension and the increase in the number of public officers retiring in the coming year. The number of new pensioners was 6 365 in 2021. It is estimated that the number of newly retired public officers will be 6 370 in 2022.

(3) The amount of pension payments (including lump sum pension gratuity and monthly pension) made by the Government in each month of the past two financial years, and its month-on-month rate of change are tabulated below:

Financial Year	Month	Lump Sum Pension Gratuity			Monthly Pension		
		Amount \$ Million	Monthly Changes \$ Million	Rate of Change (%)	Amount \$ Million	Monthly Changes \$ Million	Rate of Change (%)
2019-20	April	1,861.9			1,932.5		
	May	1,422.2	-439.7	-23.6	2,073.5	+141.0	+7.3 (Note 1)
	June	1,137.3	-284.9	-20.0	2,035.1	-38.4	-1.9
	July	1,201.8	+64.5	+5.7	2,045.8	+10.7	+0.5
	August	1,123.6	-78.2	-6.5	2,052.0	+6.2	+0.3
	September	1,221.2	+97.6	+8.7	2,064.5	+12.5	+0.6
	October	1,014.1	-207.1	-17.0	2,075.3	+10.8	+0.5
	November	861.8	-152.3	-15.0	2,081.6	+6.3	+0.3
	December	983.7	+121.9	+14.1	2,089.7	+8.1	+0.4
	January	656.9	-326.8	-33.2	2,101.3	+11.6	+0.6
	February	577.4	-79.5	-12.1	2,094.1	-7.2	-0.3
	March	540.7	-36.7	-6.4	2,137.6	+43.5	+2.1
2020-21	April	2,506.4	+1,965.7	+363.5 (Note 2)	2,131.9	-5.7	-0.3
	May	1,383.6	-1,122.8	-44.8	2,129.0	-2.9	-0.1
	June	1,356.1	-27.5	-2.0	2,314.5	+185.5	+8.7 (Note 1)
	July	1,251.1	-105.0	-7.7	2,206.1	-108.4	-4.7
	August	1,269.0	+17.9	+1.4	2,205.7	-0.4	-0.0
	September	1,224.1	-44.9	-3.5	2,227.9	+22.2	+1.0
	October	954.5	-269.6	-22.0	2,239.3	+11.4	+0.5
	November	1,020.8	+66.3	+6.9	2,237.8	-1.5	-0.1
	December	983.6	-37.2	-3.6	2,243.2	+5.4	+0.2

	January	953.8	-29.8	-3.0	2,256.1	+12.9	+0.6
	February	678.1	-275.7	-28.9	2,258.0	+1.9	+0.1
	March	1,027.5	+349.4	+51.5	2,290.3	+32.3	+1.4

Note 1: Including the adjustment to pension with retrospective effect from April 1 of that year; upward adjustments of 2.7 per cent and 2.9 per cent were made in 2019 and 2020 respectively in accordance with the mechanism.

Note 2: Including the adjustment to lump sum pension gratuity made due to the 2019-20 civil service pay adjustment which took retrospective effect from April 1, 2019.

(4) Retirement has always been the primary reason for departure of civil servants from the civil service. It is estimated that around 5 900 and 5 800 civil servants will be reaching normal retirement age in 2022-23 and 2023-24 respectively.

The Government will earmark provision in the annual Draft Estimates of Expenditure every year for pension payments to eligible retired public officers and for contributions to the MPF Scheme or the CSPF Scheme. The number of civil servants leaving the service before his/her reaching the retirement age will not have additional financial impact for the Government.