

**Legislative Council Panel on Public Service
Meeting on 19 March 2001**

Containing the Size of the Civil Service

Purpose

Further to the paper submitted to this Panel on 30 October 2000, this paper briefs Members on the up-to-date progress of the initiative to contain the size of the civil service, specifically the lifting of the freeze on recruitment to the civil service and other related issues.

Containing the Size of the Civil Service

2. The Financial Secretary announced on 8 March 2000 an initiative to reduce the total civil service establishment by 10 000 (or about 5%) from 198 000 down to its 1995 level at some 188 000 over the period 2000-01 to 2002-03. The objectives of this initiative are to demonstrate our commitment to enhancing public sector productivity; maintain a lean and fit civil service; and give further impetus to increasing private sector participation in the delivery of public services. A number of measures have been adopted to achieve the target –

- (a) the general freeze on recruitment to the civil service has been continued for the year 2000-01 unless otherwise approved;
- (b) all heads of department/grade have been required to supply manpower plans for their departments/grades;
- (c) all departments have been required to delete their existing vacancies and not to create new funded posts unless otherwise approved; and
- (d) recruitment into those grades designated for the purpose of the Voluntary Retirement Scheme would be frozen.

Reduction of Civil Service Establishment

3. Through the concerted efforts of all parties, the initiative to contain the size of the civil service has achieved positive results. The total establishment as at end 2000-01 has been reduced by some 8 000 down to 190 000. This comprises –

- (a) deletion of some 6 700 posts which are either existing vacancies or funded posts under the Stage One of the exercise (as reported in the information paper submitted to the Panel on 30 October 2000); and
- (b) deletion of another 1 300 posts arising mainly from Housing Department's Voluntary Departure Scheme.

4. On current forecast, we envisage that the establishment by the end of 2002-03 should be reduced further by some 9 000 down to around 181 000 through natural wastage, staff redeployment and implementation of voluntary staff departure schemes. This mainly comprises –

- (a) some 8 000 further deletions in 2001-02 mostly arising from the Voluntary Retirement Scheme and the Voluntary Departure Scheme of Housing Department; and
- (b) some 1 000 further deletions in 2002-03 after taking into account deletion of posts under the Voluntary Retirement Scheme and creation of new posts to meet new demand.

5. It is the Administration's commitment to maintain the quality of public services while containing the civil service establishment. This is made possible by heads of department's initiatives to assess and plan how their services could be delivered more cost-effectively, through re-engineering of work processes, streamlining of existing operations, making greater use of information technology or other innovations, providing services through alternative modes of service delivery, and increasing private sector's participation in the delivery of public services.

6. It should also be noted that the initiative to contain the size of the civil service has been and will continue to be achieved through conscious efforts of streamlining, re-engineering or outsourcing of services, as well as release of surplus

manpower through natural wastage, staff redeployment and implementation of voluntary staff departure schemes.

Lifting of Recruitment Freeze

7. After reviewing the progress made in containing the size of the civil service, the Financial Secretary has announced on 7 March 2001 to lift the freeze on recruitment to the civil service with effect from 1 April 2001. However, measures will be in place to ensure that the objective of containing the size of the civil service could be met –

- (a) recruitment to the 59 grades designated under the Voluntary Retirement Scheme will continue to be frozen for the next five years until 2005-06;
- (b) the deletion of posts arising from departure of staff under the Voluntary Retirement Scheme will be closely monitored;
- (c) the NAMS (notional annual mid-point salaries) ceiling of individual departments and redeployment of resources between Personal Emoluments and Departmental Expenses will be strictly controlled; and
- (d) the allocation of resources for creation of new civil service posts will be controlled through the Resource Allocation Exercise mechanism.

8. We believe that all heads of departments will continue to carefully control the growth of departmental establishment, and to continue to streamline their existing operations or deliver services through alternative means under the Enhanced Productivity Programme, with a view to enhancing the cost-effectiveness and efficiency of the public sector in providing public service. With the above measures in place, we believe that the lifting of the recruitment freeze will not result in unrestrained inflation of the civil service establishment.

Voluntary Retirement Scheme

9. The 59 grades designed for the purpose of the Voluntary Retirement (VR) Scheme will continue to be subject to a five-year recruitment restriction until 2005-06, i.e. recruitment from outside to the VR grades will be frozen. However, these VR

grades may continue to conduct restricted in-service appointment and/or promotion to fill their posts where functionally required, provided that the consequential vacancies would be deleted accordingly. A central redeployment scheme is also being implemented to enable inter-departmental transfer of common grade staff to tackle mismatch of staff departures and staffing needs across departments.

10. As for those staff in the VR grades who choose to remain in the service, we will provide training to them to facilitate their adjustment through the transition and for further career advancement. Training programmes would be drawn up to provide targeted training to staff to enable them to perform more effectively and efficiently in the new working environment and to pursue further career development in the civil service.

Recruitment to the Civil Service

11. After lifting the recruitment freeze, individual departments and grades may decide to recruit to fill civil service posts according to their service needs and operational requirements, particularly having regard to their need for permanent staffing and for recruitment of civil servants to provide services on a long-term basis. In this regard, we estimate that there are currently some 2 000 vacancies in the civil service and some 750 new posts to be created in 2001-02 which may possibly need to be filled by recruitment.

12. When individual departments and grades conduct recruitment to fill civil service vacancies, employees engaged by individual departments as temporary staff or on non-civil service contract terms can be a source of candidates. Individual departments/grades may recruit from among these staff to fill their civil service vacancies. As the staff were employed on terms distinct from civil servants, they will have to apply for civil service vacancies through recruitment exercises, to undergo a selection process, and, if selected, to be appointed on the same basis as new recruits.

13. However, we recognise that as some of these non civil service contract staff have been serving in the department concerned on similar duties and on whom the department has prior performance records, the purpose of observation for the purpose of establishing their suitability for joining the civil service may have been partially met. Heads of departments/grades will thus be given the discretion to reduce the probation period in respect of individual new appointees, having regard to their previous records of service with the department concerned, including availability of

appraisals on their performance and conduct, and the relevance of their duties and experience to the civil service rank they are appointed to, by not more than half of the normally required probation period.

Non-Civil Service Contract Scheme

14. As explained in our paper submitted to the Panel on 18 December 2000, apart from recruiting civil servants to fill posts on the permanent establishment, government departments may also need to employ from time to time non-civil service contract staff who do not come within the civil service establishment. The purpose of the non-civil service contract scheme is to allow heads of department greater flexibility to deploy their resources and to better enable them to meet their changing service needs and operational requirements.

15. We have promulgated in January 2001 a set of revised guidelines on the employment of non-civil service contract staff. The guidelines provide heads of department/grade with greater flexibility to offer better terms and conditions based on market conditions where justified. The non-civil service contract scheme will remain a standing tool to meet service needs which are short-term or part-time, or where the service is under review or likely to be changed (e.g. pending outsourcing).

Way Forward

16. Notwithstanding the lifting of the recruitment freeze, we will continue to monitor the size of the civil service establishment to ensure that the objective of containing the size of the civil service can be achieved while maintaining the high quality and level of public service.

Civil Service Bureau
14 March 2001