

**Information Note
for the LegCo Panel on Public Service**

Policy Initiatives of the Civil Service Bureau in 2002-03

Purpose

This note sets out, for Members information, the major tasks and initiatives of the Civil Service Bureau (CSB) in 2002-03.

Background

2. The Chief Executive (CE) delivered his 2001 Policy Address on 10 October 2001. This note gives a brief account of what the CE has said in his latest Policy Address about the Civil Service and highlights some of the major tasks and new initiatives of the CSB in the coming year.

I. Implications of the Accountability System on the Civil Service

3. In his 2001 Policy Address, the CE has outlined his initial proposal on enhancing the accountability system of the Government. Basically, the system will feature the following –

- (a) a new system of appointing principal officials will be introduced, comprising the top three secretaries and most Directors of Bureaux;
- (b) the CE could nominate suitable candidates for all these positions from within or outside the Civil Service. These officials will be appointed on terms different to those in the Civil Service;
- (c) the new appointees will each be responsible for designated policy areas, including formulating and explaining policies, defending policies, canvassing support from the Legislative Council and the public and be held accountable for the success or failure of their

policies; and

- (d) these new principal officials will be appointed to the Executive Council.

4. The details of the accountability system have yet to be finalized and it will be for the CE in the second term to decide whether these ideas should be implemented. Judging from the initial framework of the proposal, we envisage that the new system will bring the following advantages to the delivery of public service :

- (a) the prevailing strengths of the Civil Service will be preserved under the new accountability system, i.e. permanency, professionalism, neutrality, high efficiency and freedom from corruption;
- (b) the roles and responsibilities of the top government officials will be more clearly defined. While the principal officials would become member of ExCo and be accountable for the outcome of their policies, senior civil servants, given their experience, knowledge and dedication, will assist the former in formulating and implementing policies, soliciting public feedback, securing support for policies, and co-ordinating of the effective implementation of the policies; and
- (c) the new accountability system will be drawn up under the framework of the Basic Law, which also contains provisions safeguarding the integrity of the civil service management system.

5. Under the new accountability system, civil servants will continue to provide the best support for principal officials. The ultimate vision of the Civil Service is to provide quality services to the public efficiently and effectively.

II. The Civil Service Reform

6. The Civil Service Reform launched in March 1999 provides a comprehensive framework of initiatives to modernize the management of the Civil Service. We have introduced major reform measures in the entry and exit system, pay and conditions of service, performance management and disciplinary mechanism of the Civil Service. Implementation of these measures has provided greater flexibility for the Civil Service to deliver quality services to the community in a more cost-effective manner and to meet the needs of the present day circumstances.

7. Our efforts in the past years have set in train –

- (a) the implementation of a new entry system, starting salaries and fringe benefits package for new recruits;
- (b) the development of a Civil Service Provident Fund scheme for new entrants to replace the pension system;
- (c) the implementation of the Voluntary Retirement (VR) Scheme for 59 grades and deletion of over 9 000 posts in three years;
- (d) the implementation of the Management Initiated Retirement Scheme to enhance the quality of the senior management of the Civil Service;
- (e) the introduction of a pilot scheme on team-based performance rewards; and
- (f) the establishment of a streamlined disciplinary machinery.

In 2002, we will see through the implementation of the Reform measures currently underway and consolidate our achievements.

III. Policy initiatives in 2002-03

8. In 2002-03, we will also take forward the following initiatives to ensure the delivery of quality service to the community through a clean, trustworthy and fulfilled workforce.

Modernize the policy and practice applicable to the management of the Civil Service

Civil Service Provident Fund

9. We have completed Stage 1 consultancy study on the proposal to set up the Civil Service Provident Fund scheme and conducted a public consultation exercise on the proposed design options in early 2001.

10. We are embarking on Stage 2 of the study to work out the implementation details of the scheme. Our target is to have the scheme in place in 2003.

Voluntary Retirement (VR) Scheme

11. VR takers are being released progressively with the majority (about 7,850 or 85%) departing by end of 2001. As at end October 2001, over 5 500 VR takers had been released.

12. Of the some 460 applications still awaiting approval, there are some 50 applications which are pending the outcome of disciplinary investigations/proceedings against the officers concerned. For the remaining 410 outstanding cases which are from the Food and Environmental Hygiene Department (FEHD), the Department's assessment is that there should be no problem in approving the some 20 outstanding applications from the Motor Driver grade for release in mid-2002 . For the remaining 390 applications which relate to the Foremen grade, the situation is more fluid. In July 2001, FEHD consulted staff on the outcome of the Foreman Grade Review, which recommended the employment of contract staff to undertake contract management duties for those outsourced cleansing services so that VR applicants from the grade could be released. Staff associations however raised

objection to the recommendation on the ground that existing staff should be given the chance to undertake contract management duties. FEHD is exploring other viable alternatives, with the view to arriving at definitive options by mid-2002. Whether more Foreman VR applicants can be released will therefore need to be assessed in the light of updated circumstances regarding staff deployment by mid-2002.

13. To assist staff to adjust to changes in the work-place, we have reserved \$14 million under the three-year Training and Development Programme now under implementation from 2001-02 to 2003-04 for the provision of training for those affected by the VR exercise. So far, some 300 training courses for over 6 000 trainees have been arranged through the training programmes organized by the Civil Service Training and Development Institute. More programmes will come on stream. The training will enable staff to better adapt to changes and to enhance their skills to be acclimatized with the new working environment and procedures. Departments concerned are also organizing necessary training courses to enhance the vocational skills of their staff involved. For example, FEHD have so far provided requisite vocational training to 1 100 staff who are affected by contracting-out exercises or redeployed to new jobs following the implementation of the VR exercise.

14. We will conduct a review on the implementation arrangements and effectiveness of the current VR exercise in the coming year.

New Medical and Dental Benefits Scheme for New Recruits

15. To ensure that our provision of medical and dental services is modern and in line with present day circumstances, we will study and explore the feasibility of developing a new medical and dental benefits scheme for new recruits. We aim to complete the study by early 2003.

Equip staff with the skill, knowledge and ability to deliver an efficient service to the community

16. Apart from the continuance of the three-year Training and Development Programme, we will request departments and grades to draw up annual training and development plans specific to their needs so that colleagues

can acquire the necessary skills and knowledge to meet service requirement.

17. We will also issue by early 2002 a Directorate Personal Development Guide to encourage directorate officers to draw up their own personal development plan so that they can lead by example the culture of continuous learning in the Civil Service.

Promote a culture focused on achieving results

18. We will conduct a comprehensive review of civil service rules and regulations with a view to identifying further scope for simplification and streamlining of procedures and for delegation of authority on civil service management matters to other bureaux and departments. Our aim is to enhance civil service efficiency and to achieve economy of resources.

19. We are organizing a “Customer Service Excellence Award” to recognize achievements in customer service. The award presentation ceremony will be held in February 2002, together with an exhibition featuring the work of some 48 bureaux/departments. In addition, funds will continue to be allocated to assist departments with their initiatives aimed at enhancing a customer-focused culture.

Upholding the integrity of the Civil Service

20. We will review the disciplinary rules and mechanism with a view to exploring scope for further shortening the processing time of disciplinary cases and for enhancing management responsibility at the supervisory level. We aim to effectively integrate the duty of handling disciplinary matters with the responsibility of performance management.

21. In collaboration with the Independent Commission Against Corruption, we will organize a forum in 2002 on current integrity challenges for senior government officials and assist departments, through training programmes and publicity efforts, to reinforce a culture of probity among colleagues.

Promote staff well-being

22. We will organize a series of seminars and exhibitions to enhance staff's awareness of job-related hazards and promote implementation of precautionary measures against potential hazards at work.

IV. Containing the Size of the Civil Service

23. The 2001 Policy Address has stated that the Government of Hong Kong Special Administrative Region believes in the principle of small government. In the long run, we will simplify our organizational structure and curb government spending. To achieve this objective, we have been actively pursuing measures to contain the size of the civil service and to increase the efficiency of government operations.

24. The measures which we put in train in the past two years include –

- (a) implementing a Voluntary Retirement Scheme for the civil service in 2000 giving rise to an annual savings of almost \$1 billion after 2004-05;
- (b) containing the growth in the size of the Civil Service by imposing a general recruitment freeze between April 1999 and March 2001;
- (c) requesting Government bureaux and departments to introduce enhanced productivity measures under the Enhanced Productivity Scheme for increasing their efficiency and reducing public expenditure; and
- (d) providing greater flexibility to Bureaux Secretaries/Heads of Department on staffing matters so that they are better placed to respond to changing service needs in response to the public demand.

25. Through these measures, we have reduced the size of the Civil Service establishment from some 198 000 in March 2000 to 186 000 as at 1 July 2001. We are in good progress to reduce the establishment further to 181 000 by March 2003.

26. The successful launch of the Enhanced Productivity Programme will allow annual savings of \$6 billion starting from 2002/03. All savings will be used to meet the community's needs.

27. So far the savings in terms of staff and expenditure are achieved through business process re-engineering, outsourcing of service delivery where appropriate and streamlining of the service delivery process. There are no forced staff redundancy in the process and the efficiency and effectiveness of public services are upheld.

28. As agents delivering public service, subvented organizations and other public organizations also have the responsibility to deliver quality services to the public in a cost-effective manner. The Administration keeps a regular dialogue with these organizations but do not normally intervene into their management. For the subvented organizations, the Administration will see to it that the allocation of public funds are well-used, in accordance with the standing subvention guidelines.

Way Forward

29. We will take forward our initiatives through thorough consultation with departmental management and the staff sides. In the process, we will take full account of the community's expectations for better service, increased transparency and greater accountability of the Civil Service.