

For discussion
on 19 May 2003

LEGISLATIVE COUNCIL PANEL ON PUBLIC SERVICE

Containing the Size of the Civil Service

PURPOSE

In his 2003 Policy Address, the Chief Executive (CE) announced the initiative to reduce the civil service establishment to around 160 000 by 2006-07. This paper informs Members of the implementation arrangements.

DETAILS

General approach

2. The Administration adheres to the philosophy of maintaining a small government and is putting continuous effort to this end. The initiative to reduce civil service establishment provides an opportunity for departments to take a more critical look at how public services could be delivered in a more efficient and cost-effective manner. As at 31 March 2003, the total establishment of the civil service is 175 759 while the strength is 170 605. Compared with the establishment figure of 177 629 as at 31 December 2002, there has been a drop of 1 870 in terms of establishment. This illustrates the continuous efforts of departments in working down the size of their respective establishment. As for the initiative to reduce the overall civil service establishment to around 160 000, we aim at achieving this target through natural wastage, imposition of the general civil service recruitment freeze and the implementation of the Second Voluntary Retirement Scheme (2nd VR Scheme).

3. We appreciate that certain vacancies arising from natural wastage would need to be retained and filled on operational grounds. However, upon departure of officers due to retirement, resignation and expiry of contracts, bureaux/departments would have an added opportunity to critically review the continued need for the relevant posts, including whether the workload could be redistributed through streamlining, re-engineering or out-sourcing of services, and make a conscious decision as to whether it is feasible to delete the posts.

4. As for the control on the intake of civil servants, we have imposed a general civil service recruitment freeze¹ with effect from 1 April 2003. No offer of appointment to the civil service establishment on civil service terms can be made with effect from 1 April 2003, except under very exceptional circumstances and with the prior approval of a panel co-chaired by the Chief Secretary for Administration and the Financial Secretary and with the Secretary for the Civil Service as member. In considering applications for exemption, key considerations are whether the services will need to be delivered by permanent civil servants; whether the staffing needs can be met from within the civil service through in-service recruitment, redeployment and re-training of civil servants; whether the proposed size of intake is the minimum required and whether this may compromise the overall plan to reduce the civil service establishment.

5. Apart from imposing control on the recruitment side, we have also provided an additional exit mechanism through the 2nd VR Scheme. The application period for the 2nd VR Scheme opened on 21 March and will close on 20 May. Approval of the applications would be made in July/August with VR takers progressively released from their duties within one year after the approval date.

Implementation arrangements

6. The reduction of the civil service establishment will be implemented on a bureau basis. In order to reach the ultimate target of reducing the overall establishment to 160 000 by 2006-07, we have set reduction target for each bureau to achieve by 2006-07. Directors of Bureaux will oversee the consolidated establishment figures in their bureaux and departments under their purview. In other words, they will have the flexibility to even out the reduction among departments under their purview having regard to operational needs of individual departments. At the same time, we appreciate that individual bureaux and departments may have different projects in hand which need to be completed or pledged services which have to be delivered within a stipulated time-frame. They will need sufficient flexibility to phase out the reduction in establishment for operational considerations. We have therefore not imposed separate reduction targets for each financial year. To do so would be too rigid at this stage and run the risk of adversely affecting the public services to be delivered. Instead, provided that each bureau (and departments under its purview) can achieve its reduction target by 2006-07, we would allow individual bureau to work out its own timetable to achieve the reduction target.

7. To monitor progress on achieving a reduction in civil service establishment, Directors of Bureaux will submit manpower plans for their bureau and departments under their purview showing the roadmap to achieve the target reduction

¹ The recruitment freeze does not apply to renewal of agreements of serving civil servants on agreement terms, transfer of serving agreement civil servants to permanent terms, promotion of serving civil servants or appointment of serving civil servants to be made through promotion-cum-selection exercises or in-service appointment exercises.

on a bureau basis by 2006-07. To allow the effect of the 2^d VR Scheme to be factored into the manpower plans, we have requested Directors of Bureaux to provide us with the manpower plans in October 2003. We shall monitor the implementation of the manpower plans against the actual establishment figures through our regular survey of the establishment figures on a quarterly basis. Where the actual establishment shows significant departure from the manpower plans, we may request the relevant Directors of Bureaux to account for the changes. As the manpower plans to be submitted in October 2003 may change as time goes by, we will request Directors of Bureaux to update the manpower plans by the end of each financial year starting from 2003-04.

8. In order to minimize the impact on the quality of public service, bureaux and departments have been requested to actively consider the scope for streamlining their existing mode of operation with a view to enhancing productivity. They have also been requested to critically examine their mode of service delivery with a view to identifying scope for delivering services through alternative means such as outsourcing instead of by direct hire of staff.

9. In addition, we are mindful that the deletion of posts should not lead to a top-heavy structure in departments. While bureaux/departments have the discretion in deciding which posts to be deleted having regard to operational needs, we have reminded Directors of Bureaux to take into account the optimal proportion between different ranks in the department/grade in effecting deletion of posts.

WAY FORWARD

10. We would keep members informed of progress of the initiative to reduce the civil service establishment.