

**For discussion  
on 15 March 2004**

**Legislative Council Panel on Public Service**

**Progress of reduction of civil service establishment**

**PURPOSE**

In his 2003 Policy Address, the Chief Executive announced the target to reduce the civil service establishment to around 160 000 by 2006-07. This paper updates Members on the progress of implementing this policy initiative.

**PROGRESS UPDATE**

2. We have been implementing the initiative of reducing civil service establishment through a combination of measures including launching the Second Voluntary Retirement Scheme (VR2), imposition of a general civil service recruitment freeze, natural wastage and other measures such as re-organisation. Through continuous efforts of departments to streamline and re-engineer their operations and mode of service delivery, the total civil service establishment has been reduced to 172 865 as at 31 January 2004<sup>1</sup>.

3. In reducing the civil service establishment, we review posts in all grades and ranks, identifying areas of savings based on functional and efficiency considerations. The same principle applies to both directorate and non-directorate posts. In this regard, we earlier informed Members vide LC Paper No. CB(1)974/03-04(01) that directorate and non-directorate posts have been

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<sup>1</sup> Including 1 629 judicial officers, ICAC officers and locally engaged staff in Hong Kong Economic and Trade Offices.

reduced by roughly the same percentage when we compare the establishment figure as at 31 December 2003 with that of 31 December 2002, i.e. by about 2.5%. The latest figures as at end January 2004 indicate a similar pattern. Bureaux and departments will continue to make a conscious decision on the rank of posts to be deleted, having regard to operational requirements; manpower and succession planning; as well as the need to maintain an appropriate ratio between different ranks based on functional needs.

### **Second Voluntary Retirement Scheme**

4. In March 2003 we launched the VR II under which existing staff of 200 designated grades with identified or anticipated staff surplus may apply to leave the civil service voluntarily with pension benefits and compensation. About 5 300 officers have been approved to retire under the scheme and so far over 2 100 VR takers have already left the service. The vast majority of the remaining some 3 200 VR takers will be released gradually by July 2004 with the same number of posts to be deleted by January 2005.

### **Implementation of the general recruitment freeze**

5. In order to help reduce the civil service establishment, we have imposed a general recruitment freeze to the civil service with effect from 1 April 2003. Exemption from the recruitment freeze will only be granted under very exceptional circumstances and must be justified on a case-by-case basis. Applications for exemption from the recruitment freeze will be considered by a panel co-chaired by the Chief Secretary for Administration and the Financial Secretary, and with the Secretary for the Civil Service as member. Since implementation of the recruitment freeze, we have only approved seven applications for exemption for open recruitment to fill 583 posts. These include a total of 560 disciplined services officers to be recruited by Correctional Services Department, Fire Services Department, Hong Kong Police Force and Immigration Department; 20

Administrative Officers; and three Senior Operations Officers by Civil Aviation Department<sup>2</sup>. All these exceptional approvals were granted after careful consideration of the special operational requirements of the departments/grades concerned on the one hand and having regard to the need to reduce the civil service establishment on the other. We will regularly review the continued need for the recruitment freeze in the light of the progress made in the reduction of the civil service establishment.

### **Next Step**

6. With the continued efforts of bureaux and departments, it is projected that we may be able to further delete some 6 300 posts from now up to March 2005. If so, this will bring the total civil service establishment down to about 166 500 by March 2005. The establishment position after March 2005 is less certain due to various on-going reviews and re-organisation exercises. It remains our objective to reduce the establishment to 160 000 by 2006-07. We will continue to monitor progress through the manpower plans which we have requested bureaux and departments to submit to report their respective establishment on a regular basis (at the end of each financial year) to reflect the most up-to-date manpower projection. We are also further liaising with bureaux with a view to discussing with them what additional measures would be required to facilitate them to realise further reductions in the coming years. Indeed, we have started to explore a number of measures which are set out in the ensuing paragraphs.

### **Measure A - Re-deployment**

7. In the process of working out the manpower plans, some departments indicated that they may have surplus staff in the coming years if they are to meet the target for financial savings. To address this issue and to optimise the use of human

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<sup>2</sup> The Panel has also approved the Education and Manpower Bureau to carry out an in-service cum open recruitment for the post of the Secretary-General, University Grants Committee. In the end, the post was filled by a serving civil servant upon completion of the recruitment exercise.

resources, we have been taking active measures to re-deploy staff to take up time-limited projects.

8. So far we have successfully re-deployed staff to the Immigration Department and the Registration and Electoral Office to assist in the Smart Identity Card Replacement Exercise and the 2004 Legislative Council Elections respectively. For the first exercise, we have redeployed 555 staff from 59 bureaux and departments to the Immigration Department for the Smart Identity Card Replacement Exercise in July 2003 for four years. The staff are mainly deployed to work in the nine Smart Identity Card Centres to provide frontline service such as registration, verification and input of applicants' particulars, allocating waiting quotas, maintaining order in the waiting hall, taking fingerprints and photographs, answering enquires and providing office administrative support. For the second exercise, we will redeploy 50 clerical and secretarial staff from 22 bureaux and departments to the Registration and Electoral Office from April to December 2004 to provide clerical and logistics support in the preparation for the 2004 Legislative Council Elections. Their main duties include typing, data-input, filing, handling of general enquiries, sorting and checking of information, and making site visits to gather information on polling stations. We will continue to identify opportunities to conduct similar exercises to redeploy surplus staff to take up time-limited projects.

### **Measure B – Tighter control over employment of NCSC staff**

9. At present, departments have the flexibility to employ Non-Civil Service Contract (NCSC) staff to -

- (a) meet service need which are short-term in nature or do not require keeping staff on a long-term or permanent basis (e.g. to work on a fixed term project, on short-term or part-time tasks, or to meet seasonal surges or fluctuations in workload); or

- (b) where the mode of delivery of the service is under review or likely to be changed (e.g. to tide over contracting out of existing operations or services or to support implementation of other longer term plans such as corporatisation or privatisation).

10. We propose to exercise tighter control over the employment of NCSC staff for clerical and secretarial duties. Our initial thinking is to put in a mechanism whereby departments which have identified the need to employ new NCSC staff for the performance of certain duties should first seek the assistance of the Director of General Grades (DGG) for the deployment of suitable civil servants from other departments. Such duties include those traditionally performed by clerical and secretarial grades, and those requiring only general skills which may be acquired readily through simple or reasonable re-training of serving clerical and secretarial officers. If the need cannot be met in part or in full by such deployment, DGG will agree to the department's resorting to recruit new staff on NCSC terms.

### **Measure C - Greater flexibility in granting no-pay leave**

11. Under the existing policy, subject to the exigencies of service, vacation leave without pay may be granted to an officer on adequate personal grounds. However, it has been uncommon for departments to release staff for no-pay leave in practice as many departments are concerned about the possible adverse impact on their daily operation. Even if no-pay leave is granted, it is usually confined to one year. Given the likely surplus staff situation in certain grades in the service in the coming years and that granting of no-pay leave will help government save staff cost during the leave period, the application of this policy in a more flexible manner may help to provide departments with an additional tool to manage their establishment. For example, we will allow heads of departments/grades to exercise discretion and approve no-pay leave to their staff for so long as their absence will not create operational problems. This would enable officers on no-pay leave to either undertake full-time academic studies or other training programmes or to take care of

family/personal matters for a lengthy period. In line with government's policy to encourage continuous learning and to enable staff to upgrade themselves to take up new jobs, we may consider whether some form of assistance may be offered to staff if they take no-pay leave to pursue further study. During the no-pay leave period, the post occupied by the staff on no-pay leave may be deleted if it can be ascertained that on the expiry of the no-pay leave period these staff may be accommodated in vacancies arising from natural wastage or other reasons. This arrangement will help advance the post deletion date and contribute to meeting the civil service establishment target.

#### **Measure D - Targetted voluntary departure scheme**

12. We have launched two rounds of the voluntary retirement scheme which have had the effect of helping to reduce the surplus staff problem. Whilst we do not propose to launch a third round of VR scheme on a service-wide basis, we remain open to the possibility of implementing targetted voluntary departure schemes for a limited number of grades or ranks should this be considered useful to deal with a likely sizeable surplus staff situation in these grades and ranks, having regard to the particular circumstances in the concerned grades and departments. But as a general principle, any proposed compensation under this scheme, if implemented, will not be more generous than that under VR II.

13. In the coming months, we will explore the foregoing measures more thoroughly and consult the staff sides and heads of bureaux and departments as necessary.

**ADVICE SOUGHT**

14. Members are requested to note the progress of the reduction of civil service establishment and initial measures being explored to address the staff surplus issue.

Civil Service Bureau  
March 2004