

**Speech by Joseph WP Wong, Secretary for the Civil Service
at the Special Finance Committee Meeting on 11 April 2005
(English Translation)**

Madam President and Members,

The Financial Secretary mentioned in his Budget Speech 2005/06 that with the joint efforts of Directors of Bureaux and colleagues in the civil service, the various expenditure control measures taken by the Government are gradually producing results, marked by a reduction in operating expenditure ever recorded in over 50 years. He also commended civil servants for their flexibility to try new approaches and their endeavours to reduce operating expenditure while maintaining a quality service.

2. Today, I am going to give you an update on the progress made by the Civil Service Bureau in controlling public expenditure.

3. First, the reduction of civil service establishment. In the 2003 Policy Address, the target to reduce civil service establishment to around 160 000 by 2006/07 was announced. To achieve this objective, apart from relying on natural wastage, we have introduced a series of measures, including the Second Voluntary Retirement Scheme, a general civil service recruitment freeze, internal redeployment and reorganisation. We are making steady progress on this front. The civil service establishment has been reduced from 170 600 in March 2004 to about 166 000 at present. This represents a reduction of some 16% from the peak of 198 000 in early 2000. We anticipate that the civil service establishment will be trimmed down by another 2 700 to around 163 300 by March 2006. We shall continue to monitor the staffing situation closely with bureaux and departments through their manpower plans.

4. Second, the development of an improved civil service pay adjustment mechanism. In November 2004, we issued a consultation paper on the proposed methodology of the pay level survey and the application of the survey results. Views from civil servants and the public on the recommendations were gauged. The Government has just decided to conduct a pay level survey and a consultant will be engaged shortly to undertake the field work of the survey. We hope that the field work can be completed by the end of this year and shall ensure that this pay level survey is professional, independent and credible. In response to staff views, we shall enable the staff associations and civil servants concerned to take part in the groundwork of the pay level survey, that is the selection of representative civil service posts in the job inspection process. As regards the application of pay level survey results, our decision will have to await the Court of Final Appeal's ruling over the legislations on civil service pay cuts in mid-2005. Before a decision is made, we shall seek views from the staff again. Our principle that the pay of existing civil servants should not be further reduced according to the results of the pay level survey remains unchanged.

5. Third, the review of civil service allowances. We have undertaken to conduct a comprehensive review on the fringe benefit type of civil service allowances in two phases and staff consultation on proposals concerning passage and related allowances as well as housing allowances and benefits was conducted in last June. Though the Court of Appeal's two rulings over pay adjustment legislations in end-2004 do not directly concern the review of civil service allowances, we consider it prudent to consult staff again on all the change proposals when a ruling over legislations on civil service pay cuts is made by the Court of Final Appeal in mid-2005.

6. It is worth noting that upon streamlining the civil service establishment and reducing civil service pay, civil service pay and staff-related expenses only account for 31% of

Government operating expenditure in 2005/06 estimates, as against 36% in 2001/02. As for public expenditure on emoluments payable to staff of subvented organisations and staff-related expenses, the share in Government operating expenditure also drops from 34% to 30% during the same period.

7. Madam President, despite the on-going initiatives of the Government to reduce expenditure, we are continuing to allocate more resources to strengthen training for civil servants. We have earmarked \$10 million for the implementation of two new sponsorship schemes this year with a view to providing front line staff with more continuous learning opportunities and enhancing the management competence of junior and middle management. As to the Cyber Learning Centre Plus, continued improvements will be made to its contents and functions for the promotion of continuous learning culture in the civil service. The number of learning materials for officers on various ranks will increase from 165 in 2003 to 245 in 2005/06. The enrollment in e-learning courses during the corresponding period is expected to rise from 15 000 to about 33 000 this year.

8. We have organised staff exchange programmes with the governments of Singapore and other countries. Moreover, our staff exchange programmes with our counterparts in the Mainland have been extended to Shanghai, Beijing, Hangzhou, Guangzhou, Shenzhen and Guangdong Province. We estimate that over 40 middle and high-ranking officers will be participating in these programmes.

9. Madam President, in order to provide the community with quality services, the Government of the Hong Kong Special Administrative Region will, in full consultation with civil servants, continue to take forward civil service reforms progressively and hold discussions on key policies with Members at the relevant panel. It is our objective to render quality service to the community by maintaining a professional, clean, politically-neutral and

efficient civil service.

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