

財經事務及庫務局

香港雪廠街  
中區政府合署



**FINANCIAL SERVICES AND THE  
TREASURY BUREAU**

Central Government Offices,  
Ice House Street,  
Hong Kong

4 June 2005

Ms Pauline Ng  
Clerk to the Finance Committee  
Legislative Council  
8 Jackson Road  
Central

*Dear Pauline,*

**Suggested approach in scrutinizing future staffing proposals  
put to the Finance Committee**

I refer to your letter of 6 May 2005 inviting the Administration to respond to the preliminary views which some Members of the Legislative Council (LegCo) have expressed on the approach to be adopted in scrutinizing future directorate proposals put to the Finance Committee (FC).

After due consideration within the Administration, our response is submitted herewith, for onward distribution to Members before the FC meeting on 10 June. The Administration's position is that we do not see the need to put in place any restrictions on the creation of directorate posts and cannot agree to them. But we will continue with our efforts to contain the size of the civil service establishment and we will only put up proposals for new directorate posts for consideration by the Establishment Subcommittee and FC where they are fully justified on operational grounds.

In the course of our informal discussion on the subject on 26 May, the FC Chairman has suggested the Treasury Branch to consider stating in the Administration's response the difficulties the Administration

would have in acceding to some of the views expressed and to substantiate our position with facts and figures where possible. We have taken the Chairman's advice into account when preparing the response.

— In addition, we also attach, for sharing with FC Members, the Administration's recent note on directorate vacancies prepared for the LegCo Panel on Public Service under reference LC Paper No. CB(1)1242/04-05(01) in April 2005.

Thank you for your kind assistance.

*Yours sincerely,*



(Miss Elizabeth Tse)  
for Secretary for Financial Services  
and the Treasury

**For information**

**Legislative Council Panel on Public Service  
Follow-up to meeting on 17 January 2005**

**Deletion of Vacant Directorate Posts**

**Introduction**

At the meeting of the Legislative Council Panel on Public Service held on 17 January 2005, Members expressed concern about the need for deletion of vacant directorate posts. The Administration undertook to provide the following information with a breakdown by bureaux/departments –

- (a) number of directorate posts on the civil service establishment;
- (b) number of directorate posts filled;
- (c) number of directorate posts left vacant; and
- (d) number of directorate posts frozen.

This paper provides the required information.

**Establishment and Strength of the directorate**

2. The establishment and strength position of the directorate, excluding ICAC Officers and Judicial Officers, as at 31 December 2004 as well as 31 December 2003 was as follows -

	As at 31.12.2004		(As at 31.12.2003)	
Establishment		1338		(1374)
Permanent	1315		(1347)	
Supernumerary	23		(27)	
Strength		1202		(1236)
Vacancies		136		(138)

A breakdown of the figures at end 2004 by bureaux and departments is given in the Appendix.

3. Of the 136 directorate vacancies which existed on 31 December 2004, the majority were filled by acting appointment including non-directorate officers acting in directorate posts. Acting appointment is a non-substantive appointment by which an officer is appointed to undertake the duties of a vacant post. It is Government's normal practice to make acting appointments when it is necessary to: (a) try out the performance of an officer in a higher rank such that his performance may be observed for the purpose of assessing his suitability for substantive appointment; or (b) appoint an officer to perform in the capacity of an office and undertake its duties and responsibilities in the temporary absence of a substantive holder to meet management or operational needs. As acting appointments are not substantive appointments, non-directorate officers who act in directorate posts are not reflected in the strength of the directorate, hence the directorate posts concerned appear to be vacant.

4. Only 35 of the directorate vacancies existed on 31 December 2004 were unfilled. Of these unfilled posts, some are considered to be no longer needed and can be deleted. Submissions have been/will be made to the Establishment Sub-Committee/Finance Committee for their deletion. Others cannot be deleted because they need to be filled later/have been filled since then to meet management and operational needs and some are still under review.

Civil Service Bureau  
April 2005

**Appendix****Breakdown of directorate establishment, strength and vacancies as at 31.12.2004  
(excluding ICAC Officers and Judicial Officers)**

	(a) Directorate <u>Establishment</u> <sup>(Note 1)</sup>	(b) Directorate <u>Strength</u>	(a) - (b) <u>Vacancies</u> <sup>(Note 2)</sup>
Agriculture, Fisheries and Conservation Department	7	7	0
Architectural Services Department	39	38	1
Audit Commission	12	11	1
Auxiliary Medical Service	1	1	0
Beijing Office	3	2	1
Buildings Department	30	22	8
Census and Statistics Department	7	7	0
Chief Executive's Office	3	2	1
Civil Aid Service	1	1	0
Civil Aviation Department	20	19	1
Civil Engineering and Development Department	53	48	5
Civil Service Bureau	21	21	0
Companies Registry	7	5	2
Commerce, Industry and Technology Bureau	34	33	1
Constitutional Affairs Bureau	7	7	0
Correctional Services Department	10	10	0
Customs and Excise Department	9	8	1
Department of Health	57	50	7
Department of Justice	71	64	7
Drainage Services Department	18	15	3
Economic Development and Labour Bureau (Economic Development)	19	16	3
Education and Manpower Bureau	32	25	7
Electrical and Mechanical Services Department	24	23	1
Environmental Protection Department	30	27	3
Environment, Transport and Works Bureau	42	34	8
Fire Services Department	18	20	-2
Financial Services and the Treasury Bureau	30	28	2
Food and Environmental Hygiene Department	13	12	1
Government Flying Service	4	3	1
Government Laboratory	7	5	2
Government Logistics Department	7	5	2
Government Property Agency	7	6	1
Health, Welfare and Food Bureau	19	17	2
Highways Department	37	29	8
Home Affairs Bureau	12	12	0
Home Affairs Department	28	28	0
Hong Kong Monetary Authority	8	0	8
Hong Kong Observatory	5	5	0
Hong Kong Police Force	71	74	-3
Hospital Authority	11	11	0
Housing Department	57	50	7
Housing, Planning and Lands Bureau (Planning and Lands)	9	9	0
Immigration Department	12	11	1
Independent Police Complaints Council	1	1	0
Information Services Department	12	9	3
Inland Revenue Department	24	22	2
Innovation and Technology Commission	7	5	2
Intellectual Property Department	7	6	1
Invest Hong Kong	2	2	0

	(a) Directorate <u>Establishment</u> <sup>(Note 1)</sup>	(b) Directorate <u>Strength</u>	(a) - (b) <u>Vacancies</u> <sup>(Note 2)</sup>
Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	4	2	2
Judiciary	5	4	1
Labour Department	14	12	2
Lands Department	46	40	6
Land Registry	3	4	-1
Legal Aid Department	15	15	0
Leisure and Cultural Services Department	10	12	-2
Marine Department	22	20	2
Offices of the Chief Secretary for Administration and the Financial Secretary	34	30	4
Office of the Government Chief Information Officer	18	15	3
Office of The Ombudsman	1	0	1
Office of the Telecommunications Authority	10	8	2
Official Receiver's Office	8	6	2
Planning Department	27	24	3
Post Office	11	11	0
Public Service Commission	1	1	0
Radio Television Hong Kong	7	7	0
Rating and Valuation Department	14	12	2
Registration and Electoral Office	1	1	0
Security Bureau	13	10	3
Student Financial Assistance Agency	1	1	0
Social Welfare Department	25	21	4
Television and Entertainment Licensing Authority	3	3	0
Trade and Industry Department	14	12	2
Transport Department	28	23	5
Treasury	10	8	2
University Grants Committee	3	2	1
Vocational Training Council	2	2	0
Water Supplies Department	23	20	3
Administrative/Executive Grade officers on no pay leave to ICAC/leave between postings/final leave/training		10	-10
<b>Total</b>	<b>1338</b>	<b>1202</b>	<b>136</b>

Notes:

1. The directorate establishment included permanent and supernumerary directorate posts created with the approval of Establishment Sub-committee/Finance Committee.
2. Supernumerary directorate posts were created under delegated authority to accommodate the overstrength in the Fire Services Department, the Hong Kong Police Force, the Land Registry and the Leisure and Cultural Services Department, due mainly to the need to provide replacements for officers on pre-retirement leave. These supernumerary posts did not count towards the directorate establishment.

*Administration's Response to the letter of 6 May 2005  
from Clerk to the Finance Committee*

**Legislative Council Members' suggested approach  
on directorate establishment proposals**

**The Administration's achievement in containing the size of the civil service establishment**

In recent years, as part of our ongoing programme to improve the efficiency and cost-effectiveness of the public service, the Administration has been making efforts to contain the civil service establishment and to reduce it wherever practicable. As a result, the civil service establishment has been reduced from about 198 000 in early 2000 to about 165 000 as at end March 2005. In identifying staff savings, we examine all grades and ranks of the civil service against the same criterion i.e. can we implement government policies and deliver services to the public with less staff but providing the same or comparable quality. In the case of directorate establishment, since January 2002, the Administration, along with ICAC and the Judiciary, has delivered a net deletion of 70 permanent and 38 supernumerary directorate posts. Details are set out in the information note [ECI(2005-06)1] to the Establishment Subcommittee (ESC) in May 2005. This clearly demonstrates that the directorate establishment has not been excluded from our staff saving initiatives.

**The need to create new directorate posts where justified**

While we will continue the drive to identify savings and optimize the use of staffing resources, the need to create new posts including directorate posts, where justified on a case by case basis, cannot be precluded. In the case of directorate posts, as Hong Kong develops into a knowledge based economy, the pressure is on the civil service to secure added quality input at senior managerial and professional levels to ensure that the Administration can assume the role as facilitator for the evolving market. Issues now handled by the Administration are also

increasingly complex, involving multi-disciplines and very often cutting across different policy areas. The efforts to alleviate poverty, to develop a comprehensive infectious disease emergency response system, and to foster closer economic co-operation with the Mainland, in particular the Pan-Pearl River Delta Region, are but a few examples. To meet these challenges, we need to strengthen the co-ordination or overseeing of new policy areas which calls for additional support at the directorate level. Some Legislative Council (LegCo) Members' suggestion to arbitrarily cap the directorate establishment at 1 488 is impracticable and illogical.

### **Composition of the present directorate establishment**

It should be noted that a substantial proportion (58%) of the permanent directorate posts belong to the professional and specialist grades performing professional and other specialist functions in areas such as engineering, surveying, accounting, taxation, architecture, legal, medical, environmental protection, civil aviation, meteorology, information technology, financial services, education, labour and social welfare. ICAC officers and Judges and Judicial Officers constitute about 12% of the permanent directorate establishment whilst 8% belong to disciplined services grades. Officers in general streams constitute about 22% of the permanent directorate posts.

### **Directorate posts represent less than 1% of the civil service establishment**

The size of the directorate establishment should also be seen in context. The current number of directorate posts represents only 0.9% of the total civil service establishment, a ratio which is comparable with that in the Singapore and UK civil service. Indeed, to meet the demands for better public services and to continue with its various public sector reform initiatives, the UK civil service has seen an increase of about 16% in its senior civil servants from 3 330 in April 2001 to 3 850 in April 2004.

### **Rigorous scrutiny of proposals to create directorate posts**

At present, a rigorous vetting system is already in place to



scrutinize proposals relating to directorate establishment. Each case for creation of directorate posts has to be vetted by no less than six entities – the relevant policy bureau, the two resource bureaux, the relevant LegCo panel, the ESC and the Finance Committee. Independent advisory bodies on civil service salaries and conditions of service are also consulted on the appropriate grading and ranking of the proposed posts. The current system of checks and balances has worked well. Imposing further restrictions such as those suggested by some LegCo Members would seriously hamper the Administration's operational efficiency.

### **Restrictions on overall size of the directorate establishment unnecessary and impracticable**

Against this background, restrictions on the overall size of the total directorate establishment and on how new proposals are to be funded within appropriations approved by LegCo are neither necessary nor practicable. They deprive the Administration of the much needed flexibility to determine how best resources required for the creation of new posts can be met where such creation is fully justified on operational grounds and from a ranking point of view. Nor are such requirements needed given our demonstrated efforts and achievements in terms of trimming the size of the civil service establishment.

### **Perogative of the Administration to propose public expenditure**

Aside from the practical and operational considerations, we consider that LegCo Members' proposed approach raises the fundamental issue of the respective roles of the Government and LegCo. The political structure of the Hong Kong Special Administrative Region as set out in the Basic Law is an executive-led system. Insofar as public expenditure is concerned, it is for the Government to propose, and LegCo to dispose. The approach suggested by some LegCo Members, particularly the first two points as set out in paragraph 1(a) and (b) of the letter of 6 May 2005, has serious implications on the functioning of the Government and good governance of Hong Kong. To apply a rigid condition to the Administration by limiting the overall directorate establishment as an overarching factor for approving establishment proposals irrespective of the merit of individual proposals would be

inconsistent with the principle of executive-led government reflected in the Basic Law.

## **Conclusion**

We can assure LegCo Members that we will continue with our efforts to contain the size of the civil service establishment as demonstrated so far. But we do not see the need to put in place the restrictions suggested by LegCo Members and we cannot agree to them. They would be counter-productive for an economy with ever-shifting needs as the restrictions fetter the Administration's ability to respond to new demands for new policies and initiatives.