

## **Opening Remarks by the Secretary for the Civil Service at the Special Finance Meeting on 31 March 2008**

Mr. Chairman and Members,

In his Budget Speech delivered last month, the Financial Secretary gave an update on the size of the civil service and the resumption of the open recruitment into the civil service. Today, I am going to brief Members on the latest development in this respect and the efforts the Civil Service Bureau has made in controlling and rationalising public expenditure.

2. First, **the control of the size of the civil service.** In his 2005 Policy Address, the Chief Executive reiterated the target set in 2003 to reduce the civil service establishment to around 160 000 by end 2006-07. Through the implementation of two rounds of service-wide Voluntary Retirement (VR) schemes, the imposition of a general civil service open recruitment freeze and with the concerted and continuous efforts of bureaux and departments in reengineering operations, streamlining procedures and pursuing other modes of service delivery, the target was met in March 2007. At the end of March 2007, the civil service establishment stood at 161 015, representing a reduction of about 18% as compared with the establishment of around 198 000 in early 2000.

3. In the coming year, we will continue to work closely with controlling officers to monitor the staffing situation of individual bureaux

and departments through their annual manpower plans, ensuring that adequate staff of suitable calibre are available to implement policy initiatives while controlling the size of the civil service. Controlling officers will continue to ensure that new civil service posts will only be created when operational needs are fully justified, when the work involved cannot be undertaken by re-deployment of existing staff and when alternative modes of service delivery are considered infeasible. Taking into account the need to implement various policy initiatives and meet the community's increasing demand for public services, as well as the phased replacement of certain non-civil service contract positions by civil service posts, we estimate that the civil service establishment will slightly expand by about 1% to around 164 500 by the end of March next year (2009).

4. Second, **the resumption of open recruitment of civil servants.** To fill civil service vacancies and complement the creation of new posts, we have resumed open recruitment of civil servants with effect from 1 April 2007, save for those grades included in the Second VR Scheme. As at the end of 2007, some 50 open recruitment exercises have been conducted and some 1 260 offers of appointment to the civil service have been made. The five-year open recruitment freeze on those grades included in the Second VR Scheme also expired on 21 March this year. Most of these grades are allowed to conduct open recruitment and offer appointment to new recruits into the civil service from then onwards while some specified grades may conduct in-service recruitment to fill vacancies.

5. Third, **the development of an improved civil service pay adjustment mechanism.** It has long been our civil service pay policy to offer adequate remuneration to attract, retain and motivate staff of suitable calibre to provide the public with quality service. In addition, we subscribe to the principle of broad comparability between civil service and private sector pay in order to ensure that the civil service remuneration is considered fair by both the civil servants and the public. Last year, we improved the methodology adopted in the annual Pay Trend Surveys (PTS), and conducted the PTS for 2007 on the basis of the improved methodology. The 2008 PTS, now being conducted by the Pay Survey and Research Unit of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service, is also based on the improved methodology.

6. Fourth, **civil service pay and staff-related expenses.** With the downward adjustments or revisions to the civil service establishment, civil service pay and fringe benefits in the past few years, the portion of civil service pay and staff-related expenses in the Government's operating expenditure is forecast to reduce to about 27% or \$69.5 billion in the 2008-09 estimates, compared to about 36% or \$71.2 billion in 2001-02.

7. Fifth, **civil service training.** The civil service is the backbone of the SAR Government. We are committed to providing civil servants at all levels with training to update their skills and to instill in them knowledge necessary for providing quality services to the public. For

example, we will continue to provide training opportunities on national studies and enhance the Basic Law training for civil servants at all levels to ensure that our staff are kept abreast of the latest political, social and economic developments in the Mainland and have a better understanding of the Basic Law. Also, we will continue to work closely with departments to support them in their human resources development and management efforts, focusing on special training needs such as contract management, customer service and performance management.

8. Mr. Chairman, with the support of the community and this Council, we will continue to improve the management of the civil service so as to ensure the civil service continues to render quality public service to the community.

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