

(Translation)

**Speech by the Secretary for the Civil Service at the
Special Meeting of the Finance Committee in the Legislative Council
on 22 March 2010**

Chairman and Honourable Members,

Of the items relating to civil service expenses in the 2010-11 Draft Estimates of Expenditure, I would like to brief Members on three of them.

2. First, **civil service establishment**. In keeping with the principles of “big market – small government” and prudent management of public resources, the Government’s policy is to maintain a lean and efficient civil service. Additional civil service posts will only be created when the operational need is fully justified, when the work involved cannot be undertaken by re-deployment of existing staff, and when alternative modes of service delivery (e.g. outsourcing) are considered inappropriate.

3. We achieved the target of reducing the size of the civil service establishment to around 160,000 by the end of 2006-07. Since then, the civil service establishment has recorded a slight increase each year to meet public demands for new or improved public services and to enable the delivery of new policy initiatives. We estimate that the civil service establishment will increase to 165,572 by end-March 2010. The 2010-11 Draft Estimates of Expenditure project a 0.6% increase in the civil service establishment to 166,625 posts.

4. Second, **recruitment of civil servants**. In his 2010-2011 Budget Speech, the Financial Secretary recapitulated the measures taken by the Government in December 2008 to counter the financial tsunami which included, amongst others, “preserving employment” by means of expediting recruitment of civil servants. The target is to fill some 7,700 vacancies by end-March 2010. This target has already been achieved last month.

5. Third, **financial provisions**. In the 2010-11 Draft Estimates of Expenditure, there are some financial provisions under various Heads of Expenditure which are directly related to the policy area of central management of the civil service. The following items are worthy of particular note:

- (a) Head 37 Department of Health: Programme 7 “Medical and Dental Treatment for Civil Servants”: A financial provision of \$823.5 million is proposed to meet the estimated direct expenditure on medical and dental services for serving and retired civil servants and their eligible dependants at government

families clinics and dental clinics, as well as on reimbursement of medical fees and hospital charges. On the latter, an allocation of \$335.4 million is proposed, representing an increase of 53% as compared to the 2009-10 Revised Estimates;

- (b) Head 46 “General Expenses of the Civil Service”: A financial provision of \$2,792.7 million is proposed. Included in this amount is \$751.3 million for the payment of education allowances. Recruits to the civil service since 1 August 1996 and 1 June 2000 are no longer eligible for the overseas and local education allowances respectively. Therefore, over time, these allowances will be phased out; and
- (c) Head 120 “Pensions”: A financial provision of \$18,587.4 million is proposed. Included in this amount is \$17,771.9 million for pension payments to eligible retired civil servants. This represents a 10% increase over the 2009-10 Revised Estimates. The increase is mainly due to an increase in the number of new retirees in 2010-11 and the full-year effect of pension payments to new retirees in 2009-10. Since 1 June 2000, new recruits to the civil service are no longer eligible for pension payments upon retirement. Instead, they will join the Mandatory Provident Fund Scheme and the Civil Service Provident Fund (CSPF) Scheme. In the 2010-11 Draft Estimates of Expenditure, a total provision of \$555 million (under the expenditure heads of individual bureaux / departments) is proposed for CSPF contributions. This represents a 43% increase over the 2009-10 Revised Estimates. The increase is mainly due to an increase in the number of new CSPF members in 2010-11 and the full-year effect of CSPF contributions to new members who joined the Scheme in 2009-10.

6. Chairman, the civil service is the backbone of the Government. It contributes to the effective governance and stability of Hong Kong. In the face of the future challenges, the Civil Service Bureau will continue to maintain a civil service with high standards of integrity, efficiency and performance to serve the community of Hong Kong.

7. Chairman, my colleagues and I are happy to answer questions from Members.