

## **Chapter XVIII : Civil Service**

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18.1 At the Chairman's invitation, the Secretary for the Civil Service (SCS), Mr W K LAM, gave a presentation on the resource requirements under his policy areas in 2000-01 (Appendix V-17).

### **Containing the size of the civil service**

18.2 Members questioned the basis for arriving at a target of reducing 10 000 posts in the civil service establishment by 2003. They pointed out that these 10 000 posts were in addition to the 5% savings to be achieved in three years' time. They enquired in what manner would this target be achieved and whether this would give rise to staff redundancy.

18.3 In response, SCS advised that in setting the target, the Administration had taken into account the current establishment and strength in the civil service and the average number of retirees in recent years. As at January 2000, the establishment and strength of the civil service were about 196 000 and 187 000 respectively. In other words, there were about 9 000 vacancies, with 3 000 posts actually vacant and others as central reserves to accommodate staff on pre-retirement leave or pending redeployment. To achieve the target of reducing 10 000 posts by 2003, the Administration intended to freeze civil service recruitment in 2000-01 and require all departments to delete their existing vacancies. The Administration had also appealed to all departments to consider contracting out more services and devise medium-term manpower plans to review their establishment in order to cope with service demands.

18.4 As to which categories of posts being identified for deletion, SCS reiterated that the Administration had no pre-determined plan on which posts were to be deleted or which departments were to be involved. The Administration would, on the basis of the medium-term manpower plans devised by departments, decide on the posts to be deleted and the timing of deletion. He assured members that the Voluntary Retirement Scheme (VRS) would only apply to those grades which the Administration had identified to be over-established. He did not agree that it would eventually be the more competent civil servants who would join the VRS. To maintain the quality of civil service, there were also other measures under the Civil Service Reform, such as the introduction of the Management-initiated Retirement Scheme.

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18.5 SCS also reiterated that it was Government's policy that, in the event of redundancy, every effort would be made to redeploy the surplus staff. Suitable training would be provided for them before or after redeployment, depending on the nature and complexity of the jobs concerned.

18.6 Referring to SCS's explanation, Mr CHAN Wing-chan queried why it was necessary to have an increase of 202 posts under Head 46 General Expenses of the Civil Service as central reserves and as cited in SCS's opening remarks. SCS responded that the creation of these posts was only a technical arrangement for accommodating staff pending redeployment. He undertook to provide members with further details.

### **Contracting out of public services**

18.7 In relation to the contracting-out of services, Miss CHAN Yuen-han expressed doubt on room for further privatization of public services. She pointed out that civil servants were becoming rather concerned about their job security. She therefore asked the Administration to consider slowing down the pace of contracting out services.

18.8 SCS responded that he fully appreciated the concern of civil servants. As far as possible, the Administration would uphold the principle of avoiding staff redundancy when implementing the public sector reform as stated in the Chief Executive's Policy Address delivered on 6 October 1999. Apart from providing inter-departmental redeployment and staff training, a central clearing house mechanism had also been established to co-ordinate the redeployment of surplus staff who could not be absorbed by their own departments. In this respect, the co-operation of staff in accepting redeployment and training was of paramount importance. In formulating specific staffing proposals arising from contracting out or privatization, the Civil Service Bureau (CSB), Finance Bureau (FB) and the departments concerned would undertake thorough discussions and consult the affected staff. The recent examples were the corporatisation of the Survey and Mapping Office of the Lands Department and the implementation of greater private sector involvement in Housing Authority's estate management and maintenance services.

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18.9 SCS further pointed out that the experience so far had indicated that departments could achieve cost savings through contracting out their services. In contracting out services, Heads of Departments had to ensure that the standard and quality of services would be maintained. In this connection, FB and Management Services Agency would set up a resource centre to provide professional advice to the departments.

### **Enhanced Productivity Programme**

18.10 Mr LEE kai-ming noted that notwithstanding the implementation of the Enhanced Productivity Programme (EPP), there was an increase in provision for the different expenditure heads under SCS's purview; namely 12% for Civil Service Training and Development Institute (CSTDI), 6.8% for Head 46 General Expenses of the Civil Service and 2.4% for Civil Service Bureau. The Deputy Secretary for the Treasury (1) advised that the percentage increase only presented a comparison between the revised estimates for 1999-2000 and the estimates for 2000-01. As CSB and the departments under the purview of SCS had managed to economise and spend considerably less in 1999-2000, their revised estimates for 1999-2000 had been substantially reduced. For example, in the case of CSTDI, the revised estimate of \$142.9 million for 1999-2000 were 19.9 million, i.e. 12.2% lower than the approved estimates of \$162.8 million for the year. Although CSTDI only sought \$160.1 million for 2000-01 (less than the approved estimate for 1999-2000), there was a 12% increase in provision when compared to the revised estimate of \$142.9 million for 1999-2000.

18.11 In response to Miss CHAN Yuen-han's enquiry, SCS pointed out that about 800 posts would be deleted in various departments in 2000-01 as a result of EPP, involving posts in the high, medium and low ranks. This revealed the fact that EPP was not targeted at the lower levels of the civil service. Moreover, departments would normally consult their staff on EPP through the departmental consultative committees.