

**Legislative Council  
Panel on Public Service**

**Meeting on 30 October 2000**

**An Outline on the Management of the Civil Service**

The primary objective of the Civil Service Bureau (CSB) is to ensure that the Civil Service is honest, trustworthy, efficient and provides high quality services to the public.

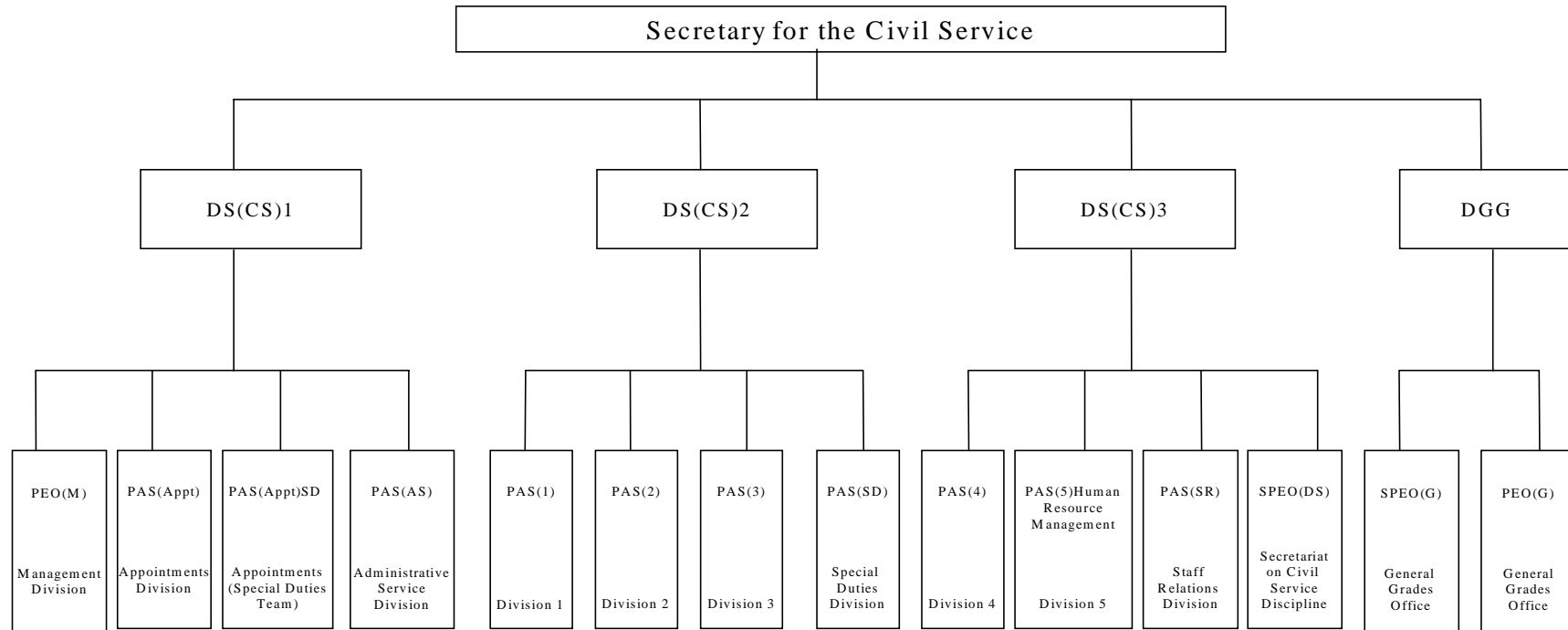
2. As head of CSB, the Secretary for the Civil Service (SCS) is underpinned by three Deputy Secretaries for the Civil Service and the Director of General Grades. An Organization Chart of CSB is at Annex A.

3. The SCS also has policy responsibilities for two executive departments/agencies, namely the Official Languages Agency and the Civil Service Training and Development Institute. The former is responsible for the formulation and implementation of policies on the use of official languages in the Civil Service; the latter is responsible for the design and provision of management, language, information technology and occupational training and China studies programmes for civil servants.

4. This paper provides to Members at Annex B a brief introduction on the major areas of responsibilities of the CSB and the latest development on some of the issues at hand.

# Civil Service Bureau Organization Chart

Annex A



Legend

- DS(CS) - Deputy Secretary for the Civil Service
- DGG - Director of General Grades
- PAS - Principal Assistant Secretary for the Civil Service
- SPEO - Senior Principal Executive Officer
- PEO - Principal Executive Officer

**An Outline on the Management of the Civil Service**

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## **ADMINISTRATION OF THE CIVIL SERVICE AN OVERVIEW**

The administration of the Civil Service is governed mainly by three important instruments: the Public Service (Administration) Order, the Public Service (Disciplinary) Regulation and Civil Service Regulations (“CSRs”).

2. The **Public Service (Administration) Order** (“the Order”) was made by the Chief Executive in July 1997, with the advice of the Executive Council, under Article 48(4) of the Basic Law. The Order sets out the Chief Executive’s authority to appoint, dismiss and discipline public servants (the Basic Law terminology for civil servants); to act on representations made by public servants; to make disciplinary regulations; and to delegate certain powers and duties under the Order. It is largely an adaptation of corresponding provisions in the Letters Patent and Colonial Regulations which were in force before 1 July 1997, and provides continuity in the primary framework governing the administration of the Civil Service.

3. The **Public Service (Disciplinary) Regulation** (“the Regulation”), which is made under the Order, regulates the conduct of disciplinary proceedings and of procedures leading to the removal of officers in the Civil Service. It applies to the majority of public servants, except those public servants (primarily rank and file disciplined services staff) whose conduct is governed by Ordinances. Both the Order and the Regulation were amended in April 2000 to implement various changes to streamline the disciplinary procedures.

4. The **Civil Service Regulations** are administrative regulations made by or with the authority of the Chief Executive. They set out in detail the terms of appointment and conditions of service for public servants, as well as the standards of conduct and performance expected of them. They are the key references for both the management and for staff in respect of the day to day management of the Civil Service. The Regulations are supplemented and elaborated by Circulars and Circular Memoranda issued by the Civil Service Bureau. The Secretary for the Civil Service is authorised to amend, supplement, apply, interpret and make exceptions to the CSRs.

## **INDEPENDENT ADVISORY BODIES**

### **Public Service Commission**

The Public Service Commission (PSC) is an independent statutory body established in 1950 under the Public Service Commission Ordinance (Chapter 93 of the Laws of Hong Kong). The function of the Commission is to advise the Chief Executive on appointment, promotion and discipline matters in the Civil Service. In accordance with the PSC Ordinance, the Commission comprises a Chairman and not less than two and not more than eight Members, all of whom are appointed by the Chief Executive. The Commission is chaired by Mr Haider Barma and has eight members.

Three other independent bodies advise the Government on matters relating to pay and conditions of service.

### **Standing Committee on Directorate Salaries and Conditions of Service**

2. The Standing Committee on Directorate Salaries and Conditions of Service is responsible for keeping under review the structure of the directorate and the conditions of service of directorate officers. It is chaired by Mr H C Lee and comprises four members, all non-officials.

### **Standing Commission on Civil Service Salaries and Conditions of Service**

3. The Standing Commission on Civil Service Salaries and Conditions of Service was established in January 1979. It advises and makes recommendations on the principles and practices governing pay, conditions of service and salary structure of the non-directorate staff, other than judicial officers and disciplined services staff. The Commission is chaired by Mr YEUNG Ka-shing and has seven members, all non-officials.

### **Standing Committee on Disciplined Services Salaries and Conditions of Service**

4. The Standing Committee on Disciplined Services Salaries and Conditions of Service (the Standing Committee) is an independent advisory body set up in 1989. It advises the Chief Executive on matters relating to the salaries and conditions of service of the disciplined services. The Standing Committee is chaired by the Hon Miriam LAU Kin-yee and has seven members, all non-officials. Under the Standing Committee, there are three permanent Sub-Committees, namely the General Disciplined Services Sub-Committee, the Independent Commission Against Corruption Sub-Committee, and the Police Sub-Committee, each chaired by a member of the Standing Committee.

# APPOINTMENT TO THE CIVIL SERVICE

## Introduction

Appointment to the Civil Service is based on the principle of **open and fair competition**. Civil service vacancies are filled by selection from among eligible candidates through a competitive selection process on the basis of merit. Our aim is to appoint “the best person for the job”.

## Recruitment

2. Recruitment is the usual means for filling vacancies in basic ranks in the Civil Service. Vacancies in higher ranks in a grade may be filled by promotion or recruitment where necessary and appropriate (e.g. when there is a need to introduce outside skills and expertise or there is no qualified and suitable officer available for promotion). Recruitment can be targeted at suitable candidates from other grades within the Civil Service (in-service recruitment) or outside the Civil Service (open recruitment). Vacancies are advertised through internal circulars, local newspapers or the Internet.

3. All applicants must meet the basic entry requirements in order to be considered for appointment. The entry requirements for civil service grade and rank are normally set with reference to academic or professional qualifications, technical skills, working experience, language proficiency and other qualities or attributes as required on the basis of the operational need of the grades/ranks concerned. The qualification requirements are normally set with reference to qualifications obtainable under the local education system. Candidates holding qualifications obtained outside Hong Kong may also apply but will be considered only if their qualifications are assessed as comparable to the entry qualifications prescribed for the appointment.

4. Applicants who meet the entry requirements are required to go through a competitive selection process. Such process may feature written examinations or trade tests to certify the candidates' competencies in relevant skills or attributes, or to prioritise them for shortlisting purposes, before the candidates are invited for interviews. The recruitment board selects candidates on the basis of their merits and performance. Recommendations for appointment will have to be subject to the advice of the Public Service Commission (PSC) for posts within the PSC's purview, so as to ensure that the recruitment process is conducted in a fair and impartial manner. Successful candidates are required to undergo other recruitment formalities, including medical examination and integrity checking, to ensure that they are fit for appointment.

## **Promotion**

5. Promotion is the usual means for filling vacancies in higher ranks in a grade (promotion ranks), by selecting officers from a lower rank in the same grade for promotion. Officers are selected for promotion on the criteria of character, ability, experience and any qualifications prescribed for the higher rank. Promotion is not a reward for long service. The officer selected for promotion must be the most meritorious, one who is able and ready to perform the more demanding duties at a higher rank. Seniority will be given weight only when no eligible officer stands out as the most meritorious and suitable for promotion. All eligible candidates are considered on equal terms irrespective of their terms of appointment.

6. We emphasise fairness and transparency in the promotion process. Eligible candidates are notified of the initiation of a promotion exercise and considered by a promotion board comprising senior officers of the grade. Candidates may be required to take part in written examinations to certify their competencies in relevant skills or attributes for appointment at the higher ranks. For promotion to offices within the PSC's purview or to directorate posts, the PSC and the Civil Service Bureau (CSB) may send observers to monitor the conduct of the promotion board. Recommendations for promotions are subject to the advice of the PSC for posts falling within its purview.

## **Appointment Policies and Requirements**

7. In line with our policy objective to develop a civil service which is biliterate (Chinese and English) and trilingual (Cantonese, English and Putonghua) to meet long-term needs, with effect from 1 August 1995, all civil service grades are normally required to specify Chinese as well as English language proficiency requirements for appointment.

8. In accordance with Articles 99 of the Basic Law, new recruits appointed to the Civil Service on or after 1 July 1997 must be permanent residents, save for those who fall within the exceptions provided in Articles 99 & 101 of the Basic Law. For example, Article 101 provides that the Government may, when required, recruit qualified candidates from outside HKSAR to fill professional or technical posts.

9. As the largest employer in Hong Kong, the Government is taking the lead in employing people with a disability in order to help them integrate into the community through employment. We ensure that candidates with a disability are given a fair opportunity to be considered alongside other candidates. Those who meet the requirements for appointment to a post are automatically selected for interview and will be given appropriate preference if they are found suitable.

## **CIVIL SERVICE TERMS OF APPOINTMENT AND ENTRY SYSTEM**

### **Local and Overseas Terms**

Prior to 1999, the civil service used to classify candidates who are appointed to the Civil Service into “local” and “overseas” (or non-local) candidates and offer them **local and overseas terms** of appointment respectively which attract different conditions of service. For historical reasons, overseas terms attract better housing benefits, higher leave rate and passages to allow overseas officers to settle in Hong Kong and to allow them to renew home ties in their country of origin.

2. Under the long-established government policy to prefer appointment of civil servants on a life-time career basis, local candidates were usually appointed to the civil service on permanent terms which attract pension benefits (“**local permanent and pensionable terms**”). These candidates were normally required to undergo a period of probation (usually two years) before being confirmed to the permanent establishment.

3. Departments may also appoint local candidates on agreement terms (“**local agreement terms**”) where necessary, usually when there are difficulties in recruiting suitable candidates, or when there are specific service need such that the candidates are only required on a time-limited basis. Agreement terms are offered for a fixed-term (up to three years) and usually attract an end-of-contract gratuity pitched at a certain percentage of the total basic salary drawn during the agreement period.

4. On the other hand, as part of the localisation policy for the Civil Service, the Government has ceased to offer permanent terms to overseas candidates (“**overseas permanent and pensionable terms**”) and overseas candidates were appointed only on agreement terms (“**overseas agreement terms**”) since 28 March 1985. Officers appointed on overseas agreement terms before 28 March 1985 were allowed to transfer to overseas permanent and pensionable terms before 30 June 1992, provided that it can be established that a qualified and suitable local replacement is not likely to be available within five years. No new appointment on overseas P&P terms is allowed thereafter.

### **Common Terms**

5. With the passage of time, the need for keeping two different sets of terms, viz. local terms and overseas terms, for recruiting and retaining staff has diminished. Following consultation, the Administration implemented a common set of terms of appointment and conditions of service (“the common



terms”) on 1 January 1999 to replace the different sets of local and overseas terms of appointment and conditions of service. Thereafter, all new appointees to the civil service are subject to the same unified set of terms and conditions (“**common permanent and pensionable terms**” and “**common agreement terms**”), irrespective of whether they are local candidates or not. Serving officers are allowed to remain on their pre-existing sets of terms and conditions.

### **Month-to-month Terms**

6. Month-to-month terms are mainly applicable to appointments to posts on Model Scale I (MOD I) pay scale (mainly manual labour staff). Appointments on month-to-month may be terminated upon giving of one month’s notice. Staff appointed on such terms are also eligible for pension benefits provided that they meet the relevant criteria under the pension legislation.

### **New Entry System and Terms of Appointment**

7. As part of the Civil Service Reform, the Government implemented a new entry system and a new sets of terms of appointment with a view to allow greater flexibility in the civil service appointment system. The aim is to achieve a reasonable balance between stability and flexibility in the system in order to get the best civil servants at all levels, and to modernise the system to meet present day circumstances especially the rapid pace of developments and changes in the environment.

8. Since the initiation of the Civil Service Reform in March 1999, the Government has formulated various detailed proposals for the new entry system and terms of appointment for consultation with staff and other consultative bodies. The proposals have been formulated in keeping with the principles of “change amidst stability” and “step by step” of the Civil Service Reform, and have full regard to the operational requirements and management needs of different departments and grades. After consultation, the Government has implemented the new entry system and new terms of appointment and conditions of service for new appointees to the civil service with effect from 1 June 2000.

9. Under the new entry system, new recruits to the civil service are required to undergo a certain period of service on probation and progress to fixed-term appointments before they will be considered for appointment to permanent terms. The aim is to provide opportunities both for the appointee to demonstrate his suitability for further employment in the civil service, and for the management to observe his potential and abilities for a career in the grade. For those who are interested in and have demonstrated suitability for a career in the grade, they would be appointed on more secured terms for retention of their service on a longer-term basis in accordance with the recruitment policy for the

grade.

10. Specifically, most civil service grades will adopt the basic entry system whereby recruits will be first appointed on the new probationary terms normally for three years. On satisfactory completion of probationary period, an officer will be considered for passage of probation bar and be offered further appointment on the new agreement terms, which is usually for a fixed term of up to three years. Subject to satisfactory completion of the agreement service, they may be considered for appointment on the prevailing permanent terms subject to meeting relevant criteria and requirements as may be specified for the grade.

11. Individual grades are allowed the flexibility to formulate their own recruitment policy and to propose variations from the basic entry system to cater for their management needs or operational requirements. For instance, the Administrative Service demands more stringent observation on the potential and abilities of new recruits and will consider them for appointment on prevailing permanent terms only upon their promotion to the next higher rank of Senior Administrative Officer. On the other hand, the disciplined services have indicated a strong need to staff their services with permanent staff for security and stability, given their requirements as well as strong devotion and commitment from staff for risky duties. They will appoint recruits direct to prevailing permanent terms upon completion of a three-year probationary period.

12. The new probationary terms and agreement terms do not attract pension benefits and will be subject to the territory-wide Mandatory Provident Fund (MPF) system that will come into operation in December 2000. A consultancy is now underway to study the feasibility of establishing a new retirement benefits system based on a provident fund scheme for appointees on the new permanent terms.

13. The new entry system will apply only to new recruits who join the civil service after 1.6.2000. Serving staff will not be affected and will remain on the pre-existing sets of terms and conditions upon promotion and transfer so long as they continue service without a break.

14. A breakdown on the number of civil servants serving on different terms of appointment is at **Appendix**.

## Appendix

### Strength of the Civil Service (as at 1 July 2000)

|  | Directorate                                       | Senior<br>Management/<br>Professional | Others                          | <i>Total</i>                                     |
|--|---|---------------------------------------|---------------------------------|--|
| <b>Local permanent and pensionable terms</b>                           | 1090<br>[51] <sup>1</sup><br>(85.9%) <sup>2</sup> | 3 061<br>[62]<br>(92.4%)              | 155 123<br>[19]<br>(86.0%)      | <b>159 274</b><br><b>[132]</b><br><b>(86.2%)</b> |
| <b>Local agreement terms</b>   | 30<br>{23} <sup>3</sup><br>(2.4%)                 | 55<br>{28}<br>(1.7%)                  | 633<br>{27}<br>(0.4%)           | <b>718</b><br><b>{78}</b><br><b>(0.4%)</b>       |
| <b>Local retired and re-employed on agreement terms<sup>4</sup></b>    | 29<br>(2.3%)                                      | 43<br>(1.3%)                          | 1 631<br>(0.9%)                 | <b>1 703</b><br><b>(0.9%)</b>                    |
| <b>Local month-to-month terms and other miscellaneous terms</b>        | 3<br>(0.2%)                                       | 7<br>(0.2%)                           | 20 739<br>(11.5%)               | <b>20 749</b><br><b>(11.2%)</b>                  |
| <b>Overseas permanent and pensionable terms</b>                        | 103<br>(8.1%)                                     | 83<br>(2.5%)                          | 30<br>(0.0%)                    | <b>216</b><br><b>(0.1%)</b>                      |
| <b>Overseas agreement terms</b>  | 10<br>(0.8%)                                      | 60<br>(1.8%)                          | 347<br>(0.2%)                   | <b>417</b><br><b>(0.2%)</b>                      |
| <b>Overseas retired and re-employed on agreement terms<sup>5</sup></b> | 2<br>(0.2%)                                       | 1<br>(0.0%)                           | -                               | <b>3</b><br><b>(0.0%)</b>                        |
| <b>Common permanent and pensionable terms</b>                          | -   | -                                     | 1397<br>(0.8%)                  | <b>1397</b><br><b>(0.8%)</b>                     |
| <b>Common agreement terms</b>  | 2<br>(0.2%)                                       | 1<br>(0.0%)                           | 264<br>(0.1%)                   | <b>267</b><br><b>(0.1%)</b>                      |
| <b>Common month-to-month terms and other miscellaneous terms</b>       | -   | -                                     | 107<br>(0.1%)                   | <b>107</b><br><b>(0.1%)</b>                      |
| <b>Total</b>   | <b>1 269</b><br><b>(100%)</b>                     | <b>3 311</b><br><b>(100%)</b>         | <b>180 271</b><br><b>(100%)</b> | <b>184 251</b><br><b>(100%)</b>                  |

*Notes:*

1. Figures in [ ] indicate no. of former overseas officers who transferred to locally modelled agreement terms and then transfer to local P&P terms. The total figures shown in the column have included them.
2. Figures in ( ) denotes percentage to total. These figures may not add up exactly to the total due to rounding.
3. Figures in { } indicate no. of former overseas officers who are permanent residents and transferred to locally modelled agreement terms. The total figure shown in the column included them.
4. Agreement terms for local officers retired and re-employed
5. Agreement terms for overseas officers retired and re-employed
6. No recruits have been appointed on the new sets of terms of appointment (i.e. new probationary terms and new agreement terms) as at 1 July 2000.

Civil Service Bureau  
October 2000

# **CIVIL SERVICE REFORM**

## **BACKGROUND**

In March 1999, we released the Civil Service Reform Consultation Document. The main objective was to put forward proposals to restructure the administration of the Civil Service so as to make it more flexible and prepare ourselves to face the changes and increasingly demanding challenges in the years ahead and meet the demands of society. As a result of feedback received during the first stage of consultation, we drew up more detailed proposals in the various policy areas for detailed discussion with the Staff Sides and department/grade management through working groups with staff representatives.

## **IMPLEMENTATION OF REFORM INITIATIVES**

2. We have achieved almost all the objectives set under Civil Service Reform within the specified timetable of 18 months. The highlights

- To bring our benchmarks more in line with the private sector, we implemented new starting salary levels for both civilian and disciplined services grades with effect from 1 April 2000. The new salaries now apply to all recruits and serving staff on transfer.
- On 1 June 2000, we introduced a new fringe benefits package for recruits including revised leave earning rates, a new leave passage arrangement, and non accountable housing benefits.
- We introduced a new entry system and terms of appointment for recruits with effect from 1 June 2000 to increase flexibility of our appointment system.
- In April 2000, we introduced measures to streamline the existing disciplinary procedures and set up an Independent Secretariat on Civil Service Discipline to handle disciplinary cases in a prompt, impartial and equitable manner.
- We have issued guidelines to tighten rules on the award of increments and reinforce the application of Civil Service Regulations on stoppages and deferrals for officers with sub-standard performance at work. They came into effect on 1 October 2000. We will monitor the implementation of these guidelines.
- We have devised a Management-Initiated Retirement Scheme to provide for the retirement of directorate civil servants on permanent and pensionable terms to facilitate improvement in the Government organisation. We have promulgated the

detailed procedures for the Scheme and we will monitor the implementation of the Scheme.

- We have introduced a Voluntary Retirement Scheme for 59 designated grades where there is a staff surplus or anticipated staff surplus problem. We launched the Scheme in early July and the deadline for applications was 3 October 2000. Some 11,000 staff submitted their applications before the deadline. We are processing these applications and will ensure that the Scheme will be implemented in an orderly manner without disruption to our services.

3. Under the initiative to contain the size of the civil service, a joint panel co-chaired by the Secretary for the Civil Service and Secretary for the Treasury has considered manpower plans from bureaux and departments and applications for exceptional recruitment to the civil service in 2000-01 under the general freeze. As at 15 September 2000, exceptional approval has been given for 30 grades to recruit from the outside to fill 920 posts in 2000-01 to meet essential service needs which must be delivered by civil servants and cannot be undertaken by alternative service providers. The new starting salaries, the new entry system and terms of employment, and the new fringe benefits package will apply to these recruits.

#### **CONTINUED DEVELOPMENT OF OUTSTANDING REFORM PROPOSALS**

4. There are a number of outstanding reform proposals which we knew would take longer to resolve, namely –

- The progressive introduction of elements of performance-based rewards into our system so as to reward high performers. We propose to introduce on a pilot basis team-based performance rewards in a few volunteer departments and will be working with the volunteer departments and their staff to develop suitable schemes.
- The implementation of a Civil Service Provident Fund scheme in place of the pension system for recruits who are offered appointments to the civil service on or after 1 June 2000. A detailed consultancy study has been commissioned. It is being undertaken in two stages: Stage 1 of the consultancy study on the feasibility study and design of the proposed scheme is underway. This will be followed by consultation with the Staff Sides and other stakeholders before we proceed to Stage 2 on implementation.

5. The changes we have introduced will provide the necessary **flexibility and capability** to allow us to respond quickly to community needs; to provide a more **motivating and positive** work environment; and to further a performance-based, service-oriented management culture.

6. We will continue to implement the approved reform initiatives with care and sensitivity, taking full account of the views of civil servants as well as the community at large. We will also continue to work with the Staff Sides and the department/grade management on the remaining initiatives.

## **TRAINING PROGRAMMES TO SUPPORT CIVIL SERVICE REFORM**

7. Training and development programmes should be used extensively to support the implementation of the Civil Service Reform initiatives. We will seek funds from the Finance Committee later this financial year to equip staff with the requisite skills and knowledge to implement the reform initiatives, e.g. human resource management, performance appraisal, relations between management and staff, provident fund, etc., as well as to inculcate the new service culture.

## **CIVIL SERVICE PAY SYSTEM**

### **PAY STRUCTURE**

At present, civil servants are remunerated on 11 sets of Civil Service pay scales (Appendix) of their respective grade and rank. Different grades belong to the various pay scales listed below. Rank scales for different ranks in a grade are expressed as a range of points on the respective pay scales (e.g. Executive Officer II is remunerated from MPS 12 to MPS 27). Subject to the provisions under Civil Service Regulations, officers normally advance one increment a year within their respective rank scales until they reach the maximum point of the scales. Most non-directorate civil servants outside the disciplined services are remunerated on the Master Pay Scale.

2. Judicial Officers are remunerated on the Judicial Service Pay Scale and Independent Commission Against Corruption officers on the ICAC Pay Scale.

### **PAY POLICY**

3. The objective of civil service pay is to offer sufficient remuneration to attract, retain and motivate staff of suitable calibre to provide quality service to the public. Such remuneration should be regarded as fair both by civil servants and by the public which they serve. Within these parameters, broad comparability with the private sector is an important factor for consideration.

### **CIVIL SERVICE PAY ADJUSTMENT**

4. The Government's policy on civil service pay adjustments is that the adjustment should be considered annually. The level of adjustment should be broadly in line with pay adjustments in the private sector. Other factors taken into account include changes in the cost of living, the state of the economy, budgetary considerations, the Staff Sides' pay claims, and civil service morale.

5. In order to ensure that the Civil Service pay adjustment follows that of the private sector, a Pay Trend Survey is conducted annually to track pay movements in the private sector. This system of annual pay trend surveys was introduced in 1974. The survey is conducted by the independent Pay Survey and Research Unit (PSRU) of the Standing Commission on Civil Service Salaries and Conditions of Service (the Standing Commission).

6. The pay trend survey covers the period from 2 April of the previous year to 1 April of the current year. It includes all full time employees who work 75% or more of the normal weekly working hours and whose basic salaries are equivalent to the three

salary bands of the non-directorate staff in the civil service. Basic salary increases relating to changes in the cost of living, overall changes in market rates, general prosperity and company performance, merit payments and in-scale increments are accounted for in the survey. Changes in payments additional to basic salary such as year end bonuses, whether permanent or temporary, are also included.

7. The survey produces three gross Pay Trend Indicators (PTIs), each representing the weighted average pay increases for all surveyed employees within each salary band. The information is then agreed by the Pay Trend Survey Committee comprising representatives from the Staff Sides, the Administration, the Standing Commission, and the Standing Committee on Disciplined Services Salaries and Conditions of Service.

8. The payroll costs of civil service increments are then deducted from the gross PTIs to produce net indicators which form the basis for a decision on the civil service pay adjustment.



## **Appendix**

### **Civil Service Pay Scales**

- Master Pay Scale
- Model Scale 1 Pay Scale
- Police Pay Scale
- General Disciplined Services (Commander) Pay Scale
- General Disciplined Services (Officer) Pay Scale
- General Disciplined Services (Rank and File) Pay Scale
- Directorate (Legal) Pay Scale
- Directorate Pay Scale
- Training Pay Scale
- Technician Apprentice Pay Scale
- Craft Apprentice Pay Scale

## **REVIEW ON CIVIL SERVICE PERFORMANCE MANAGEMENT SYSTEM**

### **BACKGROUND**

In the Civil Service Reform Consultation Document issued in March 1999, we proposed to introduce progressively elements of performance-based reward systems into the Civil Service and improve the current performance management system. Our objectives are to -

- make our performance management system a more useful management tool which should in the end be able to distinguish good performers from poor performers and ultimately support a more performance-based reward system; and
  - provide additional tools to motivate and reward our staff.
2. As a first stage of the review, we have reformed the existing increment system and introduced improvements to the performance management system.

### **NEXT STAGE OF REVIEW**

3. A major theme that emerged from the consultation on the above initiatives is that there should be exploration of ways to reward consistently outstanding performers and those who have reached the maximum point of the pay scales. We are pleased to note this support for the introduction of performance-based reward. However, given that performance-based rewards is a controversial subject and as there is considerable reservation and scepticism on the part of both the management and staff about the feasibility and practicability of introducing performance-based rewards in the Civil Service, we need to proceed cautiously. We are now following this up. We propose to introduce on a pilot basis team-based performance rewards in a few volunteer departments and will be working with the volunteer departments and their staff to develop suitable schemes.

## **FRINGE BENEFITS FOR THE CIVIL SERVICE**

### **Basic Principles of Providing Fringe Benefits**

The basic principle governing the provision of fringe benefits to civil servants is that the benefits should be provided with broad reference to practices and arrangements in the private sector and be provided on a sliding scale proportionate to the rank and service of officers. We also aim to move in the direction of a “total remuneration” approach. In line with the above, we reviewed the fringe benefits for civil service in 1999/2000. After consultation with the staff and obtained funding approval from the Legislative Council in May 2000, we promulgated a new fringe benefits package which forms part of the New Terms of Appointment and Conditions of Service for civil service recruits offered appointment on and after 1 June 2000.

### **Content of the Package**

2. The new fringe benefits package include revised leave, leave passage and housing benefits. Medical and dental benefits continue to be provided. They are explained below.

### **Leave and Leave Passage Benefits**

3. Under the new fringe benefits package, we have adjusted the civil service leave provision to make it more in line with private sector provisions. For the sake of flexibility and administrative simplicity, we will allow encashment of leave balance when an officer leaves the service. We will provide leave passage to directorate officers on a non-accountable basis, and to the officers themselves but not their family members.

### **Housing Benefits**

4. On housing benefits, we have greatly simplified the current system by replacing various housing benefit schemes with a non-accountable cash allowance payable to eligible officers for a maximum of 120 months. To be in line with the non-accountable nature of the allowance, we will not offer downpayment loan to the cash allowance recipients. As for junior civil servants, the Civil Service Public Housing Quota will continue to be provided, but the non-accountable cash allowance is offered as an alternative option if the officers have at least 20 years of continuous service in the government. We have also ceased the provision of departmental quarters other than post-tied quarters for recruits of the non-disciplined services. For the disciplined services, a separate review is being conducted by the Security Bureau.

## **Medical and Dental Benefits**

5. Officers and retirees with pensions and their dependants are eligible for free medical advice and treatment, investigative procedures and medicines in Hong Kong free of charge when these benefits are provided by the Government (Department of Health) or the Hospital Authority. A charge is made for hospital maintenance. Dental treatment (extractions and fillings) is also provided free of charge in government dental clinics and charges are made for dentures and dental applications. We are currently reviewing the medical and dental benefits.

# **CONDUCT AND DISCIPLINE IN CIVIL SERVICE**

## **Introduction**

The Administration is committed to upholding a high standard of integrity and conduct within the civil service. We strive to promote good standards of conduct within the civil service and to ensure that disciplinary action is strictly enforced in misconduct cases.

## **Guiding Principle**

2. Civil servants are required to use their best efforts to promote the interests of the Government. They should be honest and impartial in their dealings with members of the public, and should not -

- (a) put themselves in a position or take part in activities where their private interests conflict with their official duties or bring the civil service into disrepute;
- (b) use their official position to further their private interests; or
- (c) lay themselves open to suspicion of dishonesty.

## **Disciplinary Action**

3. Civil servants are liable to disciplinary action if they -

- (a) fail to observe any government regulations or official instructions;
- (b) misconduct themselves in any manner; or
- (c) by their actions bring the civil service into disrepute.

4. Disciplinary provisions governing public servants are contained in the Public Service (Administration) Order and the Public Service (Disciplinary) Regulation. Members of the disciplined services are subject to disciplinary provisions in their respective Ordinances, Regulations and Rules.

5. Proceedings under formal disciplinary action are held in accordance with the principles of natural justice. All materials and documents forming part of the disciplinary proceedings are given to the accused officer. He/she is then given the right to be heard and to make representations on the comments or criticisms made against him/her. Such action is taken for serious misconduct or repeated minor misconduct, including unauthorised absences from duty, unauthorised outside work, negligence or insubordination. For minor and isolated cases of misconduct such as lateness for duty, informal disciplinary action involving the issue of verbal or written warning may be taken.

6. In addition to punishing misconduct, disciplinary action should also rehabilitate and deter other staff from similar misconduct. Depending on the gravity of the misconduct or criminal offence, punishment under formal disciplinary action may include reprimand, severe reprimand, financial penalty, reduction in rank, compulsory retirement or dismissal. The advice of the Public Service Commission is sought before inflicting punishment on officers who are confirmed to the permanent establishment.

7. As part of the Civil Service Reform, we had undertaken a fundamental review of the disciplinary mechanism in the civil service. As an upshot of the review, a Secretariat on Civil Service Discipline has been established in April 2000 to process centrally formal disciplinary cases; a dedicated pool of officers formed for conducting disciplinary inquiries; and procedures streamlined to expedite action. Under the new arrangements, disciplinary cases are expected to be processed more promptly and efficiently.

### **Measures to Promote Good Standards of Conduct**

8. Other than disciplinary action, we also promote good conduct and integrity in the civil service. All civil service recruits on appointment are briefed on corruption prevention and other good management practices to avoid conflict of interest situations. New recruits are provided with copies of guidelines and rules extracted from the Prevention of Bribery Ordinance, the Acceptance of Advantages Notice and Civil Service Regulations on conflict of interest. Such guidelines and rules are circulated quarterly/half-yearly to remind civil servants (with additional reminders before Christmas and Chinese New Year) of the serious consequence of taking bribes or acceptance of gifts and entertainment without permission. Each officer is given a handy guidebook on the standards of behaviour expected of staff at all levels. We also issue from time to time reference materials to assist senior managers in strengthening ethical values among their staff and in guarding against corruption in their organizations.

9. We have kept the relevant Civil Service Regulations under regular review to help ensure that clear guidance catching present day circumstances is given to managers and staff on the standards and values required of the civil service. In addition, departmental procedures are reviewed regularly to ensure supervisory accountability and to avoid recurrence of commonly found misconduct. Seminars/training sessions are organized to raise awareness of the standard of integrity expected of civil servants.

# **STAFF RELATIONS**

## **Introduction**

The Government values good staff relations in the Civil Service and considers it an integral part of human resource management. The Civil Service Bureau has a dedicated Staff Relations Division which oversees Government's staff relations policies, welfare and motivation schemes. These schemes include the Staff Suggestions Scheme, Commendation Letters Scheme, Long Service Travel Award Scheme, Long and Meritorious Service Award Scheme, Retirement Souvenir Scheme, Staff Welfare Fund and Staff Relief Fund, staff complaints procedures, holiday homes and Civil Service Newsletter. It also plays an important and proactive role in fostering good staff relations by advising and assisting departmental management and staff on matters concerning staff relations.

## **Guiding Principle**

2. The guiding principle in the promotion of staff relationships is consultation. The Government believes that better communication and understanding between the staff and management is the key to achieving good staff relations.

## **Current Position**

3. There is well-established consultative machinery within the Civil Service, comprising the Central Staff Consultative Councils and the Departmental Consultative Committees. Through this machinery, individual staff members, staff unions and staff groups can be consulted on a wide range of subjects such as conditions of service, working environment and various aspects of their work.

## **Central Staff Consultative Councils**

4. There are four Central Councils : the Senior Civil Service Council which was established in 1968; the Model Scale 1 Staff Consultative Council and the Police Force Council, both established in 1982; and the Disciplined Services Consultative Council established in 1990.

5. Each Council comprises the Official Side and the Staff Side. Members of the Official Side come mainly from the Civil Service Bureau and other bureaux dealing with issues of staff concern; whilst members of the Staff Side are all nominated by staff unions. It is the Government's policy to consult the Staff Sides of the Central Councils on any significant change to the terms and conditions of service of staff such as the annual pay adjustment.



## **Departmental Consultative Committees**

6. Departments with more than 100 staff are encouraged to set up Departmental Consultative Committees comprising the departmental management (Official Side) and the staff representatives (Staff Side) who are elected by the staff themselves or nominated by their staff unions. A Civil Service Bureau representative also attends the Departmental Consultative Committees to explain central government's policies and practices and act as a bridge between central government and departments. There are at present 87 Departmental Consultative Committees set up in 65 bureaux/departments. The topics discussed usually include issues specific to the department such as the consultative arrangements within the department, and the departmental welfare and recreational activities.

## **RETIREMENT OF CIVIL SERVANTS**

### **Retirement Policy**

Civil servants are normally required to retire from service upon reaching prescribed normal retirement age. The policy of setting a retirement age for civil servants help facilitate circulation of blood within the civil service and maintain career aspirations of younger officers.

2. The normal retirement age for civil servants appointed on pensionable terms under the Old Pension Scheme and New Pension Scheme is 55 and 60 respectively as provided under the relevant pensions legislation, except members of the disciplined services whose are subject to different prescribed retirement ages under the pensions legislation. Civil servants appointed on agreement or other terms would not normally be appointed beyond the age of 60. Further employment beyond the retirement age would not normally be considered save in exceptional circumstances.

### **Directorate Succession Planning**

3 Retirement of officers is a major source of wastage at the directorate level in a civil service grade. Internal promotion of suitable officers in lower ranks is an important means for filling vacancies due to wastage of officers at the senior directorate ranks. The availability of a pool of suitable candidates for shouldering higher responsibilities is therefore essential to ensure smooth succession to these senior positions. To this end, the Administration has a well-established directorate succession planning mechanism for monitoring wastage and planning staff succession at directorate level in individual departments.

4. Under the directorate succession planning mechanism, the Secretary for the Civil Service meets with individual Heads of Department and their respective Policy Secretaries at least annually, and where necessary half-yearly, to review directorate staff movements and retirement plans, to identify possible and suitable successors to directorate posts, to discuss long-term staff succession issues and to identify training and other career development needs for senior officers. Directorate succession plans are updated at half-yearly intervals.

5. The system has been working well and has generally enabled the Administration to maintain a pool of officers for succession to higher rank positions. The Administration will continue to maintain the directorate succession planning mechanism to ensure that there will always be a pool of suitable officers ready to take up higher responsibilities and provide leadership in the civil service.

## **Post-retirement/Post-agreement Employment**

6. Under the pensions legislation, any pensioner who intends to enter into business or take up an employment outside Government within two years of his retirement (three years for officers at Director of Bureau rank) has to seek prior permission from the Government if the principal part of his business or employment is carried out in Hong Kong. Such approval may be subject to conditions as appropriate, including a sanitisation period or restrictions on the scope of activities to be undertaken. The mechanism aims to ensure that retired officers do not enter into any employment which may constitute a conflict of interest with their previous employment in the civil service or embarrass the Government. Failure to seek prior permission before taking up post-retirement employment or business may result in the suspension of pensions.

7. To further strengthen the system, the policy has been extended to cover new agreements at Directorate Payscale D3 and above since January 1997. Under the new system, agreement officers at D3 and above are also required to seek prior permission before they take up employment within one year after the completion of their agreements.

8. To ensure that the policy is implemented properly, the Government had established in October 1987 the independent Advisory Committee on Post-retirement Employment to advise it on the principles and criteria to be adopted in dealing with applications in general. The Committee also advises on individual applications from directorate officers for post-retirement and post-agreement employment. The Committee comprises four unofficial members appointed by the Chief Executive. The Secretary for the Civil Service is an ex-officio member.

## MANAGEMENT OF GENERAL GRADES STAFF

General grades staff are those who are recruited and managed by a central authority and are posted to different bureaux and departments. The Civil Service Bureau assumes management functions for a few general grades assigned to jobs in a wide range of government offices : the Administrative Service Division manages the 500-member Administrative Service and the General Grade Office manages nine other general grades collectively known as the Executive, Clerical and Secretarial Grades, with the following establishment -

|                    | <u>Grade</u>  | <u>Establishment<br/>(as at 31.8.2000)</u> |
|--------------------|---|--|
| Executive Grade    | Executive Officer   | 2,152                                      |
| Clerical Grades    | Clerical Officer<br>Clerical Assistant<br>Office Assistant  | 25,027                                     |
| Secretarial Grades | Confidential Assistant<br>Personal Secretary<br>Supervisor of Typing Services<br>Typist<br>Telephone Operator | 3,968                                      |

The management functions include recruitment, posting, promotion, training and development as well as career counseling.

# **CIVIL SERVICE TRAINING AND DEVELOPMENT**

## **Introduction**

The Government of the Hong Kong Special Administrative Region believes that good training and development efforts are essential to enhance the performance for the effective functioning of the organisation, culminating in providing quality service to the public. Effective training and development of staff contributes to organisation effectiveness in that it -

- helps disseminate the vision, mission and core values of the organisation;
- enables staff to acquire the knowledge and skills to meet organisational goals and standards;
- improves individual performance and changes attitudes and behaviour; and
- prepares staff to cope with increasing demands arising from the changing, political, economic and management environment.

2. In the context of the Civil Service Reform, training and development programmes are devised to help inculcate the new civil service culture amongst civil servants and to equip civil servants with the necessary skills and knowledge to help implement the new initiatives.

## **Guiding Principles**

3. The guiding principle is that any training and development programmes must be designed to enhance performance and support the core principles and values in the civil service. To this end, civil service training and development programme is formulated in a strategic manner to address the changing needs of the Government and civil servants together in the process.

## **Current Position**

4. The Civil Service Training and Development Institute (CSTDI), the government's central training and development agency, helps drive central policy initiatives through a wide variety of central courses catering to the training needs of staff from all levels. It is responsible for the organisation of -

- (a) management studies and customer service programmes;
- (b) language and communication courses;
- (c) information technology programmes; and
- (d) China studies programmes.

5. In the planning and design of training courses, CSTDI works closely with Heads of Department and Heads of Grade to address their needs. Where necessary, training officers are seconded to departments to take up the role of internal training managers. The Institute also provides advisory and internal consultancy services on human resource development for departments. Evaluation and feedback from course participants are solicited to seek improvements.

6. In parallel to the work of CSTDI, departments organise vocational training for their staff to provide them with the professional and technical knowledge and skills required for the effective delivery of service.

7. The Government attaches great importance to civil service training. We intended to launch a 3-year Training and Development Programme from 2001/02 to 2003/04 to enhance training for civil servants. To implement the programme, we will seek \$50 million from Finance Committee later this financial year to support Civil Service Reform initiatives, to promote a self-learning and continuous learning culture in the civil service and to provide training and other assistance for staff of Voluntary Retirement grades who chose to remain in the service in job transition and redeployment.

## USE OF OFFICIAL LANGUAGES

### Introduction

Our policy objective is to develop and maintain a civil service which is proficient in both Chinese and English and generally conversant in Cantonese, Putonghua and English.

### Guiding Principle

2. While we are committed to promoting the wider use of Chinese in official business and enhancing the proficiency of the civil service in written and spoken Chinese, we are fully aware of the importance of the English language in Hong Kong. Hong Kong is a cosmopolitan city and there is a need to preserve and improve on the English language standard of the civil service.

### Present Situation

3. Bilingualism is at present being practised in the civil service in both internal communications and dealings with the public. In internal communications, the language most suitable for the occasion is used, having regard to its effectiveness for communication as well as other practical and operational considerations. In dealings with the public, government announcements, notices, reports, publications, etc are issued in the language that is appropriate to the recipients. Simultaneous interpretation is provided at official meetings when necessary.

4. Meanwhile, wider use of Chinese in official business will continue to be pursued as it is related to the objective of developing a civil service proficient in both Chinese and English. To help achieve this, we have adopted the following measures :

(a) ***Language Entry Requirement***

As a general rule, civil servants appointed on or after 1 August 1995 are required to be proficient in both Chinese and English.

(b) ***Training***

We continue to provide training courses in Putonghua, Chinese writing, Chinese word processing, Cantonese and Chinese characters (for non-chinese speaking officers). In particular, Chinese word processing training and computer facilities at a cost of \$112.8 million have been provided to clerical, secretarial and executive grade officers through three-

year programme which was completed in 1999.

(c) ***Facilitation***

In order to promote the wider use of Chinese in official business, the Official Languages Agency (OLA) recognizes the need to provide advisory and support services to bureaux and departments. It provides a telephone enquiry service and has published a series of guide books and glossaries. It has also developed a set of Chinese word processing templates on official Chinese writing and compiled samples of official Chinese writing for bureaux and departments to meet operational needs. In addition, a common Chinese character set for personal computer system has been developed to enhance electronic interchange of document files and information in Chinese.