

立法會
Legislative Council

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**Establishment Subcommittee of the Finance Committee
of the Legislative Council**

**Minutes of the 4th meeting
held at the Legislative Council Chamber
on Wednesday, 16 January 2002, at 10:45 am**

Members present:

Hon CHAN Kwok-keung (Chairman)
Hon NG Leung-sing, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Ir Dr Hon Raymond HO Chung-tai, JP
Hon Eric LI Ka-cheung, JP
Hon Margaret NG
Hon CHEUNG Man-kwong
Hon HUI Cheung-ching, JP
Hon Andrew WONG Wang-fat, JP
Hon Jasper TSANG Yok-sing, JP
Hon Howard YOUNG, JP
Hon YEUNG Yiu-chung, BBS
Hon Emily LAU Wai-hing, JP
Hon SZETO Wah
Hon Abraham SHEK Lai-him, JP
Hon Michael MAK Kwok-fung
Hon LEUNG Fu-wah, MH, JP
Dr Hon LO Wing-lok
Hon LAU Ping-cheung

Members absent:

Dr Hon David LI Kwok-po, GBS, JP
Hon Bernard CHAN

Hon CHOY So-yuk
Hon LI Fung-ying, JP
Hon Henry WU King-cheong, BBS

Non-Subcommittee Member attending:

Hon SIN Chung-kai

Public Officers attending:

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| Mr Stanley YING, JP | Deputy Secretary for the Treasury |
| Mrs Jessie TING, JP | Deputy Secretary for the Civil Service (2) |
| Mr K K LAM | Principal Executive Officer (General), Finance Bureau |
| Mrs Carrie YAU, JP | Secretary for Information Technology and Broadcasting |
| Mr Alan SIU | Deputy Secretary for Information Technology and Broadcasting |
| Ms Joyce TAM | Principal Assistant Secretary for Information Technology and Broadcasting |
| Mr Stephen MAK, JP | Deputy Director of Information Technology Services |
| Ms Anissa WONG, JP | Deputy Secretary for the Civil Service (1) |
| Miss Agnes T Y WONG | Principal Assistant Secretary for the Civil Service |

Clerk in attendance:

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| Miss Polly YEUNG | Chief Assistant Secretary (1)3 |
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Staff in attendance:

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| Ms Pauline NG | Assistant Secretary General 1 |
| Ms Alice AU | Senior Assistant Secretary (1)5 |

The Chairman informed members that in response to the request raised by members at the last meeting on 21 November 2001, the Administration had included a new paragraph in its submissions to set out changes in the establishment of the concerned bureaux during the past two years. As advised by the Administration, this would be a permanent feature in all future submissions. As the number of directorate posts had been included in the new paragraph, such figures would not be repeated in the paragraph on "Civil Service Bureau Comments". Miss Emily LAU thanked the Administration for providing such information for members' reference.

2. In connection with the Administration's proposals on the creation of directorate posts in the civil service, Mr Howard YOUNG, Mr James TIEN, Miss Emily LAU and Mr CHEUNG Man-kwong referred to the agreement in principle reached by the Legislative Council (LegCo)'s Cross Party Coalition that proposals for the creation of directorate posts would unlikely be supported if such proposals involved any net increase in the overall directorate establishment of the civil service. Notwithstanding, they would be prepared to consider the two items which had already been scheduled for discussion at this meeting.

EC(2001-02)24

Proposed creation of one supernumerary post of Administrative Officer Staff Grade B (D3) in the Information Technology and Broadcasting Bureau of Government Secretariat for a period of two and a half years to spearhead the E-government initiatives

3. Members noted that the item was discussed by the Panel on Information Technology and Broadcasting on 10 December 2001.

4. Mr Howard YOUNG stated that as the proposed supernumerary post of E-government Coordinator (EGC) in the Information Technology and Broadcasting Bureau (ITBB), pitched at the level of Administrative Officer Staff Grade B (D3), was to be offset by the freezing of an Assistant Director (AD) post (D2) in the Information Technology Services Department (ITSD) until the lapse of the EGC post, he was prepared to support the present proposal as there was no net increase in directorate establishment. However, Mr YOUNG was concerned that the Administration would seek to extend the duration of the post after the 2½-year period and enquired about the Administration's plan and the anticipated targets to be achieved by the EGC.

5. In reply, the Secretary for Information Technology and Broadcasting (SITB) elaborated on the major duties of EGC to formulate, drive and monitor the implementation of the E-government agenda. The overall targets for E-government were to provide an e-option for 90% of public services amenable to the electronic mode of service delivery and to carry out 80% of government

procurement tenders through electronic means by 2003. Implementation of initiatives to meet these ambitious targets would need to be closely monitored and guided from the centre to ensure that they would be met. Towards the last six months or so of his tenure, EGC would be required to review the programme and make recommendations on future improvements. The proposed duration of 2½ years for the post was considered necessary and reasonable for EGC to complete his tasks, initiate the necessary changes and review programme implementation. SITB said that although she could not rule out the possibility for extension of the EGC post, she assured members that every effort would be made to complete the required tasks early to obviate the need for further extension.

6. In reply to Mr NG Leung-sing's question about setting the five Key Results Areas in relation to the Information Technology (IT) strategy, SITB confirmed that the relevant targets were formulated in close consultation with all the relevant bureaux/departments to ensure that the targets and timetables were realistically set.

7. Regarding the arrangements for handling the duties of the frozen AD post in ITSD during the 2½-year tenure of the EGC post and thereafter, and whether there would be a dedicated officer in ITSD to follow up the progress of various E-government initiatives after the proposed EGC post expired, SITB drew members' attention to the Administration's parallel initiative to reposition ITSD and its services to meet its enhanced roles in taking forward the Digital 21 Strategy and E-government initiatives. ITSD would continue to assist bureaux/departments to set up Information Technology Management Units to plan and implement individual IT projects on their own. It was envisaged that at the end of the 2½-year period, the E-government Coordinator Office (EGCO) should have set the motion in train regarding the various E-government initiatives. By then, it was expected that most of the coordinating function proposed for the EGC post could be undertaken by ITSD as part of the E-government agenda. The situation would be carefully reviewed then to ensure that all on-going initiatives would continue to roll forward. One option might be for the work of the EGCO to be taken up by ITSD.

8. In reply to Mr SIN Chung-kai's enquiry on the future arrangement for the frozen AD post in ITSD, SITB said that the post would be de-frozen upon the lapse of the proposed EGC post.

9. On the coordination role of the EGC, SITB pointed out that in taking forward the whole E-government agenda and to realize the e-option of the "one stop and customer centric" approach of E-government, the necessary policy steer and coordination would have to come from the Bureau. One case in point was the proposed smart ID card which provided a platform for the incorporation of other value-added applications straddling the services of different government departments. SITB pointed out that in view of the amount and level of cross bureaux/departments coordination required and the strategic direction that needed

to be mapped out, it was necessary for the EGC post to be pitched at a level commensurate with such job requirements.

10. Noting SITB's explanation, Miss Emily LAU expressed concern about any tendency to pitch a post at very senior level for the sake of ironing out differences over inter-agency issues. SITB in response stressed that the proposed ranking of the EGC post (at D3) was to enable, inter alia, the postholder to coordinate effectively over matters which required input from different bureaux/departments.

11. Referring to the establishment changes of ITBB for the last two years, Miss Emily LAU queried why the upper and middle ranks (i.e. Category A and Category B in the table in paragraph 27 of the paper) in the Bureau had increased from 8 and 13 respectively in 1999 to the existing level of 11 and 17, while the staffing level of the lower rank (i.e. Category C in the said table) was maintained at 55. She was concerned that this was indicative of a trend in the Government to expand the upper structure at the expense of the lower structure.

12. In reply, SITB explained that the staffing situation of ITBB closely reflected its commitments and operational needs. In fact, the number of posts at or below Master Pay Scale 33 or equivalent (i.e. Category C) in the Bureau had increased from 55 in 1999 to 63 in 2000 to cater for the additional workload arising from the organization of the International Telecommunications Union TELECOM Asia 2000. After the event, the number of posts in the aforesaid ranks had reverted to the original level. She assured members that posts in the ITBB would be created at the level commensurate with their functional needs. Regarding the ranks in Category A, SITB clarified that the number of permanent directorate posts in ITBB had remained at eight. Of the three supernumerary directorate posts, one was the proposed EGC post which was created under delegated authority in early August 2001. The remaining two supernumerary posts had been created with the Finance Committee (FC)'s approval until June 2002 for overseeing the Cyberport project. SITB confirmed that the continued need or otherwise for these two posts would be reviewed prior to their expiry.

13. Mr CHEUNG Man-kwong stated that Members of the Democratic Party supported the present proposal. Apart from the offsetting arrangement, he noted that all the other posts underpinning EGC were either on loan or redeployed to obviate the need for creation of new civil service posts. Mr CHEUNG hoped that when planning for staffing support for proposed directorate posts, other bureaux/departments would exercise stringent control and make reference to the arrangements for this case.

14. On behalf of Members of the Liberal Party, Mr James TIEN expressed support for the staffing proposal. He concurred with Mr CHEUNG Man-kwong's view and urged the Administration to thoroughly explore alternative arrangements such as redeployment or loan arrangements to meet additional staffing requirements.

15. On the net additional cost arising from the creation of the supernumerary EGC post, SITB advised that with the offsetting arrangement, the annual net additional cost was only \$119,000. ITBB would meet the additional expenditure by savings achieved in all other areas of expenditures. Detailed arrangements would be worked out with the Finance Bureau.

16. In this connection, Mr HUI Cheung-ching remarked that the creation of a senior directorate post to be offset by a post in the lower rank might not be the best arrangement because the staff cost for the former post would inevitably be higher. Referring to the prevalent practice in the private sector, he highlighted the need for the Government to critically review its practice of creating additional posts whenever there were new operational needs. Instead, the Government should actively consider assigning the relevant responsibilities to competent staff at the next lower rank. Mr NG Leung-sing shared Mr HUI's view and called on the Government to examine its staffing proposals in the light of their overall implications on public finance. In response, SITB reiterated that she was mindful of the need to marshal resources prudently. Having regard to concerns expressed by Members, the present proposal on the establishment of EGCO would not involve the creation of any permanent civil service posts.

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17. Mr SIN Chung-kai recapped the discussion at the Panel on Information Technology and Broadcasting on 10 December 2001. While Panel members were generally supportive of E-government initiatives, they also expressed concern about the need to ensure that the e-option of government services would meet the needs and demands of the public. At the request of Mr SIN, SITB confirmed that as undertaken at the relevant Panel meeting, the Administration would provide a progress report on the E-government programme to the Panel in six months' time.

18. In this connection, Miss Emily LAU queried the long time taken for the provision of certain online government services very much needed by the public in their daily lives, such as an electronic version of the Government's Telephone Directory, booking of sports and leisure facilities, and making appointments at government clinics, etc. In reply, SITB assured members that such Government-to-Citizen services were being pursued vigorously and would be rolled out in the near future. Regarding the progress of the e-version of the Government Telephone Directory, SITB said that ITBB had followed up the matter with the Director of Administration's Office and understood that the project was in its final stage. The Deputy Director of Information Technology Services supplemented that the project, which was at the testing stage with a view to improving its user-friendliness, would be ready for implementation in the next one or two months.

19. While stating support for this and the following proposals, Mr Michael MAK asked how greater efficiency in the Government's internal processes and service provision brought about by E-government could be quantified. In response, SITB explained that under the existing mechanism, SITB was the

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controlling officer for the Capital Works Reserve Fund Computerization Block Vote for IT projects in the Government. When submitting funding applications, the departments concerned were required to justify their requests with the anticipated benefits, including improvement in the quality of service, enhancement in productivity and savings to be achieved, etc. Noting Mr MAK's concern, SITB agreed to consider ways to enhance the transparency of such information.

20. Regarding Mr Michael MAK's enquiry about ITBB's related work on developing Hong Kong's workforce for the information economy, the Deputy Secretary for Information Technology and Broadcasting confirmed that issues relating to IT manpower supply would be included in the revised schedule of duties of the Deputy Secretary for Information Technology and Broadcasting (2). Work in this area was mainly two-fold: to collaborate with the industry to provide professional IT training for secondary students to enhance their exposure; and to encourage world-renowned IT training institutions to run courses in Hong Kong. ITBB would continue to take forward various initiatives conducive to a stable supply of trained IT manpower to meet Hong Kong's needs.

21. Dr LO Wing-lok opined that when considering individual staffing proposals submitted by bureaux/departments, members should be provided with information on the overall changes in the directorate establishment of the civil service. He was particularly concerned about information on the deletion of directorate posts because such information might help members assess the possibility of cross-departmental redeployment of posts.

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22. In response, the Deputy Secretary for the Treasury explained the current practice for providing such information to Members. The number of estimated directorate posts in each bureau and department would be presented in the draft Estimates under the respective Head of Expenditure. Taken as a whole, the figures given under the 90 Heads would represent a full picture of the estimated establishment size of directorate posts in the civil service for the financial year in question. However, the estimated figures were subject to changes in the light of the actual needs of the departments/bureaux during the year. He would need to think through whether apart from the annual Estimates, it was possible to provide a comprehensive picture; and if so, at which points of the process. In this connection, he noted that under the existing practice, after a staffing proposal was endorsed by the Establishment Subcommittee, changes in the establishment of directorate posts in the civil service would be reported to FC in the form of a brief table.

23. The item was voted on and endorsed.

EC(2001-02)25 Proposed retention of one supernumerary post of Administrative Officer Staff Grade C (D2) in the Civil Service Bureau of Government Secretariat for a period of 21 months from 1 April 2002 to 31 December 2003 to undertake the full range of preparatory work for setting up the Civil Service Provident Fund Scheme

24. Members noted that the item was discussed by the Panel on Public Service on 19 November 2001.

25. Mr James TIEN stated that in the light of the agreement reached by LegCo's Cross Party Coalition, the present proposal for retaining a supernumerary post of Administrative Officer Staff Grade C (AOSGC) (D2) in the Civil Service Bureau (CSB) for a period of 21 months up to 31 December 2003 would be supported. However, he reiterated Members' concern that the establishment of directorate posts should be maintained at the existing level. Besides, the proposed duration of supernumerary posts should be critically examined in the light of their functional needs.

26. Referring to the present proposal, Mr TIEN noted that when the supernumerary AOSGC post was first created for 24 months on 1 April 2000, part of the postholder's duty was to oversee the implementation of relevant work for setting up the Civil Service Provident Fund (CSPF) Scheme. Given the mammoth tasks involved, Mr TIEN considered that CSB should have made better planning at the outset by proposing a more realistic and appropriate duration for the supernumerary post in question. He enquired whether the duties of the proposed AOSGC post would be substantially different from those undertaken in the past 24 months starting from 1 April 2000.

27. In reply, the Deputy Secretary for the Civil Service (1) (DS(CS)1) reported that when the supernumerary AOSGC post was first created in April 2000, the postholder was tasked to head a Special Duties Team in CSB to oversee the implementation of the Mandatory Provident Fund (MPF) arrangement for eligible Government employees and to explore the proposal of introducing the CSPF Scheme as a new retirement benefit system for new recruits to the civil service. In respect of the latter duty, extensive consultation on the design options of the proposed CSPF Scheme had been conducted. After the Executive Council (ExCo) had approved the CSPF Scheme and its design principles on 10 July 2001, the Administration proceeded with the implementation phase of the Scheme. Dedicated support at the directorate level was hence required in CSB to undertake the necessary preparatory work for setting up the CSPF Scheme.

28. Regarding the reasons for proposing a 21-month duration for the post, DS(CS)1 explained that in accordance with ExCo's decision, the CSPF Scheme would be applicable to civil servants who joined the civil service on or after

1 June 2000 and when they progressed onto permanent terms upon satisfactory completion of probation and/or agreements. As the first batch of civil servants would become eligible for joining the Scheme in June 2003, the supernumerary AOSGC would be working against a tight timetable in undertaking all the necessary preparatory work such as finalizing the detailed design of scheme rules, arrangements in respect of making Government's voluntary contributions, procedures on withholding or forfeiture of these accrued benefits, conducting the selection exercise for scheme trustees, etc. Given that the Scheme was the first of its kind to be set up in the civil service and to draw on the postholder's previous experience in implementing the MPF arrangements for Government employees, there was a need to retain the supernumerary AOSGC post for a short while after the Scheme went into operation in June 2003 to monitor its implementation and address teething problems that might emerge during the initial period.

29. In response to Mr James TIEN's concern as to whether the AOSGC post would be further extended, DS(CS)1 advised that by end 2003, it was expected that the CSPF Scheme would be up and running and hence, the supernumerary AOSGC post might no longer be required. The Administration would also monitor the situation regularly and would allow the post to lapse earlier than 31 December 2003 if the workload reduced to a level that did not justify an AOSGC.

30. Although expressing support for the present proposal in the light of the agreement reached by LegCo's Cross Party Coalition, Mr CHEUNG Man-kwong referred to the annual average staff cost of \$4,558,000 for the five non-directorate posts underpinning the AOSGC and expressed concern about the prevalent practice of creating non-directorate posts to provide support for directorate posts. Given that the supernumerary AOSGC's major responsibilities were to take forward the CSPF Scheme and monitor its implementation, he was strongly of the view that subject to the Scheme's smooth operation, the continued need for a full team of supporting staff should be critically reviewed and consideration should be given to deleting such posts in phases as they became no longer needed. He called on the Administration to critically review the existing practice of invariably retaining a full supporting team for the whole period of a supernumerary directorate post. Miss Emily LAU also expressed support for the present proposal and shared Mr CHEUNG Man-kwong's concern. She referred to the previous item EC(2001-02)24 and asked CSB to also explore the possibility of identifying internal savings to meet the additional staff costs required.

31. Acknowledging the members' concerns, DS(CS)1 said that CSB would closely monitor the implementation of the CSPF Scheme. The level of staffing support for the AOSGC would be reviewed in the latter half of 2003 in the light of the prevailing situation. The supernumerary posts in the supporting team would be deleted once they were no longer required.

32. Referring to the establishment changes of CSB for the last two years, Miss Emily LAU pointed out that only the lower rank had been downsized while the establishment of both the upper and middle ranks had expanded. She queried whether CSB, as the policy bureau responsible for the management of the civil service, had set a good example for other bureaux/departments.

33. In this regard, DS(CS)1 asked members to note that so far, CSB had absorbed most of the additional duties arising from new initiatives to modernize the civil service within its existing directorate establishment. She stressed that CSB was mindful of the need to exercise stringent control over the creation and retention of directorate posts and had all along vigorously reviewed the establishment in CSB and the departments under its purview to ensure that the staffing level remained appropriate in the light of the current day requirements. In October 2001, CSB took the initiative to amalgamate the four secretariats serving the four advisory bodies on civil service and judicial salaries and conditions of service. A Joint Secretariat was formed which had resulted in a net reduction of a permanent directorate post. In this connection, Miss LAU urged CSB to be more proactive in taking forward downsizing plans on its own initiative so that directorate posts which were no longer necessary would be deleted.

34. Miss Emily LAU noted that pursuant to ExCo's decision, the overall financial commitment of the Government under the CSPF Scheme should be kept within 18% of the salary cost. She sought further information on the rates of the Government's contribution under the Scheme, as well as the financial implications of the Scheme vis-à-vis the New Pension Scheme (NPS).

35. In response, DS(CS)1 referred members to the relevant information papers provided to the Panel on Public Service for the design features of the CSPF Scheme as agreed by ExCo. She advised that according to actuarial calculations, the average pension on-cost under NPS was 22% of the salary cost, which was 4% higher than the 18% ceiling set by ExCo for the CSPF Scheme. This level of commitment had been determined after careful consideration of overall relevant factors, including the private sector practice as well as the existing retirement benefits enjoyed by serving civil servants, and with reference to the key objectives in the management of the civil service.

36. As regards other design features of the CSPF Scheme, DS(CS)1 supplemented that the Government's contributions would follow a progressive schedule based on the employee's length of service, which would be applicable to all grades and ranks in the civil service. For officers on probationary terms, they would not be entitled to the Government's contributions under the Scheme. However, once they progressed onto permanent terms, the Government's contribution rate would correspond to the years of their continuous service in the civil service from the date of their first appointment.

37. As the CSPF Scheme and NPS were based on different considerations and design concepts, DS(CS)1 pointed out that they would have different implications in terms of financial management. In order to increase transparency, individual bureaux/departments would seek provision for CSPF contributions under a new Recurrent Account Subhead under their respective Heads of Expenditure and which would be presented to the FC for approval in the context of the annual draft Estimates.

38. The item was voted on and endorsed.

39. The Subcommittee was adjourned at 11:55 am.

Legislative Council Secretariat

31 January 2002