

Chapter XVIII : Civil Service

18.1 At the invitation of the Chairman, the Secretary for the Civil Service (SCS), Mr Joseph W P WONG, briefed members on the policy commitments of the Civil Service Bureau (CSB), with particular reference to the progress in containing the size of the civil service and the comprehensive review of civil service pay policy and system. SCS also stressed that the Government would continue to adopt the existing mechanism to decide on the civil service pay adjustment for 2002-03 (Appendix V-17).

Assumed civil service pay reduction for 2002-03

18.2 Referring to the assumed civil service pay reduction by 4.75% stated in the Financial Secretary's Budget Speech, Mr LEE Cheuk-yan considered that in the event of a decision on a civil service pay reduction for 2002-03, the pay reduction should not apply to the new recruits who had joined the civil service under the new entry system introduced since 1 June 2000. Mr LEE pointed out that these new recruits were receiving salaries which were lower than those of their counterparts appointed before 1 April 2000. In response, SCS reiterated that notwithstanding the different terms used to engage staff at entry pay point since 1 June 2000, the staff members engaged on probation contracts were also regarded as civil servants. Any upward or downward adjustment in civil service pay would apply to all civil servants including these staff members, except those who were on starting salaries.

18.3 Replying to the Chairman, SCS explained that in the event of a civil service pay reduction, the dollar amount of each pay point on the pay scales (except for delinked pay scales) would be adjusted downward. While civil servants would remain on their original pay point after pay reduction, the actual amount they received would be less.

Administration of allowances in the civil service

18.4 Having compared the revised estimated expenditure for 2001-02 and the actual expenditure for 2000-01, Mr CHEUNG Man-kwong expressed concern about the substantial increase in the expenditure on various job-related allowances. Mr CHEUNG considered the substantial increase in expenditure unreasonable, as some of the allowances were no longer payable to new recruits. He urged the Administration to review the need to tighten the rules governing the payment of various allowances and ensure that allowances were granted only when justified.

18.5 SCS advised that the Administration fully recognized the need to review various job-related allowances periodically and to abolish those which had become outdated or were no longer justified in present day circumstances. In fact, the rules governing the payment of a number of allowances had been tightened after these periodic reviews. For example, with effect from January

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2000, the minimum qualifying period for payment of Acting Allowance had been revised from 14 days to 30 days for all posts including those at Bureau Secretary and Head of Department level. Moreover, CSB had promulgated revised guidelines in December 2000 to tighten up the payment of Overtime and Related Allowances. SCS further pointed out that the Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission) and the Standing Committee on Disciplined Services Salaries and Conditions of Service (Standing Committee) had reviewed the job-related allowances payable to civilian staff and disciplined services staff respectively. The Administration would brief the Legislative Council Panel on Public Service on 15 April 2002 on the recommendations of the Standing Commission and the Standing Committee, and the views of departmental management and staff sides on the recommendations.

18.6 Mr CHEUNG Man-kwong was concerned that despite the revision of the minimum qualifying period for Acting Allowance in January 2000, there was an increase in expenditure on such allowance for 2001-02. SCS explained that there were two types of acting appointments, namely, acting appointments to test an officer's suitability for substantive promotion and acting appointments for an officer to undertake temporarily the duties of another post. The former type of acting appointments normally accounted for 70% to 80% of the annual expenditure on Acting Allowance. The revision of the minimum qualifying period had reduced the expenditure from \$574 million in 1998-99 to \$381 million in 2000-01. While the revised estimated expenditure for 2001-02 was \$385 million, it represented an increase of only 0.9% over the actual expenditure for 2000-01. To address Mr CHEUNG's concern, however, SCS agreed to provide in writing the reasons for changes in expenditure on the various allowances mentioned by Mr CHEUNG.

18.7 Ms Emily LAU shared Mr CHEUNG Man-kwong's concern about the increase in expenditure on various allowances. She considered that the Administration should cease to provide Acting Allowance to an officer who undertook temporarily the duties of another post. SCS advised that as the Administration had conducted a review on Acting Allowance and tightened the rules on payment of the Allowance in 2000, it had no plan to conduct a further review in the near future.

18.8 Responding to Ms Emily LAU, SCS advised that there were two categories of allowances, namely, fringe benefits and duty-related allowances. Fringe benefits, such as education allowances, were offered to eligible officers as part of their conditions of service. All through the years, the Administration had respected the contractual provisions and had not introduced changes to the fringe benefits for serving officers. As regards duty-related allowances, such as Acting Allowance, they did not constitute part of the conditions of service and were

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subject to change in the light of operational needs. It was common practice for the Administration to consult the staff sides before introducing any changes to duty-related allowances.

18.9 Ms Emily LAU noted that different allowances were included under Subhead 013 (Personal Allowances) and Subhead 022 (Passages) of Head 46 (General Expenses of the Civil Service). She sought clarification on a number of allowances as to whether they were fringe benefits and their present position. The Deputy Secretary for the Civil Service (2) (DS(CS)2)'s response was summarized as follows:

<u>Fringe benefits</u>	<u>Present position</u>
Air-conditioning Allowance	Reviewed and ceased for officers occupying substantively a directorate post on or after 1 May 1999.
Furniture and Domestic Appliances Allowance	Reviewed and ceased for officers offered appointment on or after 1 May 1999.
Overseas Education Allowance (OEA)	Reviewed and ceased for officers offered appointment on or after 1 August 1996.
Local Education Allowance (LEA)	Reviewed and ceased for officers offered appointment on or after 1 June 2000.
Leave Passage Allowance (LPA)	Following a review in early 2000, Leave Passage Allowance was only provided to eligible officers but not their families for officers offered appointment on or after 1 June 2000.
School Passage Allowance (SPA)	Reviewed and ceased for officers offered appointment on or after 1 August 1996.

18.10 Referring to the Estimates for 2002-03 and the revised Estimates for 2001-02, Ms Emily LAU noted that there was an increase of about \$60 million (9.5%) in the expenditure on education allowances (OEA and LEA) and about \$23 million (12.5%) in the expenditure on passage allowances (LPA and SPA). Responding to Ms LAU, SCS considered it difficult to assess whether the annual expenditure on such allowances would continue to increase in the next few years, as the actual expenditure depended on a number of factors, including the number

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of dependents of eligible officers applying for such allowances and the level of school fees. However, SCS pointed out that as OEA, LEA and SPA were no longer payable to new recruits, the number of eligible officers for such allowances and the expenditure involved should be gradually reduced in the long term.

Non-civil service contract (NCSC) staff

18.11 Miss CHAN Yuen-han noted that of the 13 750 NCSC staff employed by the Government as at 31 December 2001, 2 896 (21.06%) and 1 616 (11.75%) were employed by the Leisure and Cultural Services Department and the Post Office respectively. In response to Miss CHAN's question, SCS advised that CSB had, in January 2001, issued guidelines for Heads of Department (HoDs) and Heads of Grade (HoGs) to employ NCSC staff to meet service needs that were short-term or required staff to serve on a part-time basis, or where the service need was under review or likely to be changed. There was no ceiling set for the number of NCSC staff to be employed by a department/bureau. It was a matter for HoDs/HoGs to decide according to operational need.

18.12 Referring to Subhead 016 (Gratuities and Mandatory Provident Fund Contributions) under Head 120 (Pensions), Miss CHAN Yuen-han noted that the Administration would make Mandatory Provident Fund (MPF) contributions for about 4 700 agreement officers in 2002-03. Responding to Miss CHAN, the Deputy Secretary for the Civil Service (1) advised that the 4 700 officers were civil servants employed on agreement terms, but not NCSC staff. HoDs/HoGs were required to make MPF contributions for their NCSC staff employed for 60 days or more in accordance with the MPF Schemes Ordinance (Cap. 485) from their departmental resources.

Staff Suggestion Scheme and Motivation Scheme

18.13 Mr Howard YOUNG suggested to the Administration that a merger of the Staff Suggestion Scheme and Motivation Scheme might facilitate the effective use of resources. In reply, SCS advised that the two schemes were different in nature. While the former was an incentive scheme to encourage staff to initiate improvement suggestions on civil service efficiency, the latter aimed to provide resources for departments and bureaux to conduct activities for motivating staff towards continuous improvement in performance and service quality. Nevertheless, SCS undertook to explore the merits of Mr YOUNG's suggestion with the Finance Bureau in due course.

Effective use of in-house resources

18.14 Responding to Mr HUI Cheung-ching's enquiry about the new

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Administrative Officer (AO) post proposed for creation in CSB in 2002-03 to study the feasibility of developing a new outpatient medical and dental benefits scheme for new recruits, DS(CS)2 confirmed that the study would be undertaken by the AO and other supporting staff in CSB, instead of by a consultant. Mr HUI supported the use of in-house resources to conduct feasibility studies so as to reduce the expenditure on commissioning of consultants. He considered that this approach should be promoted within the Administration.

General departmental expenses

18.15 Noting that the estimated expenditure on hiring of services by CSB in 2002-03 was about \$20 million, Mr TAM Yiu-chung asked for the items of services involved. The Principal Executive Officer (Management) of CSB advised that the items of services included professional/consultancy services to be provided by professional bodies/consultants.

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