

**立法會**  
**Legislative Council**

LC Paper No. CB(1) 558/01-02  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/PS/1

**Legislative Council**  
**Panel on Public Service**

**Minutes of meeting**  
**held on Monday, 19 November 2001 at 10:45 am**  
**in the Chamber of the Legislative Council Building**

**Members present** : Hon TAM Yiu-chung, GBS, JP (Chairman)  
Hon LI Fung-ying, JP (Deputy Chairman)  
Hon LEE Cheuk-yan  
Hon CHEUNG Man-kwong  
Hon HUI Cheung-ching, JP  
Hon CHAN Kwok-keung  
Hon Bernard CHAN  
Hon Andrew WONG Wang-fat, JP  
Hon Howard YOUNG, JP  
Hon Michael MAK Kwok-fung  
Hon Albert CHAN Wai-yip  
Hon LEUNG Fu-wah, MH, JP

**Members attending** : Hon James TIEN Pei-chun, GBS, JP  
Hon NG Leung-sing, JP  
Hon CHAN Yuen-han, JP

**Public officers** : **Items III and IV**  
**attending**

Mr Joseph W P WONG, GBS, JP  
Secretary for the Civil Service

Ms Anissa WONG, JP  
Deputy Secretary for the Civil Service (1)

Mrs Jessie TING  
Deputy Secretary for the Civil Service (2)

Miss Jennifer MAK, JP  
Deputy Secretary for the Civil Service (3)

**Clerk in attendance :** Miss Salumi CHAN  
Chief Assistant Secretary (1)5

**Staff in attendance :** Ms Pauline NG  
Assistant Secretary General 1

Mr S C TSANG  
Senior Assistant Secretary (1)7

Ms Bonnie KAN  
Senior Assistant Secretary (1)9

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Action

**I. Confirmation of minutes of meeting**  
(LC Paper No. CB(1) 256/01-02)

The minutes of the meeting held on 11 October 2001 were confirmed.

**II. Date of next meeting and items for discussion**  
(LC Paper No. CB(1)288/01-02(01) — List of outstanding items for discussion)

2. Members noted the list of outstanding items for discussion. Mr Albert CHAN proposed that priority be given to the third item of the list, i.e. review of civil service pay levels and pay adjustment mechanism (referred by the Establishment Subcommittee (ESC)). Members agreed that the item, as well as one of the two items proposed by the Administration, be discussed at the next regular meeting on Monday, 17 December 2001. The Clerk would liaise with the Civil Service Bureau (CSB) accordingly.

3. Mr LEUNG Fu-wah said that Miss LI Fung-ying, Mr CHAN Kwok-keung and he himself had jointly submitted the proposed Employment (Amendment)(No. 2) Bill 2001 to the President for her ruling. The purpose of the Bill was to provide employment protection to non-civil service contract (NCSC) staff employed by the Government by amending the Employment Ordinance (Cap. 57) to make it applicable to them. Mr LEUNG would like to consult the Panel on Public Service and Panel on Manpower

on the proposed Bill. The Chairman directed the Clerk to obtain the relevant information to facilitate the Panel's decision on the timing for consultation.

*(Post-meeting notes:*

- (a) The Chairman accepted the Administration's proposal that the "Promotion of customer service culture in the civil service" be discussed at the next regular meeting on 17 December 2001; and
- (b) The Chairman noted that the President would make her ruling on the proposed Employment (Amendment) (No. 2) Bill 2001 after the three Members concerned had responded to the Secretary for Education and Manpower's comments. In the circumstances, the Chairman considered that the timing for consultation of the Panel on Public Service on the proposed Bill could be decided after the President had made her ruling.)

### **III. Briefing by the Secretary for the Civil Service on the Chief Executive's 2001 Policy Address**

("2001 Policy Objective for Civil Service Bureau" — Booklet provided by the Administration  
LC Paper No. CB(1)288/01-02(02) — Paper provided by the Administration)

4. At the invitation of the Chairman, Secretary for the Civil Service (SCS) briefed members on the paper provided by the Administration. He highlighted the implications of the accountability system on the civil service, measures to contain the size of the civil service, progress of the implementation of the Civil Service Reform measures, and the major tasks and initiatives of CSB in 2002-03.

#### Containing the size of the civil service

##### *Number of directorate and non-directorate posts*

5. Mr LEE Cheuk-yan, Mr Albert CHAN and Mr CHEUNG Man-kwong noted that the Administration was committed to maintain the principle of "small government" and contain the size of the civil service. They expressed their grave concern that while the civil service establishment had been reduced by 12 000 from 198 000 in March 2000 to 186 000 in July 2001, the number of directorate posts had been increased during the same period. In other words, the reduction in the civil service establishment had been achieved by deleting non-directorate posts. They considered it unfair to civil servants at the lower levels and requested the Administration to rectify the situation.

6. Whilst appreciating members' concern about the increase in the number of directorate posts, SCS stressed that the creation of such posts was subject to an elaborate control process. Proposals for creation of directorate posts were subject to scrutiny by the relevant policy bureau, CSB and Finance Bureau (FB). In considering such a

proposal, the Administration examined very carefully the service needs and whether the needs could be met through redeployment within the bureau/department concerned. Only cases that were considered fully justified would be supported and put up to ESC and Finance Committee for approval. SCS also pointed out that the over 1 400 directorate posts involving the Administrative Officer grade and a number of professional/departmental grades represented less than 1% of the overall civil service establishment.

7. Mr CHEUNG Man-kwong was not convinced and requested that the number of directorate posts be frozen. SCS pointed out that there would be practical difficulties to do so, having regard to the need to create new directorate posts in various circumstances, e.g. to head a new overseas office. He assured members that the Administration would propose the creation of directorate posts only when fully justified and would also delete those posts which were no longer required, e.g. the deletion of one senior directorate post upon the amalgamation of the Secretariats of the Standing Commission on Civil Service Salaries and Conditions of Service and the Standing Committee on Disciplined Services Salaries and Conditions of Service on 1 December 2001.

8. Responding to further queries from Mr Albert CHAN and Mr CHEUNG Man-kwong, SCS clarified that the principle of "small government" applied to all levels of the civil service, and not just the lower levels. Responding to Miss CHAN Yuen-han, SCS advised that individual departments would continue to carefully control the growth of departmental establishment, and streamline their existing operations or deliver services through alternative means, with a view to enhancing the cost-effectiveness and efficiency of the civil service. Nevertheless, individual departments would be allowed to create new directorate or non-directorate posts when fully justified.

9. Responding further to Miss CHAN Yuen-han, SCS assured members that it remained the Administration's commitment that reduction in the civil service establishment would not result in any forced staff redundancy. Apart from the target of reducing the civil service establishment to 181 000 by March 2003, the Administration had no other plans at this stage for further reducing the establishment.

*Non-civil service contract staff*

10. Mr LEE Cheuk-yan pointed out that during the recruitment freeze from April 1999 to March 2001, a number of NCSC staff had been employed by individual departments to meet service needs. While NCSC staff were required to perform similar duties as civil servants, their terms and conditions of service were less favourable than civil servants in comparable ranks. In view of the lifting of the recruitment freeze with effect from 1 April 2001, Mr LEE urged the Administration to recruit NCSC staff into the civil service, and not to pursue its target of further reducing the civil service establishment to 181 000 by March 2003. SCS advised that this target could be achieved after the departure of the staff taking the Voluntary Retirement (VR) Scheme or the staff of the Housing Department taking the Voluntary Departure Scheme. Notwithstanding

the lifting of the recruitment freeze, the NCSC scheme remained a standing tool for Heads of Department/Heads of Grade to employ non-civil servants to meet service needs that were short-term or required staff on a part-time basis, or where the service need was under review or likely to be changed. NCSC staff therefore did not occupy posts on the civil service establishment. However, individual departments might, where justified, create civil service posts and recruit staff to fill the posts. NCSC staff who were eligible for such posts could submit their applications.

#### *Voluntary Retirement Scheme*

11. Referring to paragraph 12 of the paper, Miss LI Fung-ying asked whether the Administration could give a definite reply on when the 390 VR applicants of the Foremen grade of the Food and Environmental Hygiene Department (FEHD) would be informed of the outcome of their applications. Deputy Secretary for the Civil Service (3) advised that FEHD would inform the applicants of the outcome as soon as practicable, the aim being no later than June 2002. Responding to Miss LI's further question, SCS advised that any VR applicant whose application had not yet been approved might withdraw his application.

12. Responding to Mr HUI Cheung-ching's enquiry on paragraph 11 of the paper, SCS advised that the VR Scheme was implemented on schedule and that the VR takers would be released by phases from 2001 to 2003 with the majority departing in 2001. The departments concerned would ensure that the departure of VR takers tied in with their plans for redeployment, re-engineering of operations and/or contracting-out programmes so as not to affect their operation nor overburden existing staff. To assist staff to adjust to changes in the workplace, the Administration had reserved \$14 million under the three-year Training and Development Programme for the provision of training to those affected by the VR Scheme.

13. Responding to Miss CHAN Yuen-han, SCS advised that the Administration had not undertaken not to contract out government services, which was one of the possible means for enhancing the cost-effectiveness and efficiency of the civil service. Miss CHAN was however concerned about the very low wages of the staff of government contractors and asked whether the Administration would consider setting a minimum wage for them. SCS considered that these staff should not be segregated from the whole labour force and that the issue should be addressed from a wider perspective.

#### *Enhanced Productivity Programme (EPP)*

14. Mr LEUNG Fu-wah noted from paragraph 26 of the paper that the successful launch of EPP would allow annual savings of \$6 billion from 2002-03. In this connection, he noted from the Secretary for Works' reply to his written question for the Council meeting on 7 November 2001 that the Water Supplies Department (WSD) should be able to achieve 5.5% savings by 2002-03 by implementing the initiatives under its major efficiency and productivity programme, and another 4.5% by end of 2003 by

implementing other efficiency improvement measures. In view of the successful launch of EPP, Mr LEUNG considered that the Administration should not pursue its privatization or corporatization proposals.

15. SCS pointed out that privatization and corporatization were alternative means to achieve greater cost-effectiveness and efficiency in the provision of public services. These two options and EPP were not mutually exclusive. As regards WSD, the consultancy study on the benefits of various forms of institutional reform including privatization and corporatization had been completed. Having considered all relevant factors, the Administration had decided not to introduce any major institutional changes to WSD at this stage and would review the situation in 2004.

16. Responding to Mr LEE Cheuk-yan, SCS confirmed that there was no new EPP target apart from the one of achieving 5% savings by 2002-03. At the request of Mr LEUNG Fu-wah, Deputy Secretary for Civil Service (1) (DSCS1) undertook to seek the advice of the Finance Bureau on the percentage of savings already achieved under EPP and to be achieved in 2002-03 by individual departments.

*(Post-meeting note: The Administration's response was circulated to members vide LC Paper No. CB(1)614/01-02 on 14 December 2001.)*

17. Mr Michael MAK was concerned whether the Administration had implemented any measures to help front-line civil servants cope with the increased pressure and workload arising from EPP. SCS advised that various training programmes had been arranged to help staff cope with work pressure and deal with demanding clients. Following the favourable response to a pilot scheme to provide professional counselling service to help staff cope with stress, arrangements were in hand to extend the scheme.

18. Responding to a further question from Mr Michael MAK, SCS advised that as individual departments might obtain feedback from staff on EPP through the established staff communication channels, there was no need for a service wide survey to assess their job satisfaction level.

#### Accountability system

19. Mr Howard YOUNG noted from paragraph 3 of the paper that under the new system of appointing principal officials, the new appointees would each be responsible for designated policy areas, including canvassing support from the Legislative Council (LegCo) and the public. As the appointment of principal officials was expected to result in the reduction of duties and responsibilities of the existing bureau secretaries, Mr YOUNG called for a review of the pay levels of bureau secretaries.

20. SCS responded that the Administration would work out the details of the new accountability system, including the roles and responsibilities of the top government officials. It was envisaged that while the principal officials would be accountable for the

outcome of the policies under their purview, senior government officials at the current bureau secretaries level would assist the former in formulating and implementing policies, soliciting public feedback, explaining policies and securing support for policies including attending LegCo meetings. In view of these heavy responsibilities, SCS considered it appropriate for these officials to be ranked at D8 level of the Directorate Pay Scale. Mr Howard YOUNG held different views, as some of the major duties of these officials would be taken up by the principal officials. SCS pointed out that the purpose of the new system was to enhance the accountability system by splitting the political role and administrative role currently performed by bureau secretaries. Under the new system, the level of responsibilities of the senior government officials at the current bureau secretaries level would not be reduced.

21. Mr Andrew WONG pointed out that the senior government officials at the current bureau secretaries level, in assisting the principal officials to secure support for policies, would still be performing a political role. He was concerned that this might affect the neutrality of civil servants. SCS considered that that would not be the case, as the senior government officials would only be assisting the principal officials. Mr WONG requested the Administration to give further thought to the issue. To avoid the politicization of the civil service, he was of the view that senior government officials appointed on civil service terms should not be required to assist the principal officials to secure support for policies, and that other senior officials should be appointed on political terms for the purpose. In other words, each principal official should be assisted by two senior officials, one politically appointed and the other appointed on civil service terms.

22. As regards the remuneration for principal officials, Mr Andrew WONG said that the political appointees in Western European countries were normally remunerated at a level lower than that of the administrative appointees while in Singapore the opposite was the case. SCS advised that the subject would be examined by the Administration in due course.

### Policy initiatives in 2002-03

#### *Customer Service Excellence Award*

23. Referring to paragraph 19 of the paper, Mr Michael MAK was pleased to note that a "Customer Service Excellence Award" would be organized to promote a quality service culture in the civil service. He expressed appreciation of the improved customer service provided by front-line staff, e.g. staff of the Immigration Department and Customs and Excise Department. Responding to Mr MAK, SCS advised that as part of the adjudicating process for the Award, 30 000 members of the public would be invited to vote on the government departments which they considered as having provided quality service. The award presentation ceremony would be held in February 2002, together with an exhibition featuring the work of 48 bureaux/departments.

### Review of civil service pay levels and pay adjustment mechanism

24. Mr James TIEN was concerned that CSB's policy initiatives in 2002-03 did not include the review of civil service pay levels and pay adjustment mechanism. Having regard to the fact that civil service pay represented a significant part of the government's overall expenditure and that civil service pay levels had not been reviewed for more than ten years, Mr TIEN strongly urged the Administration to conduct such a review as soon as possible. The Chairman pointed out that the subject would be discussed at the next Panel meeting on 17 December 2001.

25. SCS said that the Administration was aware of the concerns of LegCo Members and the public, and would examine the subject in consultation with staff and Members. SCS was pleased to exchange views with Members on the subject at the next Panel meeting.

#### Monitoring the operation of public organizations

26. Mr CHEUNG Man-kwong noted from paragraph 28 of the paper that subvented and other public organizations had the responsibility to deliver quality services to the public in a cost-effective manner, and that for the subvented organizations, the Administration would see to it that the allocation of public funds were well-used. Referring to the recent press reports on the waste of public funds by the Kowloon-Canton Railway Corporation (KCRC) and Mandatory Provident Fund Schemes Authority (MPFSA), Mr CHEUNG queried whether the Administration had monitored the operation of these public organizations to ensure that the public funds were well-used and that the remuneration package of their directors was reasonable.

27. SCS advised that while subvented organizations operated in accordance with standing subvention guidelines, public organizations such as KCRC and MPFSA operated independently in a commercial mode and their operation was governed by the relevant ordinances. Representatives of the relevant bureau and FB were normally appointed to serve on the managing board of public organizations to ensure that their operation complied with government policies. Mr CHEUNG Man-kwong asked whether the Administration's representatives serving on the managing board of KCRC and MPFSA had performed their monitoring role. SCS said that he was not in a position to comment, as CSB was not involved with the operation of the two organizations.

#### **IV. Civil Service Provident Fund Scheme — Progress Update**

(LC Paper No. CB(1)288/01-02(03) — Paper provided by the Administration)

28. At the invitation of the Chairman, DSCS1 updated members on the progress of setting up the Civil Service Provident Fund (CSPF) Scheme and the Administration's proposal to extend one supernumerary Administrative Officer Staff Grade C (AOSGC)(D2) post in CSB for another 24 months from 1 April 2002 to 31 March 2004



to take forward the implementation work. The Chairman pointed out that the Administration aimed to submit the staffing proposal to ESC on 12 December 2001.

Proposed extension of the supernumerary AOSGC post

29. Mr Albert CHAN and Mr CHEUNG Man-kwong considered the proposed extension of the supernumerary AOSGC post an example of the Administration's attempt to expand the directorate level. They queried whether the proposed extension was in line with the Administration's commitment to contain the size of the civil service. As the CSPF Scheme would be in operation in June 2003, Mr CHEUNG did not see the need to extend the post to 31 March 2004. He urged the Administration to examine whether the duties of the post could be absorbed by other staff of CSB upon the implementation of the Scheme in June 2003, and whether the proposed duration of the post could be shortened.

30. DSCS1 advised that the CSPF Scheme applied to civil servants who joined the civil service on or after 1 June 2000. While the first batch of civil servants would become eligible for joining the Scheme in June 2003, the following batches would join the Scheme at different periods of time. The Administration considered it essential to have a dedicated officer who had full knowledge of the Scheme to monitor its implementation and address the teething problems that might emerge during the initial period. Mr CHEUNG Man-kwong considered that CSB should set a good example that directorate posts would be created or extended when fully justified. At the request of Mr CHEUNG, DSCS1 undertook to consider his views at paragraph 29 above and address the relevant points in the Administration's paper to ESC.

31. At the request of Mr Albert CHAN, DSCS1 also undertook to provide in the Administration's paper to ESC the estimated overall expenditure of extending the AOSGC post for 24 months, including the salaries of his/her supporting staff.

*(Post-meeting note: The Administration's response to paragraphs 30 and 31 was circulated to members vide LC Paper No. CB(1)619/01-02 on 14 December 2001.)*

Retirement age

32. Responding to Miss CHAN Yuen-han, DSCS1 advised that under the existing New Pension Scheme (NPS), the normal retirement age for disciplined services staff in general was 55 and that for certain prescribed disciplined ranks was 57. The adoption of the normal retirement ages under NPS for the CSPF Scheme was supported by the majority of staff associations.

Government contribution rates

33. Responding to Miss CHAN Yuen-han, DSCS1 advised that the Administration had consulted the staff sides on the three options on government's progressive contribution rates. In working out the three options, the Administration had taken into account a number of factors, one of which was the financial ceiling set by the Executive

Council, i.e. the government's long-term overall financial commitment, including mandatory and voluntary contributions as well as the Special Disciplined Services Contribution (SDSC), should be kept within 18% of the salary cost. The majority of staff associations preferred Option C provided in Enclosure 1 of the paper.

34. Responding to Mr Howard YOUNG, DSCS1 advised that the three options had similar financial implications. By adopting Option A, B or C, the government's long-term overall financial commitment of the CSPF Scheme would be close to 18% of the salary cost.

35. Mr Howard YOUNG noted that for all three options, the government's contribution rate would be 25% for staff who had 30 years of completed service on civil service terms or more. He considered that such a rate was on the high side and asked whether the Administration had made reference to the practice in large private corporations. As the pay and retirement benefits systems in the private sector were substantially different from those of the civil service, DSCS1 considered it difficult to draw a direct comparison between the two. The Administration considered it appropriate to set the maximum government contribution rate at 25% which was the highest rate of the contract-end gratuity for civil servants employed on contract terms.

36. Mr LEE Cheuk-yan noted from paragraph 3(c) of the paper that the government would provide a SDSC at 2.5% to members of the disciplined services. However, SDSC would be fully vested only upon retirement. He asked whether the disciplinary services staff associations had raised any objection to this. DSCS1 pointed out that one of the purposes of SDSC was to retain disciplined services staff until their prescribed retirement ages. In the interest of maintaining the stability of the disciplined services, SDSC should therefore be fully vested only upon their retirement ages. This was in line with the existing arrangements under NPS whereby disciplined services staff who left early before their retirement ages would not enjoy enhanced pension benefits.

#### Management of funds

37. Mr LEE Cheuk-yan suggested the Administration to invite the Hong Kong Monetary Authority to manage the fund under the CSPF Scheme. DSCS1 advised that as the Mandatory Provident Fund Schemes Ordinance (MPFSO)(Cap. 485) provided the legal framework for the CSPF Scheme, the operation of the Scheme would have to comply with MPFSO under which the relevant employees were allowed to choose their investment options under a registered scheme managed by an approved trustee.

#### **V. Any other business**

38. There being no other business, the meeting ended at 1:05 pm.

Legislative Council Secretariat

14 December 2001