

立法會
Legislative Council

LC Paper No. CB(1) 795/01-02
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by the Administration)

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Legislative Council
Panel on Public Service

Minutes of meeting
held on Monday, 17 December 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 LEUNG Fu-wah, MH, JP

Member attending : Hon James TIEN Pei-chun, GBS, JP

Member absent : Hon Albert CHAN Wai-yip

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, JP
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 Bonnie KAN
Senior Assistant Secretary (1)9

Action

I. Confirmation of minutes of meeting
(LC Paper No. CB(1) 558/01-02)

The minutes of the meeting held on 19 November 2001 were confirmed.

II. Date of next meeting and items for discussion
(LC Paper No. CB(1)557/01-02(01) — List of outstanding items for discussion
LC Paper No. CB(1)557/01-02(02) — List of follow-up actions)

Discussion items for the regular meeting in January 2002

2. Members noted the list of outstanding items for discussion and agreed that the following two items be discussed at the next regular meeting on Monday, 21 January 2002:

- (a) Follow-up discussion on the comprehensive review of civil service pay levels and pay adjustment mechanism; and
- (b) Departmental annual training and development plan.

Discussion items for the meetings from February to June 2002

3. To facilitate planning of agenda items, the Chairman invited members to propose discussion items for the meetings to be held from February to June 2002.

4. Referring to the fourth item of the list of outstanding items for discussion, Mr LEUNG Fu-wah said that the Secretary for Education and Manpower had responded

on 30 November 2001 on the proposed Employment (Amendment) (No. 2) Bill 2001 jointly submitted by Miss LI Fung-ying, Mr CHAN Kwok-keung and he himself, stating that the proposed Bill related to public expenditure, operation of the government and government policies. Mr LEUNG was not satisfied with the Secretary's response and suggested that the proposed Bill be discussed at a meeting of the Panel. The Chairman considered that the timing for consultation with the Panel on the proposed Bill could be decided after the President had made her ruling.

5. Mr CHEUNG Man-kwong was concerned about the substantial increase in the total number of directorate posts after the reunification in July 1997 and requested the Administration to put in place measures to contain the size of the directorate level. He called for a review of the number of directorate posts in each bureau and department to ascertain whether there was any room for reduction.

6. Referring to the remarks made by the Chief Secretary for Administration on 14 December 2001 on the streamlining of government structure, Mr LEE Cheuk-yan requested the Administration to brief the Panel on its plans and the implications of the proposed measures on the civil service.

7. The Chairman invited members who had other proposed discussion items to inform the Clerk in writing by Friday, 28 December 2001.

(Post-meeting note: A circular was issued on 18 December 2001 vide LC Paper No. CB(1)637/01-02, inviting members to inform the Clerk in writing of any proposed discussion items. The Chairman met the Secretary for the Civil Service on 16 January 2002 on the agenda items for the Panel meetings to be held from February to June 2002.)

III. Comprehensive review of civil service pay levels and pay adjustment mechanism

(LC Paper No. CB(1)557/01-02(03) — Paper provided by the Administration)

8. At the invitation of the Chairman, Secretary for the Civil Service (SCS) briefed members on the paper entitled "Civil Service Pay Policy and System". He highlighted that the current pay policy was to offer sufficient remuneration to attract, retain and motivate staff of a suitable calibre to provide the public with an effective and efficient service. The remuneration should be regarded as fair by both civil servants and the public they served. Within these parameters, broad comparability with the private sector was an important factor in setting civil service pay. SCS also emphasized that civil service pay review was a highly complex subject and that the Administration would take two factors into consideration. First, the Administration must be able to continue to offer an attractive and worthwhile career, including appropriate pay and conditions of service to civil servants, as a stable and motivated civil service was a cornerstone for the stability and prosperity of Hong Kong. Second, the Administration would take full account of the

wider costs and benefits to the community as well as the prevailing political and economic realities.

Declaration of interests

9. Mr Michael MAK declared that he was an employee of the Hospital Authority, a publicly-funded organization.

Need for a comprehensive review

10. Mr LEUNG Fu-wah considered that one of the issues which intensified the recent public debate on civil service pay was the Administration's claim that the expenditure on civil service pay represented about 70% of the government operating expenditure. He requested the Administration to clarify the accuracy of the percentage. SCS advised that according to the background information on 2002-03 Budget provided by the Financial Secretary to Legislative Council (LegCo) Members on 4 December 2001 (LC Paper No. FC13/01-02), about 70% of the government operating expenditure in 2000-01 was spent on public service, including 27.05% on personal emoluments of civil servants, 7.77% on personal related expenses (e.g. pension) as well as 34.71% on subventions (staff related). Mr LEUNG considered that the Administration should make it clear to the public that personal emoluments of civil servants represented only about 27% of the government operating expenditure in 2000-01.

11. As personal emoluments of civil servants represented a substantial part of the government operating expenditure, Mr HUI Cheung-ching considered it an important signal for the Administration to review whether the current civil service pay levels were appropriate. Mr James TIEN shared his view. Mr TIEN said that to his knowledge, personal emoluments of civil servants and subventions (staff related) amounted to over \$40 billion, representing about 60% of the government operating expenditure (about \$67 billion) in 1990-91. After a lapse of ten years, personal emoluments of civil servants and subventions (staff related) amounted to over \$160 billion, representing about 70% of the government operating expenditure (about \$220 billion). To finance such a huge amount of expenditure, the Administration might need to explore more revenue sources which might result in the increase in taxes. This would impose additional financial burden on taxpayers. Mr TIEN therefore urged the Administration to tackle the problem from a wider perspective to achieve a more reasonable allocation of resources, taking into account the interests of the community as a whole.

12. Mr Howard YOUNG said that the Liberal Party was in support of a comprehensive review of civil service pay levels and pay adjustment mechanism.

13. Referring to paragraph 8 of the paper where it was stated that "the prevailing economic downturn has prompted a suggestion from some LegCo Members and others for a pay cut for civil servants as a political gesture", Mr HUI Cheung-ching criticized the Administration for regarding Members' suggestion as a political gesture. SCS clarified

that the suggestion mentioned in paragraph 8 of the paper actually referred to a suggestion for a pay cut in the context of the 2001 civil service pay adjustment exercise. As there was a long-established mechanism for civil service pay adjustments, the Administration did not consider it appropriate to have an arbitrary pay reduction for civil servants. However, as the last overall review of the civil service pay policy and system was conducted 15 years ago, the Administration saw the need to review whether the current civil service pay policy and system suited present day circumstances. The Administration would take a decision on the way forward as soon as possible.

Bodies responsible for conducting the review

14. Mr Andrew WONG considered that civil service pay reviews should be conducted by the Civil Service Bureau (CSB), and not the Standing Commission on Civil Service Salaries and Conditions of Service, Standing Committee on Disciplined Services Salaries and Conditions of Service and Standing Committee on Directorate Salaries and Conditions of Service. SCS pointed out that these Standing Commission/Standing Committees should have their roles to play in the forthcoming review. Responding to Mr WONG's enquiry, SCS advised that the Administration had no plan to abolish any of these Standing Commission/Standing Committees.

Issues to be addressed in the review

Comparability with private sector pay

15. Referring to paragraph 7 of the paper, Mr HUI Cheung-ching shared the view of the business sector that the net Pay Trend Indicators (PTIs) obtained from the 2001 Pay Trend Survey (PTS) did not accurately reflect the pay movements in the private sector. SCS pointed out that while civil service jobs and private sector jobs were comparable at certain levels, such as the clerical level, it was very difficult to compare jobs at other levels because of the differences in job nature and the fact that some of the jobs were unique in the civil service, such as those in the disciplinary services.

16. Mr LEE Cheuk-yan considered that civil service jobs and private sector jobs were not comparable. SCS recognized that not all civil service jobs had analogues in the private sector, and that it was not an easy task to make a reasonable comparison acceptable to all parties concerned. Mr Andrew WONG considered it more reasonable to compare the whole remuneration package including pay and fringe benefits. He requested the Administration to consider whether PTS should be retained. In response, SCS said that the Administration was prepared to look further into the methodology for conducting a comparability study between civil service pay and private sector pay. This issue could be addressed in the forthcoming review.

17. Mr Howard YOUNG was of the view that in comparing civil service pay and private sector pay, consideration should be given not only to the changes in the pay trend, but also to other related issues such as the reduction in establishment of private sector

companies. He pointed out that in recent years, a number of private sector companies had cut down their establishment and reduced the pay levels of the remaining employees. SCS pointed out that in conducting PTSs, the Administration had experienced considerable difficulties in soliciting information on annual pay adjustments from some of the surveyed companies, as the information was considered confidential. It was unlikely that these companies would be willing to disclose information about the changes in their establishment, which was not directly related to pay adjustments. SCS further pointed out that reduction in establishment was not only introduced in the private sector, but also in the civil service. The civil service establishment had been reduced by 12 000 from 198 000 in March 2000 to 186 000 in July 2001, and would be further reduced to about 181 000 by March 2003.

18. Mr James TIEN noted that in conducting PTS, data were collected from some 80 companies employing 100 staff or more. Mr TIEN considered that as there were a number of medium and small enterprises in Hong Kong, the pay levels of their employees should also be surveyed. SCS explained that the practice of collecting data from companies employing 100 staff or more was based on the policy consideration that the companies to be surveyed should be regarded as typical employers in their respective fields, and be generally known as steady and good employers conducting wage and salary administration on a rational and systematic basis. As a great majority of government departments had an establishment of more than 100, the Administration considered it reasonable to draw comparison from private sector companies of similar size. Nevertheless, whether this practice should be changed could be examined in the forthcoming review. Mr TIEN pointed out that this practice might no longer suit present day circumstances where the development of information technology had reduced the requirement for manpower resources and it was not uncommon for steady and good employers to employ less than 100 staff. He also suggested the Administration to increase the number of companies to be surveyed to enhance the representativeness of the survey. SCS responded that this could also be covered by the forthcoming review.

19. Referring to paragraph 5 of the paper, Mr Michael MAK asked for the reasons for not following PTIs on some previous occasions. SCS explained that apart from PTIs, the Administration also took into consideration other factors such as changes to the cost of living, the state of the economy, budgetary considerations, the staff sides' pay claims and civil service morale when deciding the size of civil service pay adjustment.

20. Mr James TIEN considered that apart from PTS, the Administration should also conduct pay level surveys to establish whether civil service pay was in line with private sector pay. SCS advised that while PTS was conducted annually, pay level surveys were conducted only when necessary, e.g. to be conducted as part of the forthcoming review. If pay level surveys were to be conducted annually, it might complicate the pay adjustment mechanism. Mr Andrew WONG considered that pay level surveys might not necessarily be conducted for the civil service as a whole. It could be conducted for a particular grade if such a need arose.

Issues for consideration

Stable pay structure

21. Mr CHEUNG Man-kwong considered that civil service pay system should be built on a stable pay structure which allowed flexibility for fine adjustments in response to social and economic changes. The pay levels should be able to attract, retain and motivate staff of a suitable calibre to provide the public with an effective and efficient service during both the periods of economic downturn and economic bloom. SCS shared Mr CHEUNG's views and assured members that it was the Administration's aim to maintain a stable pay structure.

22. Mr CHEUNG Man-kwong and Mr CHAN Kwok-keung suggested the Administration to make reference to practices in pay administration in overseas governments. SCS confirmed that such references would be made.

Pay adjustment mechanism

23. Mr Andrew WONG suggested the Administration to explore other means of adjusting civil service pay and related benefits, e.g. to offer bonus to civil servants when there was a growth in Gross Domestic Product. Mr Howard YOUNG asked whether the Administration would adopt the private sector practice of linking pay to performance. SCS said that the Administration would make reference to overseas experience in linking civil service pay with the economic condition and staff performance. On performance-pay, the Administration had, as part of the Civil Service Reform, launched a team-based performance rewards scheme in selected voluntary departments to test the feasibility and viability of introducing performance-based pay elements into the existing system. For the first phase of the scheme, the focus was on six departments. The Administration would consider the way forward in the light of the experience gained from the first phase.

Implications of the review on the economy

24. Mr LEUNG Fu-wah was concerned that the conduction of civil service pay review during the period of economic downturn might result in reduction in civil service pay, which in turn might lead to further reduction in private sector pay and undermine the spending power of civil servants. Mr LEE Cheuk-yan shared these views. He was worried that reduction in civil service pay might also widen the disparity between the rich and the poor, thus giving rise to social instability. SCS pointed out that the central issue to be addressed was the extent to which the existing civil service pay policy and system were in keeping with present day circumstances. Being a responsible government, the Administration needed to address this concern.

Implications of the review on the civil service

25. Mr LEUNG Fu-wah pointed out that some civil servants were concerned that after the completion of the civil service pay review, the Administration would implement the second round of the Voluntary Retirement (VR) Scheme. SCS advised that the Administration aimed to complete the review of the VR Scheme by mid-2002. There was no plan to implement another round of the Scheme before then.

26. Mr Michael MAK pointed out civil servants' anxiety about reduction in pay. Mr CHEUNG Man-kwong also urged the Administration to consult and maintain close communication with civil servants on the review. SCS appreciated the concern of civil servants and stressed that the Administration would adopt an objective and neutral stance in conducting the review. Having regard to previous experience in carrying out civil service pay reviews in the 1980s, the Administration would take the matter forward in a prudent manner and adopt a step-by-step approach. The Administration would also maintain close communication with various civil service staff associations to consult their views and keep them informed of any developments.

Relevant provisions in the Basic Law

27. Mr Michael MAK asked for the Administration's interpretation of Article 100 of the Basic Law where it was provided that public servants serving in government departments, including the police department, before the establishment of the Hong Kong Special Administrative Region (HKSAR), might all remain in employment and retain their seniority with pay, allowances, benefits and conditions of service no less favourable than before (香港特別行政區成立前在香港政府各部門，包括警察部門任職的公務人員均可留用，其年資予以保留，薪金、津貼、福利待遇和服務條件不低於原來的標準). SCS responded that according to the legal advice sought by the Administration, any adjustment in civil service pay should not result in a situation where the actual pay figures were less than those before the establishment of HKSAR in July 1997. Otherwise, it would contravene Article 100.

28. Mr Andrew WONG pointed out that the term "標準" was subject to different interpretation. He considered that the Administration should give further thought to the whole issue of civil service pay review, in particular, the implications of Article 100 of the Basic Law on civil service pay. He was ready to discuss with the Administration on the issue. The Chairman suggested CSB to get in touch with Mr WONG for discussion.

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Timetable for the review

29. Responding to Mr LEUNG Fu-wah, SCS reiterated that civil service pay review was a highly complex subject and the Administration needed to approach it with care. For the review exercise to be successful, effective communication with the staff sides and other concerned parties at various stages of the review would be crucial. There was no

concrete timetable for the review at this stage, but the preliminary estimate was that it would take at least one year to complete the review. Mr James TIEN urged the Administration to proceed with the review as soon as possible.

(Post-meeting note: The LegCo Brief on "Review of Civil Service Pay Policy and System" provided by the Administration on 18 December 2001 was circulated to members vide LC Paper No. CB(1)650/01-02 on the same day. The subject would be further discussed at the Panel meeting on 21 January 2002.)

IV. Promotion of customer service culture in the civil service

(LC Paper No. CB(1)557/01-02(04) — Paper provided by the Administration)

30. At the invitation of the Chairman, Deputy Secretary for the Civil Service 3 (DSCS3) briefed members on the paper provided by the Administration. She pointed out that efforts had been made at both the departmental and central levels towards building up a customer service culture in the civil service. At the departmental level, all government departments directly serving the public had published performance pledges. Many departments had developed their vision, mission and values statements to provide a steer to their staff on managing their business, and also encouraged their staff to set up Work Improvement Teams. Departments had also put in place various measures to enhance communication with customers, e.g. conducting customer opinion surveys, establishment of Customer Liaison Groups, provision of a 24-hour interactive telephone enquiries system and a complaints management system. At the central level, the Civil Service Training and Development Institute (CSTDI) provided customer service training to front-line staff. Moreover, CSB had launched a service-wide Customer Service Award Scheme (CSAS) since 1999 to give recognition to staff achievements in customer service and further promote this culture in the civil service.

Customer Service Award Scheme

Participation rate of departments

31. Mr CHEUNG Man-kwong welcomed the launch of CSAS but noted that only 28 departments would be competing for the Customer Service Excellence Award this year. DSCS3 advised that participation in the competition was entirely on a voluntary basis. Mr CHEUNG was concerned that those departments who had been performing badly in customer service would never participate in the competition, thus defeating one of the purposes of launching CSAS, which was to further promote customer service culture in the civil service. He considered that the Administration should explore ways to assist such departments to seek improvements. SCS responded that the Administration would take account of Mr CHEUNG's views in the review of CSAS.

32. At the request of the Chairman, SCS agreed to provide the list of the 28 departments competing for the Customer Service Excellence Award this year and the list of departments which had competed for the Award last year but not this year.

(Post-meeting note: The Administration's response was circulated to members vide LC Paper No. CB(1)815/01-02 on 15 January 2002.)

33. Regarding the prize to be presented to the winner, Mr CHEUNG Man-kwong considered that the prize should be something more than a trophy, so that it could serve better the purpose of expressing appreciation of the concerted efforts of the whole department in promoting customer service culture. He suggested the Administration to give further thought to the issue.

Adjudication process

34. Responding to Mr CHEUNG Man-kwong, DSCS3 explained that the public would be invited to participate in the first of the two stages of the adjudication process. During the first stage, 40 000 sampled households would be invited to select the best department in a questionnaire survey and their votes would contribute 20% of the total scores for selecting eight departments for the final adjudication. The assessment made by a committee comprising District Council members, representatives of professional bodies and representatives of central staff consultative councils (staff sides) would contribute 40% of the total scores, while the remaining 40% would be assessed by visits to the departments concerned. The department which obtained the highest scores from public voting would be presented the Best Public Image Award. The eight departments with the highest overall scores would be assessed in the second stage by a committee to compete for the Customer Service Excellence Award. Mr CHEUNG considered that the assessment made by the public should be given more weight in this kind of award.

35. Mr LEUNG Fu-wah considered that the law enforcement departments, such as the Correctional Services Department (CSD), would be in a less advantageous position to compete for the Customer Service Excellence Award, as the public normally did not have a good impression of them. DSCS3 pointed out that apart from public voting, the adjudication process would focus on whether the departments concerned had put in place a sound system for the delivery of customer service, including a complaints management system to handle complaints lodged by the public, training of staff, etc.

Interests and opinions of customers

36. Mr Andrew WONG asked for the definition of "customers" for government departments, in particular those law enforcement departments such as CSD and the Police Force. He considered that "customers" should be related to fee-paying services, while "clients" related to services free of charge. SCS advised that in promoting customer service culture in the civil service, the emphasis was placed on the conceptual change of regarding the service recipients as customers. For example, law enforcement

officers were required to be courteous while carrying out law enforcement duties or answering enquiries from members of the public.

37. Referring to paragraph 6 of the paper, Miss LI Fung-ying noted that through the greater application of information technology, many departments had streamlined their work processes to enable the public to obtain a variety of public services on-line. Miss LI pointed out that for those members of the public who had no knowledge of computer, this might not be an improvement of customer service. She asked how the Administration would balance the interests of different types of customers. DSCS3 clarified that the use of information technology only provided an additional option for users with an aim to enhance the choice of delivery of the services to them.

38. Responding to Mr Michael MAK, DSCS3 undertook to provide information on the main areas covered by the customer opinion surveys conducted by various departments.

(Post-meeting note: The Administration's response was circulated to members vide LC Paper No. CB(1)815/01-02 on 15 January 2002.)

Financial support for projects to promote quality customer service

39. Mr LEUNG Fu-wah noted that since 1993, some \$30 million had been allocated to 48 departments for more than 200 projects to improve the physical environment of offices which provided direct service to the public. He was concerned that the departments would spend the financial resources on improving their image, such as on the design of new departmental logos and printing of new name cards, etc. As a result, this might lead to a waste of resources. DSCS3 advised that CSB had examined each application carefully and made sure that it was related to the ambit of the provision of the funds.

Training

40. Mr Michael MAK supported the promotion of customer service culture in the civil service but was concerned about the types of training provided to civil servants. DSCS3 explained that various types of training had been provided to educate civil servants on customer-oriented service. In addition to classroom training, a cyber learning centre had been launched by CSTD to provide civil servants with access to a wide variety of learning resources through the Internet, from which they could learn how to be positive, helpful and courteous.

V. Any other business

41. There being no other business, the meeting ended at 1:00 pm.

Legislative Council Secretariat
18 January 2002