

立法會
Legislative Council

LC Paper No. CB(1)1285/01-02
(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, 18 February 2002 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 CHEUNG Man-kwong
Hon HUI Cheung-ching, JP
Hon Bernard CHAN
Hon Howard YOUNG, JP

Member attending : Hon Emily LAU Wai-hing, JP

Members absent : Hon LEE Cheuk-yan
Hon CHAN Kwok-keung
Hon Andrew WONG Wang-fat, JP
Hon Michael MAK Kwok-fung
Hon Albert CHAN Wai-yip
Hon LEUNG Fu-wah, MH, JP

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

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)1035/01-02)

The minutes of the meeting held on 21 January 2002 were confirmed.

II. Information paper issued since last meeting
(LC Paper No. CB(1)1036/01-02(02) — Management-Initiated Retirement Scheme)

2. Members noted the information paper provided by the Administration on the retirement package and progress of implementation of the Management-Initiated Retirement (MIR) Scheme. At the suggestion of Mr CHEUNG Man-kwong, members agreed that the subject be further discussed at the next Panel meeting on 18 March 2002.

III. Date of next meeting and items for discussion
(LC Paper No. CB(1)1034/01-02(01) — List of outstanding items for discussion)

3. The Chairman reminded members that a joint meeting with the Panel on Planning, Lands and Works had been scheduled for 22 February 2002 at 8:30 am for members to discuss with the Administration and relevant staff associations on the re-engineering exercise of the Architectural Services Department.

4. Members agreed that the following three items be discussed at the next regular meeting scheduled for 18 March 2002:

- (a) Civil service - related issues featuring in the 2002 Budget Speech;

- (b) Management-Initiated Retirement Scheme; and
- (c) Language proficiency requirements for entry to the civil service.

5. On paragraph 4(b) above, members noted that the retirement package offered under the MIR Scheme modeled on that offered to civil servants who were required to retire on redundancy upon abolition of office. The package comprised two elements: the immediate and enhanced pension benefits in accordance with the pensions legislation, and an ex-gratia payment at the rate of six months of the officer's final substantive salary. At the suggestion of Mr CHEUNG Man-kwong, members agreed that the Administration be requested to provide further information, as follows:

- (a) The justifications for providing both enhanced pension benefits and ex-gratia payment to a civil servant who was required to retire under the MIR Scheme or on redundancy upon abolition of office;
- (b) Referring to paragraph 3 of the paper provided by the Administration to the Finance Committee for its meeting on 16 June 2000 (FCR(2000-01)33) where it was stated that "it is the normal practice in cases of redundancy on abolition of office that an ex-gratia payment amounting to six times an officer's final monthly salary would be granted to the officers affected for loss of fringe benefits", the Administration was requested to advise whether there had been any precedent case of redundancy on abolition of office where the civil servant concerned had not been granted the ex-gratia payment; and
- (c) Referring to Annex C of the paper provided by the Administration on 7 February 2002 (LC Paper No. CB(1)1036/01-02(02)), the Administration was requested to provide an example illustrating the retirement benefits of a directorate officer who was required to retire under the MIR Scheme at the age of 55.

(Post-meeting note: The Administration's response was circulated to members vide LC Paper No. CB(1)1284/01-02(04) on 12 March 2002.)

IV. Containing the size of the civil service

(LC Paper No. CB(1)1034/01-02(02) — Paper provided by the Administration)

6. At the invitation of the Chairman, Secretary for the Civil Service (SCS) briefed members on the paper provided by the Administration. He advised that as at 1 January 2002, the civil service establishment was about 184 300, a reduction of 7% from that in March 2000. As the Voluntary Retirement (VR) Scheme for 59 designated grades and the Voluntary Departure Scheme for staff of the Housing Department were still in

progress, the Administration believed that the target of further reducing the civil service establishment to 181 000 by 31 March 2003 could be achieved without introducing any other new measures. SCS further advised that as at 1 January 2002, the directorate establishment in the civil service, including both permanent and supernumerary posts, was 1 433 or about 0.8% of the total establishment. The directorate establishment was the same as that as at 1 October 2001. Since 1 January 2002, the Administration had secured the approval of the Establishment Subcommittee (ESC) on the creation of one permanent directorate post and one supernumerary directorate post as well as the extension of one supernumerary directorate post. SCS assured members that when creating new directorate posts, the Administration would examine each proposal very carefully to establish whether there was a genuine operational need for the post at that rank. In addition, Bureau Secretaries and Heads of Department would be required to consider whether the additional duties and responsibilities could be met by redeployment of existing staff or reshuffling of duties within the department or among departments under the same policy bureau. All these proposals were subject to stringent scrutiny by the Finance Bureau and the Civil Service Bureau (CSB). SCS also assured members that the Administration would continue to contain the size of the civil service establishment, including the directorate establishment.

Overall civil service establishment

Target for containing the size of the civil service

7. Referring to press reports on the remarks made by the Chief Secretary for Administration (CS) on 4 February 2002 that the Administration's target was to further reduce the civil service establishment to a level below 180 000, Mr CHEUNG Man-kwong queried whether this was the Administration's new target and if so, why this new target was not mentioned in the paper provided by the Administration. SCS advised that the Administration's policy was to maintain a lean and fit civil service while ensuring that quality services would be provided to the public and that there would be no forced redundancy. For the time being, the Administration's target remained unchanged, i.e. to reduce the civil service establishment to 181 000 by 31 March 2003. In the long term, the Administration might consider further reducing the civil service establishment in line with its policy.

8. Mr CHEUNG Man-kwong was not convinced. He considered that the remarks made by CS implied that the Administration might have in mind a plan to further reduce the civil service establishment. He said that he noted from CSB web page that as at 31 December 2001, the civil service establishment was 184 000 while the strength was only 176 048. In other words, the actual number of civil servants had already gone down below the level of 180 000. He queried about the significant difference between civil service establishment and strength, and the reason for not filling the vacant posts as far as possible. Deputy Secretary for the Civil Service 1 (DSCS1) advised that "establishment" was the number of posts created on operational need and "strength" was the actual number of civil servants filling the posts. There was always a difference between the two because some of the posts on the establishment were temporarily left vacant for various

reasons, e.g. when the post holders were on short-term training courses or were retired. The posts left vacant upon the retirement of the staff concerned would be filled after completion of the recruitment process.

9. Responding to the Chairman, DSCS1 advised that during the recruitment freeze applied throughout the civil service in 1999/2000 and 2000/2001, most of the vacant posts, including those arising from the retirement of the officers concerned, were not filled. While the recruitment freeze had been lifted since 1 April 2001, the Administration continued to control vigorously the creation of new civil service posts. During the first nine months of 2001/2002, there were only 1 644 new recruits, as compared to some 6 000 new recruits in 1998/1999 before the recruitment freeze.

10. Responding to the Chairman, SCS undertook to provide the statistics on the average annual rate of retirement and other forms of natural wastage in the civil service.

Actual savings resulted from reduction in the civil service establishment

11. Mr HUI Cheung-ching appreciated the efforts made by the Administration in containing the size of the civil service. Noting that the civil service establishment had been reduced by 7% from March 2000 to 1 January 2002 through the implementation of the VR scheme, outsourcing of government services and other measures, Mr HUI asked for the amount and percentage of corresponding savings achieved in personal emoluments of civil servants for the same period. SCS agreed to provide the information after the meeting. He however pointed out that the percentage of corresponding savings should be less than 7%, as expenditure had been incurred for VR payment and outsourcing of government services. Mr HUI and Mr Bernard CHAN were surprised to learn that the percentage of corresponding savings was less than 7%. It seemed that the public was not benefited much from the whole exercise of containing the size of the civil service. SCS pointed out that the annual expenditure on personal emoluments of civil servants was about \$57 billion. Even 1% savings amounted to \$0.57 billion which was not a small amount.

12. Ms Emily LAU shared the concern of Mr HUI Cheung-ching and Mr Bernard CHAN. She was also concerned that the reduction in the civil service establishment might be offset by the number of non-civil service contract (NCSC) staff employed by the Administration and the number of employees employed by government contractors. To facilitate Members to comprehend the situation, Ms LAU requested the Administration to provide the following information:

- (a) Number of NCSC staff as at 1 April 2000, 1 April 2001 and 1 January 2002, with a breakdown showing whether they were full-time or part-time NCSC staff, the duration of their contract and their salary range; and
- (b) Number of employees employed by government contractors as at 1 April 2000, 1 April 2001 and 1 January 2002 for the outsourced work.

13. SCS responded that the practice of outsourcing of government services was in line with the principle of small government upheld by the Administration. It also created more job opportunities in the private sector, which was beneficial to the overall economy of Hong Kong. DSCS1 added that to enable government departments to better respond to the changing service needs of the public, flexibility was provided for Heads of Department to employ NCSC staff to meet service needs that were short-term or required staff on a part-time basis. She undertook to provide the required information in paragraph 12(a) above, and to find out from departments whether the required information in paragraph 12(b) above was available.

Optimum size of the civil service

14. Ms Emily LAU doubted whether the civil service had been expanded over the years to a disproportionate level compared with economic development and population growth in Hong Kong. SCS advised that despite the population growth for about one million from 1987 to 2002, the civil service establishment as at 1 January 2002 (about 184 300) was similar to that in 1987. All levels of the civil service had contributed to the enhancement of the efficiency of government operations throughout these years. Ms LAU requested the Administration to provide the following information:

- (a) Annual statistics on the following items since 1987 in respect of Hong Kong:
 - (i) Population;
 - (ii) Gross Domestic Product;
 - (iii) Civil service establishment;
 - (iv) Civil service emoluments and the percentage of civil service emoluments in government expenditure.
- (b) Following information in respect of other countries, such as the United Kingdom and Singapore:
 - (i) Population;
 - (ii) Gross Domestic Product;
 - (iii) Civil service establishment;
 - (iv) Civil service emoluments and the percentage of civil service emoluments in government expenditure.

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15. SCS said that the statistics in respect of Hong Kong should be readily available and agreed to provide the required information as far as possible. As regards the statistics in respect of other countries, he would endeavour to obtain the relevant information from various sources. He cautioned that different countries adopted different criteria and definitions in respect of civil service statistics, which would mean that direct comparison between different places might not be always possible.

16. Responding to Ms Emily LAU's enquiry on the optimum size of the civil service, SCS pointed out that there was no ready answer to this question because of the

difficulties involved in defining the scope of government services. For example, about 90% of the schools in Hong Kong were subvented by the government. While the teachers and staff in subvented schools were not civil servants, their personal emoluments were paid by public moneys. The Administration was studying the issue and would share with Members on the findings, if any, in due course.

Directorate establishment

Target for containing the size of the directorate level

17. Referring to the increase in the number of directorate posts by 6% since the reunification in 1997, Mr CHEUNG Man-kwong pointed out that the reduction in the civil service establishment was achieved by the deletion of non-directorate posts. He considered it unfair to civil servants at the lower levels and queried why the Administration had not set a target for containing the size of the directorate level. SCS considered it inappropriate to categorize some 400 grades and 1 000 ranks in the civil service establishment into two levels, the directorate and non-directorate levels. The target of 181 000 to be reached by 31 March 2003 was meant for the civil service as a whole, and there was no specific target for any particular grade or rank. He assured members that the creation and deletion of posts, irrespective of grades or ranks, were proposed on the basis of operational need. Indeed, non-directorate posts had been created recently to meet increased demand, e.g. customs and immigration officers to cope with increased border crossings, and directorate posts which were no longer required had been deleted, e.g. one senior directorate post had been deleted 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.

18. Ms Emily LAU invited the Administration's comments on whether the expansion in the directorate level and reduction in the lower level were natural upon Hong Kong's development into a knowledge-based society, and whether the Administration had any plan to move towards this direction. SCS considered that the development of a knowledge-based society would affect both senior and junior posts. More senior posts might be justified to match higher level management or specialized skills. For the junior posts, it would mean that the incumbents would have to be multi-skilled although less posts might be required. In fact, all levels of the civil service had to enhance their performance to meet the public demand for better services. He also pointed out that in some overseas governments like the United Kingdom and Singapore, the senior civil service establishment was about 1% of the overall establishment, which was comparable to that in Hong Kong. Hence, taking a macro view, the directorate establishment of the Hong Kong civil service could not be considered as excessive.

Implications of the accountability system on the directorate establishment

19. Mr CHEUNG Man-kwong was concerned whether the implementation of the accountability system later this year would result in the significant increase in the number

of directorate posts. Ms Emily LAU expressed her strong objection to such a move. SCS advised that the Administration would consider the number and ranking of officers required to support each principal official, e.g. Personal Assistant and Chauffeur. The Administration would examine critically the need for creation of additional posts. If the need was established, the Administration would consider whether the manpower requirements could be met by redeployment or other means. SCS assured members that the Administration would seek ESC's support for the creation of additional directorate posts only when fully justified.

Proposed measures to contain the directorate establishment

20. Referring to the agreement recently reached by the Legislative Council'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, Mr Howard YOUNG highlighted the need to contain the directorate establishment. SCS said that while the Administration appreciated Members' views, it considered that flexibility should be allowed for the creation of directorate posts when fully justified, e.g. to head the new Hong Kong Economic and Trade Office in Guangzhou. SCS also stressed that the Administration would continue to examine critically every proposal for creation of directorate posts.

21. As the proposed creation of one directorate post would only be approved if it was offset by the deletion of another directorate post, Mr Howard YOUNG and Mr HUI Cheung-ching were concerned how the Administration would achieve effective redeployment of directorate staff across various bureaux and departments to meet operational need. SCS advised that while the Administration did not accept the off-setting condition as a matter of principle, it was considering that in future, a senior level meeting would be convened for CS, Financial Secretary (FS), Secretary for the Treasury and SCS to consider proposals from bureaux/departments for the creation of directorate posts. If the need for the post was established, the concerned bureaux/departments would first be required to examine if the need could be met through internal redeployment. The Administration would only submit the proposal to ESC if the additional workload could not be absorbed internally. In this connection, CSB was collecting from various bureaux and departments information on the number and nature of directorate posts that would need to be created in the current financial year. Mr YOUNG suggested that bureaux and departments be required to set a priority of their existing directorate posts to facilitate the decision on the deletion of posts when necessary.

22. Referring to ESC's endorsement on 16 January 2002 of the proposed creation of the supernumerary post of E-government Coordinator in the Information Technology and Broadcasting Bureau to be offset by the freezing of an Assistant Director post in the Information Technology Services Department, the Chairman considered that there might be room for savings at the departmental level and hence, room for the redeployment of some directorate staff from departments to bureaux. SCS advised that in the short term, such redeployment was not an easy task, as each directorate officer was responsible for a well-defined policy area or a specific project. In the long term, the Administration would

explore the possibility of such redeployment through re-structuring and reshuffling of duties among directorate officers.

23. Mr CHEUNG Man-kwong asked whether the Administration had any plans to merge bureaux with their relevant departments to facilitate effective redeployment of directorate staff. SCS advised that this was a very complex issue involving major structural changes in the government, and the division of power and responsibilities between bureaux and departments. Moreover, the amalgamation of different bureaux with their relevant departments would involve different considerations. For example, the scope for restructuring in the Education and Manpower Bureau and the Education Department should be greater than that in the Security Bureau and the disciplinary forces. In view of the complexity of the issue, it could take one or two years for the Administration to consider the way forward.

24. Mr CHEUNG Man-kwong also suggested the Administration to consider the delegation of some of the duties of directorate officers to staff at the level of Master Pay Scale Points 45 to 49. SCS noted his view.

(Post-meeting note: The information provided by the Administration on paragraphs 10, 11, 12 and 14(a) above was circulated to members vide LC Paper No. CB(1)1290/01-02 on 15 March 2002.)

V. Promotion of integrity in the civil service

(LC Paper No. CB(1)1034/01-02(03) — Paper provided by the Administration)

25. At the invitation of the Chairman, Deputy Secretary for the Civil Service 3 (DSCS3) briefed members on the paper provided by the Administration. She said that over the years, CSB had been working closely with the Independent Commission against Corruption (ICAC) and departments to promote a clean civil service and to instil a culture of integrity amongst civil servants. In the past 18 months, CSB had reviewed and updated the central guidelines governing conflict of interest and conduct-related matters to ensure their adequacy and clarify in present-day circumstances. It also assisted departments to draw up supplementary guidelines on avoidance of conflict of interest situations specific to departmental operations. Moreover, it provided support to departments in promoting staff awareness of the need to avoid conflict of interest situations and of the rules on acceptance of advantages, through organizing tailor-made training courses. DSCS3 also highlighted the efforts to be made in the near future to maintain and promote an ethical culture in the civil service.

Relevant statistics

26. To better assess the extent of corruption in the civil service and the effectiveness of the Administration's efforts in the promotion of integrity in the civil service, Miss LI Fung-ying asked for relevant statistics, such as the number of cases

recommended by ICAC for consideration of disciplinary or administrative action. DSCS3 advised that one should not rely solely on the statistics of one or two years to determine the effectiveness of the promotion efforts. That said, based on the number of cases referred by ICAC to the Administration for consideration of disciplinary or administrative action in 1999 (248 cases), 2000 (295 cases) and 2001 (188 cases), there had been a recent decline. Miss LI further enquired about the number of such cases where sanctions or disciplinary actions had been taken on the civil servants concerned after investigations conducted by the Administration. DSCS3 undertook to provide the statistics after the meeting.

27. Mr CHEUNG Man-kwong considered that the Administration should have provided the relevant statistics in the paper. DSCS3 pointed out that the statistics of one or two years might not reflect the whole situation. SCS also advised that the focus of the paper was on the work of CSB in the promotion of integrity in the civil service and its efforts in strengthening the present ethics infrastructure. The Administration would be pleased to provide relevant statistics requested by Members.

28. Mr CHEUNG Man-kwong considered that the Administration should provide relevant statistics with illustrations to facilitate Members' understanding of the full picture. For example, the Administration should let Members know that of the 295 cases recommended by ICAC in 2000 for consideration of disciplinary or administrative action, 75 cases involved government officers borrowing from a single loanshark. Hence, the reduction in the number of cases recommended by ICAC in 2001 did not necessarily mean that the situation had been improved.

29. Ms Emily LAU supported Mr CHEUNG Man-kwong's view. Referring to paragraphs 6, 7 and 8 of the paper, Ms LAU requested the Administration to provide the statistics in recent three years on the number of cases involving conflict of interest between an officer's duty and his private interests, including his investments; indebtedness; and acceptance of advantages and gifts or entertainment. Referring to paragraph 13 of the paper, Ms LAU also requested the Administration to provide the statistics in recent three years on the number of civil servants prosecuted under the Prevention of Bribery Ordinance or the Crimes Ordinance; and criminally convicted under either one of these two ordinances and subject to disciplinary action under the Public Service (Administration) Order. DSCS3 advised that the number of convictions under the Prevention of Bribery Ordinance was 14, 4 and 13 in 1998/1999, 1999/2000 and 2000/2001 respectively. She undertook to provide other statistics after the meeting.

30. Responding to Ms Emily LAU, DSCS3 advised that while the overall number of bankruptcy cases in Hong Kong had increased from 4 600 in 2000 to 9 151 in 2001, the number of cases involving civil servants as a percentage of the overall figure had decreased and was 655 in 2001. Mr HUI Cheung-ching asked for a breakdown of these 655 cases, showing the source of application for bankruptcy and whether the applications had been made by the civil servants concerned, financial institutions or other parties. DSCS3 undertook to provide the information, if available, after the meeting.

Problems revealed in ICAC's report

Acceptance of gifts and free/discounted meals or entertainment

31. Mr CHEUNG Man-kwong pointed out that Ms Anna WU Hung-yuk, Chairperson of the Operation Review Committee of ICAC, had stated in a media briefing on 18 January 2002 that the number of civil servants involved in "acceptance of gifts and free/discounted meals or entertainment" had increased in 2001. Mr CHEUNG pointed out that the number of such cases recommended by ICAC for consideration of disciplinary or administrative action had soared from 6 in 2000 to 39 in 2001. He was concerned that this form of "soft corruption" might develop into more serious forms of direct corruption and erode the integrity of the civil service. DSCS3 advised that the Administration was equally concerned about the issue. CSB was working at the final stages of promulgating two revised circulars, which would provide clearer guidelines to staff respectively on the acceptance of advantages by civil servants and gifts or entertainment offered to an officer in his official capacity. These two circulars would be issued following staff consultation.

Undesirable associations

32. Mr CHEUNG Man-kwong also pointed out that of the 188 cases recommended by ICAC in 2001 for consideration of disciplinary or administrative action, 38 cases involved civil servants who had "undesirable associations". He was very concerned about this trend and urged the Administration to address the problem seriously. In this connection, he asked for the meaning of "undesirable associations" and a breakdown of the 38 cases, showing the departments and grades involved, and nature of the undesirable elements. DSCS3 undertook to provide the information after the meeting.

Follow-up actions taken by the Administration

33. Ms Emily LAU requested the Administration to provide a copy of the ICAC's recent annual report on corruption and malpractices in the civil service. The Chairman also requested the Administration to provide information on its follow-up actions taken to address the problems and issues stated in the report.

(Post-meeting note: The information provided by the Administration on paragraphs 26, 29, 30, 32 and 33 above was circulated to members vide LC Paper No. CB(1)1291/01-02 on 14 March 2002.)

VI. Any other business

34. There being no other business, the meeting ended at 12:50 pm.

Legislative Council Secretariat

15 March 2002