

立法會
Legislative Council

LC Paper No. CB(1) 878/02-03
(These minutes have been seen
by the Administration)

Ref : CB1/PL/PS/1

Panel on Public Service

**Minutes of meeting
held on Monday, 20 January 2003 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 Kenneth TING Woo-shou, JP
Hon LEE Cheuk-yan
Hon CHEUNG Man-kwong
Hon HUI Cheung-ching, JP
Hon CHAN Kwok-keung
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon Andrew WONG Wang-fat, JP
Hon Howard YOUNG, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Michael MAK Kwok-fung
Hon Albert CHAN Wai-yip
Hon LEUNG Fu-wah, MH, JP

Member absent : Hon Bernard CHAN, JP

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

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

Ms Anissa WONG, JP
Permanent Secretary for the Civil Service (Acting)

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

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

Agenda Item V

Ms Anissa WONG, JP
Permanent Secretary for the Civil Service (Acting)

Mrs Lucia LI, JP
Deputy Director of Accounting Services

Mr Ken J BRADLEY, JP
Assistant Director of Accounting Services

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

Staff in attendance : Ms Rosalind MA
Senior Assistant Secretary (1)9

Action

- I. Confirmation of minutes of meeting**
(LC Paper No. CB(1)680/02-03 — Minutes of meeting on
16 December 2002)

The minutes of meeting held on 16 December 2002 were confirmed.

- II. Date of next meeting and items for discussion**
(LC Paper No. CB(1)721/02-03(01) — List of outstanding items for
discussion
LC Paper No. CB(1)721/02-03(02) — List of follow-up actions)

2. Members agreed that the following two items be discussed at the next regular meeting scheduled for 17 February 2003:

- (a) 2003 civil service pay adjustment; and
- (b) Civil Service Customer Service Award Scheme.

III. Second Voluntary Retirement Scheme

- (LC Paper No. CB(1)719/02-03 — Legislative Council Brief issued by the Civil Service Bureau (Ref: CSBCR/SMP/5-045-007/3 Pt. 35)
- LC Paper No. CB(1)721/02-03(03) — Background brief prepared by the LegCo Secretariat)

Briefing by the Administration

3. At the Chairman's invitation, the Deputy Secretary for the Civil Service (3) (DSCS3) briefed members on the background and main features of the Second Voluntary Retirement Scheme (VRS). She pointed out that the First VRS was launched in 2000 to enable civil servants in 59 designated grades with identified or anticipated surplus staff to retire from the service voluntarily with immediate retirement benefits and VR compensation. In his Policy Address delivered on 8 January 2003, the Chief Executive (CE) had emphasized that the Government would tackle the fiscal deficit as top priority. In contributing to the objective of reducing public expenditure by \$20 billion to \$200 billion by 2006-07, CE had set a target of reducing the civil service establishment by 10% to about 160 000 by 2006-07 through natural wastage and normal retirement. To achieve this target, CE had announced two initiatives, one of which was the implementation of the Second VRS. On 14 January 2003, the Executive Council approved the Second VRS. The main features of the Second VRS generally followed those of the First VRS with some modifications, as follows:

- (a) On eligibility criteria, the Second VRS would not apply to officers with five or less than five years active service before reaching normal retirement age;
- (b) On compensation package, the lump sum VR payment would be calculated on the basis of 1 month's salary for every two completed years of service of the officer subject to a ceiling that the lump sum VR payment, when added to the lump sum pension payment under the VR Scheme, would not exceed the commuted value of the pension benefits for which the officer would be eligible at his normal retirement age. As a result of this ceiling, the maximum VR payment a VR-taker might receive was 14 months' salary.; and
- (c) The arrangement for deletion of posts would be tightened up to require that a VR-taker's post or a post of the same rank of the VR-taker had to be deleted upon his/her departure. If in the event that there were more VR-takers in a particular rank than the number of posts which Director of Bureaux (DoBs) could delete in that rank, some flexibility would be given to allow DoBs to consider deleting posts one rank below to

facilitate departure of staff on condition that substantial savings could still be derived and subject to exceptional approval from the center.

4. DSCS3 advised that based on initial returns from DoBs, there were some 200 grades with a strength of over 100 000 which they proposed to include in the Second VRS. Some fine-tuning to the number of proposed VR grades were expected. The Civil Service Bureau (CSB) would invite updated returns from DoBs on the list of proposed VR grades before implementing the Scheme. It would also seek the approval of the Finance Committee (FC) for the requisite financial commitment in due course.

Discussion

List of grades to be included in the Second VRS

5. Mr Michael MAK expressed concern that the Administration had announced the Second VRS without the list of grades to be included in the Scheme. In response, DSCS3 advised that as some bureaux and departments were still exploring further ways to re-engineer, re-organize and re-prioritize their operations with a view to further reducing their establishment, some fine-tunings to the number of the proposed VR grades were expected. CSB would invite updated returns from DoBs on the proposed list of VR grades. It was expected that the final list would be available for announcement in end of January or early February 2003. At Mr MAK's request, SCS undertook to provide the Panel with the list of grades included in the Second VRS in due course.

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Eligibility criteria

6. Mr LEUNG Fu-wah was concerned about the tightening up of the eligibility criteria for the Second VRS. He pointed out that while the First VRS did not apply to officers with less than one year's active service before reaching normal retirement age, the Second VRS would not apply to officers with five or less than five years active service before reaching normal retirement age. Responding to Mr LEUNG's enquiry on the cause of the change, SCS advised that in accordance with the provisions of the applicable pensions legislation, officers with five or less than five years active service before reaching normal retirement age could apply for early retirement. These officers would be entitled to pensions upon their retirement, but not any additional compensation as provided under VRS. To include these officers in the Second VRS would not help achieve the cost saving objective.

7. Mr LEUNG Fu-wah did not consider the Administration's reply convincing, as the pensions legislation had been in existence when the First VRS was launched. SCS further explained that given the present fiscal situation, the financial implications of the Second VRS were the major consideration. Assuming that there were 7 000 VR-takers, the Government would be spending an additional \$2.1 billion for one-off

compensation and achieving savings of \$2.4 billion per year in salaries thereafter. The total VR-related expenditure (including one-off compensation, lump sum pension and monthly pension) from 2003-04 to 2006-07 was estimated to be \$10 billion, as compared to a total savings of \$9.6 billion in that period. From this perspective, the Second VRS would, in terms of cashflow, add pressure to the fiscal situation in that four-year period. However, there would be savings thereafter. If officers with less than one year's active service before reaching normal retirement age were allowed to apply for the Second VRS, the total VR-related expenditure would be increased and the pressure added to the fiscal situation in the coming few years would be even greater. The Administration therefore considered it necessary to tighten up the eligibility criteria.

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8. At the request of Ms LI Fung-ying, DSCS3 undertook to provide information on the number of VR-takers in the First VRS with five or less than five years active service before reaching normal retirement age and the total amount of lump sum VR payment granted to these officers.

Pension benefits

9. Ms LI Fung-ying was concerned that while officers retired under the First VRS had been granted pension benefits irrespective of whether they had completed the minimum qualifying length of service (10 years), officers retiring under the Second VRS who had less than 10 years of service would not be granted pension benefits. Ms LI considered the new arrangement too harsh, as the service of officers with less than 10 years of service would not be recognized in the compensation for VR. DSCS3 pointed out that the new arrangement was in line with the provisions in the applicable pensions legislation under which officers who left the service under normal circumstances would be granted pension benefits only if he had attained the minimum qualifying length of service. She further pointed out that in the Second VRS, VR-takers who had not completed the minimum qualifying length of service would still be granted the VR payment, which was calculated on the basis of one month's salary for every two complete years of service, subject to a maximum amount equivalent to 14 months' salary of the officer. In other words, the officer's years of service with the Government would be recognized in the award of VR compensation. SCS added that given the long-term and on-going financial implications of pension benefits, the Administration considered it appropriate to grant pension benefits to VR-takers in line with the provision of the applicable pensions legislation.

Capping the number of VR-takers

10. Mr Albert CHAN pointed out that in the First VRS, some 250 applications had not been approved on the reason that there was a continued operational need for the posts, and some of the remaining staff of the VR grades were required to take up additional duties more than they could cope with. He considered it unfair to the civil servants concerned. Mr LEUNG Fu-wah shared his views. To avoid the recurrence

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of such incidents, Mr CHAN requested the Administration to consider capping the number of VR-takers for each department so that the staff concerned could assess their chance of success before submitting applications. SCS considered it not appropriate for the Administration to do so, as some bureaux/departments might consider achieving savings through out-sourcing and the scale of out-sourcing would not be finalized until the number of staff retiring under the Second VRS was known. SCS also pointed out that as the VRS was an exit mechanism provided to eligible officers to retire from the service voluntarily, the Administration was not obliged to approve every application and the unsuccessful applicants would not suffer any disadvantage or discrimination. To improve the arrangements for the Second VRS, however, SCS undertook to advise DoBs and HoDs to arrange briefings for eligible officers on the implementation arrangements and criteria for approving VR applications.

Post deletion arrangements

11. Referring to paragraph 16 of the Legislative Council (LegCo) Brief, Mr CHEUNG Man-kwong pointed out that there was a great difference in the arrangement for deletion of posts vacated by VR-takers in the First and Second VRSs. In the First VRS, departments/grades were permitted to delete whatever posts in the grade when a VR-taker retired from the civil service. This arrangement would however be tightened up in the Second VRS to require the deletion of a VR-taker's post or a post of the same rank of the VR-taker upon his/her departure. Mr CHEUNG queried whether the need to tighten up the arrangement indicated that there had been abuse of the arrangement under the First VRS. As far as he knew, some departments had retained the posts vacated by VR-takers for promotion and deleted other posts at the lower ranks. As a result, a number of officers had been promoted after the departure of the VR-takers and the cost saving objective had not been achieved.

12. In response, DSCS3 explained that the post deletion arrangement for the First VRS enabled departments/grades to release more staff and maintain an appropriate grade structure. In view of the current fiscal situation, however, the arrangement needed to be tightened up in the Second VRS for achievement of full cost savings in the short term. SCS pointed out that the post deletion arrangements for the First and Second VRSs had their own pros and cons. In the First VRS, the flexibility allowed in the deletion of posts would facilitate maximum release of staff and achievement in long-term salary savings as the Government would not need to carry the surplus or potential surplus staff at a higher payroll cost. However, if some of the posts vacated by VR-takers were not deleted but instead, other posts at lower ranks were deleted, full cost savings could not be realized in the short term. On the other hand, while the proposed arrangement for the Second VRS would facilitate full cost savings in the short term, it would allow Heads of Department (HoDs) and Heads of Grade (HoGs) less flexibility in staff redeployment. The Administration had carefully considered the pros and cons of these two kinds of arrangements and decided to tighten up the

arrangement for the Second VRS having regard to the Government's latest fiscal position.

13. Mr CHEUNG Man-kwong enquired about the cost savings achieved through the First VRS. DSCS3 advised that the overall salary savings achieved through the First VRS amounted to 85% of the original estimated salary savings calculated on the assumption that all VR-takers' posts or posts of the same rank were deleted upon the departure of the VR-takers. Mr CHEUNG considered that apart from salary savings, the long-term financial implications of filling the VR-takers' posts by promotion should not be overlooked. If the pension entitlements of the promoted officers were taken into account, the savings achieved through the First VRS in the long term would be further reduced. He considered that SCS should ensure that HoDs/HoGs would not abuse the arrangement by deleting posts only at lower ranks.

14. SCS clarified that not only posts at lower ranks, but also posts at higher ranks, had been deleted in the First VRS. The post deletion arrangement for the First VRS allowed departments/grades to re-engineer and re-organize their operations, and delete posts at appropriate ranks so as to maintain a proper grade structure after the departure of the VR-takers. After the implementation of the First VRS, the Administration had reviewed the structures of the grades concerned and found that they were in order. DSCS3 added that the Administration had also reviewed the staff ratio of the various ranks within some of the grades, and found that there was not much difference before and after the implementation of the First VRS.

15. To enable members to have a better understanding of the situation, Mr CHEUNG Man-kwong requested the Administration to provide statistics on the First VRS, showing by department/bureau, the number and rank of VR-takers, the number and rank of posts deleted, and the number and rank of the posts vacated by VR-takers which were subsequently filled by promotion. SCS undertook to provide the statistics after the meeting.

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16. Sharing Mr CHEUNG Man-kwong's concern about the financial implications of the post deletion arrangement for the First VRS, Mr LEUNG Fu-wah sought information on the cost-benefit analysis of the First VRS. DSCS3 referred members to the information paper provided by the Administration for the Panel meeting on 17 June 2002 (LC Paper No. CB(1)1953/01-02(03)), which was attached in Appendix II of the background brief prepared by the LegCo Secretariat. She pointed out that as stated in paragraph 6 and Annex C of the paper, it was estimated that a net savings of about \$751 million could be achieved per annum after the deletion of the VR posts in the First VRS. At Mr LEUNG's request, DSCS3 undertook to provide an updated cost-benefit analysis of the First VRS.

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17. Mr Howard YOUNG considered that a VR-taker's post or a post of the same rank of the VR-taker should be deleted upon his/her departure. Pointing out that private sector organizations would normally explore measures for re-engineering

business processes and streamlining work procedures in cost saving exercises, Mr YOUNG asked whether the Administration would do the same in parallel with the implementation of VRS to achieve more savings. In reply, SCS advised that in inviting all DoBs to consider the grades to be included in the Second VRS, CSB had requested DoBs to explore ways to re-engineer, re-organize and streamline their operations with a view to identify savings. Responding to Mr YOUNG's further enquiry, SCS explained that inter-departmental deployment of General Grade officers would be co-ordinated by HoGs. However, inter-departmental deployment of departmental grade officers might not be feasible, as there might be a mismatch between the professional/specialized skills or talents of the surplus officers in departmental grades and the operational needs of the departments with vacant posts to be filled.

Five-year recruitment freeze to VR grades

18. Mr HUI Cheung-ching expressed concerned that the proposed five-year recruitment freeze to the VR grades might result in distorted structures in some of the grades. SCS pointed out that in the First VRS, a five-year recruitment freeze had also been introduced to VR grades to ensure the cost-effectiveness of the Scheme. It had not resulted in distorted structures of the grades concerned.

Impact of the VRS on remaining staff

19. Mr Michael MAK pointed out that while the Administration claimed that there were identified or anticipated surplus staff, it was stated in paragraph 22 of the LegCo Brief that "there would be anxiety among officers remaining in the civil service on the already strained staffing resources." He was concerned about the staffing situation in the civil service and the impact of the Second VRS on the remaining staff. In reply, DSCS3 explained that in recent years, civil servants had been working hard to meet the rising demand from the community and been subject to considerable pressure. In considering the VR applications, DoBs/HoDs would take into account the operational need of the bureau/department and decide whether the deletion of the posts held by the applicants would affect the operation and service delivery of the bureau/department.

20. Responding to Mr Michael MAK's enquiry, DSCS3 advised that in the First VRS, training programmes had been arranged for the remaining staff of the VR grades and they were well received by staff. Tailor-made training programmes would be designed, in consultation with the departmental/grade management, for the remaining staff of the VR grades in the Second VRS to enhance their work skills in taking up new duties or new work procedures after the departure of VR-takers.

Forced redundancy plan

21. In response to Mr HUI Cheung-ching's enquiry, SCS said that the Administration had no plan at the present stage to introduce another round of VRS or any forced redundancy plan. Mr LEE Cheuk-yan was concerned that while the Administration had no such plan at the present stage, it might introduce such plan in future. He pointed out that the major concern of the Hong Kong Confederation of Trade Unions was that applications for VR should be entirely voluntary and if the Second VRS turned out to be unsuccessful, the Administration should not implement any forced redundancy plan. Quoting a press report entitled "The Social Welfare Department wasted \$10 million annually for surplus staff", Mr LEE doubted whether the source of the information was from the Government. He considered it unfair to the civil servants, as the press report would mislead the public that there was plenty of surplus staff in the civil service. Mr Albert CHAN shared Mr LEE's concern. While confirming that the source of the information was not from CSB, SCS said that he was not in a position to comment on the press report. He reiterated that the Administration had no plan for forced redundancy at the present stage.

Alternative to VRS

22. Mr Andrew WONG pointed out that he had raised his objection to the First VRS when it was launched in 2000. In his view, the launching of VRS and recruitment freeze was detrimental to the civil service establishment. He had therefore suggested that the Administration should arrange for the release of surplus staff on "abolition of office" terms. The Administration had not accepted his suggestion but instead, launched the Second VRS. Mr WONG reiterated his stance and expressed his objection to the Second VRS. Whilst appreciating Mr WONG's views, SCS advised that having regard to the need to maintain a stable civil service, the delivery of public service and staff morale, the Administration considered it appropriate to provide an exit mechanism to enable civil servants in grades with identified or anticipated surplus staff to leave the service voluntarily. SCS also took note of Mr WONG's view that the Administration should not launch any further VRS for the release of surplus staff in future.

Way forward

23. In response to the Chairman's enquiry, SCS advised that the Administration planned to seek the approval of FC for the requisite financial commitment for the Second VRS at its meeting on 21 February 2003.

IV. Review of civil service pay policy and system

(LC Paper No. CB(1)721/02-03(04) — Paper provided by the Administration

LC Paper No. CB(1)2562/01-02 — Phase One Final Report of the Task Force on Review of Civil Service Pay Policy and System)

Declaration of interests

24. The Chairman and Mr Howard YOUNG declared that they were members of the Task Force on Review of Civil Service Pay Policy and System (the Task Force).

Briefing by the Administration

25. At the Chairman's invitation, the Deputy Secretary for the Civil Service (2) (DSCS2) briefed members on the outcome of the public consultation exercise on the Phase One Final Report of the Task Force. She pointed out that the Administration had received a total of 135 submissions during the consultation exercise. She drew members' attention to the views on the Task Force's recommendations for the short, medium and long term, which were set out in paragraphs 7 to 22 of the paper provided by the Administration.

26. On the way forward, DSCS2 advised that in view of the many complex issues involved, the Administration considered it appropriate to focus, in the first instance, on the suggested priority areas identified by the Task Force for detailed study in the short term. These included devising a practical framework and methodology for conducting a Pay Level Survey (PLS) and reviewing the Pay Trend Survey (PTS) methodology, as well as considering the appropriate interim measures for the annual civil service pay adjustment exercise. In this connection, the Administration was exploring with staff representatives, on the basis of the existing mechanism, an improved civil service pay adjustment mechanism which would encompass the conduct of periodic PLSs and annual PTSs based on an improved methodology as well as a practical means for implementing both upward and downward pay adjustments. The Working Group on Civil Service Pay Adjustment and Related Issues (the Working Group) comprising representatives of the staff sides of the four central consultative councils, representatives of the four service-wide staff unions and officials from CSB had been set up for this purpose. In view of the urgency of resolving these matters, the Administration aimed to decide on the way forward in early 2003 following consultation with staff and having regard to the views of the public received during the consultation on the Task Force's Phase One Final Report.

Discussion

Pay Level Survey

27. Mr LEE Cheuk-yan considered it inappropriate for the Administration to conduct a PLS under the present economic climate. In view of the downward trend in private sector pay in recent years, a PLS would likely demonstrate that there was a gap between the pay levels of civil service and those of private sector, thus making the civil service the focus of public criticisms. Pointing out that a PLS had not been conducted for over a decade, Mr LEE queried the Administration's intention of conducting a PLS at the present time. He opined that if the Administration's intention was to reduce civil service pay, a PTS could serve the purpose. Mr LEE was concerned that the Administration was not only attempting to reduce civil service pay, but also to adjust downward the amount of monthly salary pertaining to the various pay points on civil service pay scales.

28. In response, SCS clarified that the Administration had not taken a decision on the Task Force's recommendation for conducting a PLS. If the Administration decided to conduct a PLS, there would be fair and equal treatment for all grades in the application of the PLS findings, although not all grades would be included in the comparison study of the PLS. SCS pointed out that "broad comparability with the private sector" had been one of the basic principles of civil service pay since the 1970s. The PLS was an objective means for the Administration to assess whether the civil service pay levels were broadly comparable with those of the private sector. While a PLS had not been conducted for over a decade since 1986, the Civil Service Starting Salaries Review conducted in 1999 was similar to a pay level survey with limited scope in that salary benchmarks for entry-level jobs in the civil service were established. SCS also pointed out that subject to the findings of the PLS, if this was to be conducted, the Administration would not rule out the possibility of drawing up new pay scales for application to new appointees.

29. Mr CHEUNG Man-kwong echoed Mr LEE's view. He opined that civil service pay adjustment involved not only budgetary considerations. Whilst the level of civil service pay was protected under Article 100 of the Basic Law to be maintained at a level no less favourable than that in 1997, there was limited room for further civil service pay reduction, which was about 6%. Given that there was at present no sign for the deflation to slow down, Mr CHEUNG considered that civil service pay reduction of this limited percentage could be achieved within two to three years through conducting annual PTS.

30. SCS pointed out that the objectives of the PTS and the PLS and the methodologies adopted for these two surveys were not the same. The annual PTS captured data on the year-on-year percentage change in the pay of full-time employees of the private sector companies participating in the survey. The PLS, on the other hand, served to compare the actual level of pay and other remuneration components of

employees in the public and the private sectors. When a PLS had not been conducted for a long time, there was no objective basis on which broad comparability between civil service pay and private sector pay could be established. He stressed that a PLS was to be conducted primarily to facilitate fair comparison of the pay levels of the civil service with those of the private sector; rather than to reduce civil service pay per se. Even if the Administration decided not to conduct a PLS, there was no means to prevent other private organizations from conducting such surveys and releasing the findings to the public.

31. Mr HUI Cheung-ching commented that it might be rather time-consuming to conduct a PLS taken into consideration the possible controversies in the methodology to ensure fair comparison of the pay levels of the civil service with those of the private sector. He sought information on the schedule for conducting the PLS. In reply, SCS said that he had put forward a proposal on the approach for handling the 2003 civil service pay adjustment for discussion with the staff representatives in the Working Group and a decision had yet to be taken. The decision on whether a PLS should be conducted and if so, the schedule for commencement and completion, would be subject to discussion with staff representatives in the Working Group meetings. He assured members that a PLS, if decided on, would be conducted within a reasonable time-frame.

32. Mr Andrew WONG opined that PLS could only compare the pay levels of the civil service with those of the private sector in pure monetary terms, but could not recognize the importance of other factors such as prestige and job satisfaction. SCS reiterated that the PLS served to compare the pay and other remuneration components of employees in the public and the private sectors. For the proper use of public funds, it would be necessary and justified for the Administration to maintain broad comparability between civil service pay and private sector pay.

33. Mr Howard YOUNG indicated his support for conducting a PLS. He said that as he had already pointed out the urgency and need for a PLS in his speech during the debate on the Motion of Thanks at the Council meeting on 17 January 2003, he did not wish to repeat his points at this meeting. He further pointed out that Members of the Liberal Party had considered conducting a PLS on their own but in view of resources constraints, they concluded that the survey should best be conducted by the Administration.

Way forward

34. Mr CHEUNG Man-kwong considered that as the Administration's most pressing task was to handle the 2003 civil service pay adjustment, it was inappropriate to commence Phase Two of the review on the civil service pay policy and system at the present stage. Having due respect to the work of the Task Force, Mr CHEUNG urged the Administration to suspend the Phase Two study to avoid adding uncertainties to the civil service pay issues. He also urged the Administration to

address the concerns of civil servants over their job security and work out in consultation with staff side representatives on the Working Group the appropriate way to handle the pay adjustment issue. Mr Andrew WONG shared Mr CHEUNG's view. He also pointed out that while the civil service pay policy and system needed to be reviewed in a comprehensive manner, the approach adopted by the Task Force to engage a consultant for study of recent developments in selected overseas countries was in the wrong direction. The recent developments in these countries were introduced in the context of their own pay systems and could hardly be compared with and applied to the specific circumstances in Hong Kong.

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35. SCS responded that the Task Force had completed its work for the Phase One study and a decision had yet to be made by the Administration on whether and how the Phase Two study should be taken forward. He took note of members' views and said that he would take them into consideration in deciding the way forward for the work of the Task Force.

V. Supplementary provision for pensions in 2002-03

(LC Paper No. CB(1)721/02-03(05) — Paper provided by the Administration)

36. Mr Howard YOUNG pointed out that in response to his enquiry at the Panel meeting on 15 January 2003, SCS had advised that according to past records, about 3 000 civil servants left the civil service upon normal retirement or resignation per year. Mr YOUNG however noted from the paper provided by the Administration for this meeting that in 2002-03, there were 5 241 officers retired from the civil service. The Permanent Secretary for the Civil Service (Acting) (PSCS) explained that the number of retired officers in 2002-03 was higher than the average annual figure in the past years as a result of the implementation of the First VRS and the Voluntary Departure Scheme (VDS) of the Housing Department. The Deputy Director of Accounting Services (DDAS) supplemented that among the 5 241 retirees in 2002-03, 2 230 left through natural wastage and 3 011 were participants of the First VRS and the VDS.

37. At the request of Mr HUI Cheung-ching, PSCS undertook to provide a breakdown of the 625 retirees within the Directorate and Upper Salary Band in 2002-03 by department/bureau.

38. Referring to paragraph 9 of the paper provided by the Administration, Mr Andrew WONG doubted whether the substantial increase in the average pension gratuity for new retirees in 2002-03 from the estimate of \$855,000 to the actual figure of \$916,000 was caused by the granting of the large amount of lump sum pension payment to officers who had retired from the civil service in 2002 to take up appointments under the Accountability System for Principal Officials. He requested the Administration to provide the total amount of pension payment granted to these

officers. DDAS pointed out that as these officers only constituted a small portion of the total of 5 241 retirees in 2002-03, the amount of pension payments granted to them should not have any substantial impact on the average pension gratuity for new retirees for 2002-03. She agreed to provide the information requested by Mr WONG after the meeting.

39. The Chairman requested the Administration to provide the Panel with the required information mentioned in paragraphs 37 and 38 above before seeking FC's approval of the supplementary provision for pensions for 2002-03.

(Post-meeting note: The Administration's response to members' requests in paragraphs 37 and 38 above was circulated to members vide LC Paper No. CB(1)881/02-03 on 11 February 2003.)

VI. Any other business

40. There being no other business, the meeting ended at 1:20 pm.

Council Business Division 1
Legislative Council Secretariat
13 February 2003