

立法會
Legislative Council

LC Paper No. CB(1)1384/02-03
(These minutes have been seen
by the Administration)

Ref : CB1/PL/PS/1

Panel on Public Service

Minutes of meeting
held on Monday, 17 March 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 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
- Members absent** : Hon Bernard CHAN, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
- Public officers attending** : **Agenda Items III and IV**

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

Mrs Rebecca LAI, JP
Permanent Secretary for the Civil Service

Miss Jennifer MAK, JP
Deputy Secretary for the Civil Service (1)

Agenda Item IV

Mr Christopher WONG
Deputy Secretary for the Civil Service (3)

Mrs Agnes ALLCOCK, JP
Commissioner for Official Languages

Miss Y L LI
Principal Chinese Language Officer
Official Languages Agency

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

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

Miss May LEUNG
Legislative Assistant

Action

I. Confirmation of minutes of meeting

(LC Paper No. CB(1)1101/02-03 — Minutes of meeting on 17 February 2003)

The minutes of the meeting held on 17 February 2003 were confirmed.

II. Date of next meeting and items for discussion

(LC Paper No. CB(1)1104/02-03(01) — List of outstanding items for discussion

LC Paper No. CB(1)1104/02-03(02) — List of follow-up actions)

2. The Chairman drew members' attention that as the third Monday of April was a public holiday, the next regular meeting had been rescheduled for Friday, 25 April

2003 at 8:30 am. Members agreed that the following two items be discussed at the next regular meeting:

- (a) Review of civil service allowances; and
- (b) Performance management in the civil service.

III. Civil service-related issues featuring in the 2003 Budget Speech

(LC Paper No. CB(1)1104/02-03(03) — Paper provided by the Administration)

Briefing by the Administration

3. At the Chairman's invitation, the Secretary for the Civil Service (SCS) highlighted the civil service-related initiatives in the 2003-04 Budget, as follows:

- (a) On containing the size of the civil service, the Chief Executive (CE) had announced in his Policy Address in January 2003 that the civil service establishment would be reduced by 10% to about 160 000 by 2006-07. This target would be achieved through a general recruitment freeze, the Second Voluntary Retirement Scheme (Second VRS) and natural wastage. The general recruitment freeze would commence from 1 April 2003 onwards and there would be no external recruitment unless there were very strong justifications and with prior approval from a high-level panel co-chaired by the Chief Secretary for Administration and the Financial Secretary. As regards the Second VRS, details of the scheme would be announced within the week. The application period for the Second VRS would start on 21 March 2003 and last for two months. The Administration would report to the Panel the updated position of the scheme after the closing date.
- (b) On civil service pay adjustment, the Administration would implement by legislation its decision to restore the dollar value of all civil service pay points to the levels as at 30 June 1997 in cash terms through two adjustments on 1 January 2004 and 1 January 2005 respectively. The Administration aimed to introduce the relevant bill into the Legislative Council (LegCo) in May 2003. As a separate exercise, the Administration would develop an improved civil service pay adjustment mechanism, which would comprise the conduct of periodic pay level surveys (PLSs) and annual pay trend surveys. For this purpose, a steering committee (Steering Committee) under the chairmanship of SCS would be set up. The Administration aimed to complete this exercise, including the conduct of a PLS, within 2004. On the other hand, the Administration had recently undertaken to review all the

existing civil service allowances with a view to improving the civil service management system and reducing public expenditure where practicable. The Administration would brief the Panel on the review at its next regular meeting on 25 April 2003.

- (c) On the Staff Suggestions Scheme (SSS), a focused cost-saving campaign entitled "Let's Join Hands to Cut Costs" was launched in early March under the SSS. This special campaign, which would last up to 17 May 2003, was expected to give further impetus to the cost-saving drive within the civil service.

Discussion

General recruitment freeze

4. Mr LEE Cheuk-yan expressed concern about the impact of the general recruitment freeze on the opportunities for the younger generation, such as fresh university graduates, to pursue their career in the civil service. Pointing out the Government's initiative of encouraging employers in the private sector to offer job opportunities to fresh university graduates, Mr LEE queried why the Government, as the biggest employer in Hong Kong, did not offer these graduates job opportunities, such as trainees. SCS pointed out that the Government had adopted a three-pronged approach: to tackle the fiscal deficit: to boost economic growth, cut public expenditure and raise revenue. To achieve the objective of reducing public expenditure by \$20 billion in 2006-07, reduction of staff cost would be necessary. The general recruitment freeze was one of the initiatives to reduce the civil service establishment so as to cut down staff cost. SCS reiterated that for exceptional cases with very strong justifications, Director of Bureaux (DoBs) and Head of Departments (HoDs) might seek approval from a high-level panel for external recruitment of civil service posts, including posts which provided training for fresh graduates to prepare them for a career in a professional field.

5. Mr LEE Cheuk-yan considered that the Government should set a good example for other employers to follow. He requested SCS to follow up with the DoBs/HoDs concerned on the provision of trainee posts for university graduates, in particular those posts which would facilitate the graduates to pursue a professional career in the civil service. SCS undertook to discuss with the DoBs/HoDs concerned.

Admin

6. The Chairman opined that during the general recruitment freeze, the Administration could consider making inter-departmental re-deployment arrangements to meet the operational needs of bureaux/departments. In response, SCS confirmed that DoBs and HoDs would explore the possibility of internal re-deployment of human resources to meet operational needs and if this was not feasible, CSB would consider inter-departmental re-deployment where possible before putting

forward any requests for exceptional recruitment to the high-level panel for consideration.

Second VRS

7. Mr LEE Cheuk-yan was concerned about the impact of the Second VRS on the provision and quality of public service. In this connection, he considered it essential for the Administration to have an advance planning on the maximum number of staff to be released in each of the VR grades. Otherwise, the provision and quality of public service might be adversely affected by the departure of VR-takers. Mr LEE asked whether DoBs/HoDs had worked out the minimum establishment in each rank of the VR grades for ensuring the quality of public service and maintaining healthy grade structure after the departure of VR-takers in the Second VRS. Mr Michael MAK expressed similar concern, in particular, about the impact of the Second VRS on the services provided by the Hospital Authority. Mr MAK asked whether the Administration would cap the number of VR-takers in each rank and grade.

8. In reply, SCS explained that as the Second VRS was an exit mechanism provided for eligible officers in grades with identified or anticipated staff surplus to retire from the service voluntarily, DoBs/HoDs would not know the number of applicants at this stage. It was not appropriate for the Administration to cap the number of VR-takers, 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 assured members that in the process of identifying savings and reducing surplus staff, DoBs/HoDs would adhere to the principle that the provision and quality of public service should not be unduly affected. DoBs/HoDs would consider VR applications in the light of the operational need of the bureaux/departments to ensure that the provision and quality of public service would not be adversely affected by the departure of the VR-takers. SCS undertook to report to the Panel on the progress of the Second VRS after the closing date of application.

Admin

9. Responding to Mr Michael MAK's further enquiry, SCS pointed out that the principle of ensuring the quality of service also applied in the First VRS and as a result, some VR applications were not approved after DoBs/HoDs had critically assessed the operational needs. He added that according to the findings of the opinion poll commissioned by the Civil Service Bureau (CSB) on the performance of the civil service in October 2002, 72.5% of the respondents were satisfied with the performance of civil servants. This reflected the public's appreciation of the quality service of the civil service, even after the implementation of the First VRS.

10. Mr Andrew WONG pointed out that he had raised his objection to the First VRS when it was launched in 2000. In his opinion, the launching of VRS was not an appropriate measure to reduce civil service establishment. He was also opposed to the general recruitment freeze, as it would result in distorted grade structure in the long run. In response to Mr WONG's enquiry, SCS confirmed that the Administrative Officer grade was not included in the list of VR grades under the Second VRS.

Forced redundancy

11. Mr LEUNG Fu-wah expressed concern about the Administration's target of reducing the civil service establishment by 10% to about 160 000 by 2006-07. He sought information on the target of reduction in establishment each year. SCS reiterated that the Administration would continue to maintain a lean and fit civil service through a general recruitment freeze, Second VRS and natural wastage. The Administration would monitor the progress of these initiatives and co-ordinate returns from DoBs and HoDs in the third or fourth quarter of 2003 for submitting a report to the Panel on the updated position on the reduction in civil service establishment.

Admin

12. In reply to Mr LEUNG Fu-wah's further enquiry, SCS said that as he had explained in previous occasions, the Administration had no plan for forced redundancy at the present stage. Mr LEUNG was concerned that this could imply that the Administration would not rule out the possibility of introducing such a plan at a later stage. SCS responded that he would not attempt to make any assumption or guess on the future plans for reduction in civil service establishment. He reiterated that the Administration would reduce civil service establishment through the Second VRS, the general recruitment freeze and natural wastage. The effectiveness of these initiatives would be reviewed at a later stage and the Administration would then consider whether other initiatives would be necessary for achieving the target of reduction.

13. Mr CHEUNG Man-kwong opined that the anxiety of civil servants about their job security could not be relieved if the Administration would not rule out the possibility of forced redundancy in future. Pointing out that CE had undertaken not to force redundant any civil servant, Mr CHEUNG cautioned that if the Administration subsequently decided to act against CE's undertaking, the community and the civil service would have no more confidence in the leadership and integrity of the Government. SCS reiterated that there was no plan for forced redundancy at the present stage.

14. Mr CHEUNG Man-kwong further commented that while the Democratic Party considered that civil servants should share the burden with the community to tackle the fiscal deficit and reduce their pay, it opposed to any plan for forced redundancy in the civil service. Mr CHEUNG considered forced redundancy too painful for the civil service as well as the community to bear, as this would create unemployment and further reduce job opportunities in the market.

Impact of cost cutting on civil servants at lower ranks and non-civil service contract staff

15. Mr Albert CHAN was concerned that in the course of identifying savings for achieving the target of reducing public expenditure by \$20 billion by 2006-07, DoBs and HoDs would tend to reduce establishment of lower rank posts and terminate the contracts of non-civil service contract (NCSC) staff. He urged the Administration to take in account the hardship of the lower rank staff and NCSC staff, in particular the latter who had great anxiety about losing their jobs.

16. SCS reiterated that in the course of identifying savings and reducing surplus staff, DoBs and HoDs adhered to the principle that the provision and quality of public service should not be unduly affected. DoBs and HoDs would apply this principle when considering whether VR applications should be approved and whether the contracts of NCSC staff should be renewed. Given the objective of maintaining a lean and fit civil service for provision of quality public service, SCS believed that DoBs and HoDs would consider the need to reduce surplus staff at all ranks. The results of the reduction in establishment at different ranks and grades would be known in a year's time. He also pointed out that the Administration was fully aware of the worries of civil servants and had therefore tried to adopt mild measures to reduce the establishment, such as the Second VRS. As regards NCSC staff, SCS advised that they were not civil servants, and were normally appointed on a short-term basis to fill temporary posts or take up ad hoc duties. Under the current "envelope" approach on operating expenditure, DoBs/HoDs were given the flexibility to deploy the allocated resources in their "envelopes". They might employ NCSC staff to meet operational need if funds were available, and terminate their employment when the need for the posts no longer existed.

Civil service pay adjustment

17. In response to the Chairman, SCS advised that the bill to be introduced into LegCo in May 2003 would only deal with the proposed civil service pay reduction through two adjustments on 1 January 2004 and 1 January 2005 respectively. Given that the pay adjustment decision was made on the basis of a consensus reached between the Government and staff side representatives, the Administration believed that the bill would have the support of a number of LegCo Members. Subject to Members' views on the bill, the bill might be enacted within the current legislative session.

Pay Level Survey

18. Mr Andrew WONG was concerned about the conduct of the PLS and enquired about the proposed methodology. He considered it not possible to make direct comparison of all civil service posts with posts in the private sector, as the duties of some of the civil service grades were unique, such as the Police Force. He therefore suggested that comparison be made in terms of job nature, instead of posts, in conducting the PLS. SCS advised that the detailed arrangements (including methodology) for conducting PLS would be determined in consultation with the Steering Committee and the staff representatives. He agreed that one of the possible ways of making comparison with the private sector would be through comparison by job nature. For grades performing duties which were unique in the public sector, comparison on pay levels based on internal relativities with other civil service grades could be made. He stressed that the findings of the PLS would be applied to all grades in the civil service in a fair manner.

IV. Organizational review of the Civil Service Bureau — Proposal to subsume the Official Languages Agency under the Civil Service Bureau (LC Paper No. CB(1)1104/02-03(04) — Paper provided by the Administration)

Briefing by the Administration

19. At the Chairman's invitation, the Permanent Secretary for the Civil Service (PSCS) briefed members on the proposed reorganization of CSB and the proposal to subsume the Official Languages Agency (OLA) under CSB, as follows:

- (a) CSB had implemented Phase One of its reorganization on 1 November 2002 by reorganizing its internal organization structure and devolving more human resources management responsibility to bureaux and departments.
- (b) In Phase Two of the reorganization exercise, the working relationship between CSB and OLA as well as the scope for further streamlining in the organization structure had been reviewed. It was considered that OLA should reprioritize its work so that it was not just a primary service provider in respect of translation and interpretation services, but should also become the Government's language advisor in driving the effective use of the official languages in the civil service.
- (c) It was proposed that with effect from 1 July 2003, OLA be subsumed under CSB; one post of Commissioner for Official Languages and one post of Chief Conference Interpreter in OLA be deleted; one Administrative Officer Staff Grade C (AOSGC) post be created to serve

as the Administrative Assistant to SCS; and one supernumerary AOSGC post in CSB be deleted in advance of its expiry on 31 December 2003. The Administration planned to submit these financial proposals to the Establishment Subcommittee (ESC) on 16 April 2003 and to the Finance Committee (FC) on 16 May 2003.

Discussion

20. Referring to paragraph 15 of the paper provided by the Administration, Ms LI Fung-ying sought information on the 23 non-directorate posts to be deleted in OLA. The Commissioner for Official Languages (COL) advised that the posts included 10 Chinese Language Officers II, 3 Calligraphists, 2 Interpreters (Simultaneous Interpretation) and 8 General Grade Officers. Responding to Ms LI's further enquiry, COL explained that the schedule for deleting the 23 posts would be subject to the departure of the officers concerned through the Second VRS, natural wastage and inter-departmental transfer arrangements made by the grade management. The deletion would be realized gradually through the above-mentioned means.

21. The Chairman supported the Administration's effort in streamlining the organization structure and rationalizing service delivery for enhancing efficiency. He opined that this should be done regularly as an on-going exercise to ensure a lean and efficient civil service. PSCS affirmed that the Administration would continue its effort in this aspect. On the use of official languages, the Chairman said that he had recently received a complaint from the Hong Kong Security and Futures Industry Staff Union that the Administration's response to their submission was only given in English. He urged the Administration to ensure proper arrangements in the language used in responding to written submissions. PSCS explained that the prevailing guideline on the use of official languages was for bureaux/departments to respond to written submissions in the same language(s) used in the submissions. She undertook to remind bureaux and departments to adhere to the guideline.

Admin

22. Mr Andrew WONG considered the heading and the presentation of the paper not clear, as the proposals of deleting two directorate posts in OLA and the creation of one directorate post to serve as the Administrative Assistant to SCS were two separate issues. He opined that the heading of the paper should be "Reorganization of CSB" instead of "Proposal to subsume OLA under CSB". In reply, PSCS advised that as the proposal to subsume OLA under CSB constituted a major part of the proposed changes in the Phase Two review of the organization structure of CSB, the heading of the paper was given in its present form. She took note of Mr WONG's comments and agreed to improve the presentation of the paper for submission to ESC and FC.

Admin

V. Any other business

23. There being no other business, the meeting ended at 12:10 pm.

Council Business Division 1
Legislative Council Secretariat
7 April 2003