

立法會  
*Legislative Council*

LC Paper No. CB(1)967/03-04  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/PS/1

**Panel on Public Service**

**Minutes of meeting  
held on Friday, 16 January 2004 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 HUI Cheung-ching, JP  
Hon Bernard CHAN, JP  
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP  
Hon Howard YOUNG, SBS, JP  
Hon Michael MAK Kwok-fung  
Hon Albert CHAN Wai-yip

**Non-Panel Member** : Hon Margaret NG  
**attending**

**Members absent** : Hon CHEUNG Man-kwong  
Hon CHAN Kwok-keung, JP  
Hon SIN Chung-kai  
Hon Andrew WONG Wang-fat, JP  
Hon LEUNG Fu-wah, MH, JP

- Public officers attending** : 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)
- Mrs Jessie TING, JP  
Deputy Secretary for the Civil Service (2)
- Mr Christopher WONG  
Deputy Secretary for the Civil Service (3)
- Clerk in attendance** : Miss Salumi CHAN  
Chief Council Secretary (1)5
- Staff in attendance** : Ms Pauline NG  
Assistant Secretary General 1
- Ms Rosalind MA  
Senior Council Secretary (1)8
- Ms May LEUNG  
Legislative Assistant
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**I. Confirmation of minutes of meeting**  
(LC Paper No. CB(1)771/03-04 — Minutes of meeting on  
15 December 2003)

The minutes of the meeting held on 15 December 2003 were confirmed.

## **II. Information papers issued since last meeting**

2. Members noted the following information papers provided by the Administration since the last meeting:

- (a) Information paper on Review of Job-related Allowances for Civilian Grades (LC Paper No. CB(1)768/03-04(01)); and
- (b) Information paper on Review of Management Initiated Retirement Scheme (LC Paper No. CB(1)769/03-04(01)).

## **III. Date of next meeting and items for discussion**

(LC Paper No. CB(1)770/03-04(01) — List of outstanding items for discussion

LC Paper No. CB(1)770/03-04(02) — List of follow-up actions)

3. Members agreed that the following two items be discussed at the next regular meeting scheduled for 16 February 2004:

- (a) Enhancements to commendation schemes; and
- (b) Review of acting allowances.

## **IV. Policy briefing by the Secretary for the Civil Service on the policy initiatives of the Civil Service Bureau featuring in the Chief Executive's 2004 Policy Address**

(Paper provided by the Administration for the meeting

LC Paper No. CB(1)770/03-04(03)

Other relevant documents

- (a) Address by the Chief Executive at the Legislative Council meeting on 7 January 2004 — “Seizing Opportunities for Development Promoting People-based Governance”
- (b) The 2004 Policy Address — “Policy Agenda”)

### Briefing by the Secretary

4. At the Chairman's invitation, the Secretary for the Civil Service (SCS) highlighted five initiatives on the management of the civil service under the

chapter of “Effective Governance” in the 2004 Policy Agenda, as follows:

(a) Developing an improved civil service pay adjustment mechanism by the second quarter of 2005

The objective of the exercise was to put in place an improved mechanism which reflected the civil service pay policy and upheld the principle of maintaining broad comparability between civil service pay and private sector pay. The exercise included the conduct of a pay level survey (PLS), improvement to the methodology of the annual pay trend survey and drafting of general enabling legislation to facilitate both upward and downward pay adjustments in future. The Administration had issued a progress report in November 2003, setting out the policy considerations as well as the timetable for taking forward the exercise. The Administration had also commissioned a consultancy to assist in designing the methodology of the PLS. The whole exercise was expected to be completed in the second quarter of 2005.

(b) Completing a comprehensive review of all civil service allowances by March 2004

The objective of the exercise was to ensure that the continued payment of allowances was fully justified and compatible with present day circumstances. The Administration aimed to draw up detailed proposals for the allowances under review for staff consultation by March 2004. The Administration would brief the Panel on the progress of the review in due course.

(c) Facilitating the maintenance of a lean and efficient civil service and reduction of the civil service establishment to 160 000 by 2006-07 by providing the necessary staff management tools to assist bureaux/departments to achieve staff savings

Based on the first batch of manpower plans submitted by bureaux/departments in end 2003, the initial projection was that around 7 000 posts might be deleted for the period up to March 2005. This would bring the total civil service establishment down to some 167 000 by March 2005, representing about 15% to 16% reduction compared with the total civil service establishment in January 2000. In the coming year, the Civil Service Bureau (CSB) would consider, in consultation with departmental management and staff sides, additional measures that might be needed to facilitate further reductions in establishment in the subsequent years.

(d) Continuing to provide civil servants with robust training and development opportunities

The Civil Service Training and Development Institute (CSTDI) would be restructured to focus its resources on core areas and be subsumed under CSB. New elements would be introduced into the senior executive development programmes, with emphasis on enhancing communications with and understanding of the Mainland. Civil service exchange programmes had been set up with the municipal governments of Beijing and Shanghai. On the other hand, building a culture of continuous learning in the civil service, through various measures including the promotion of e-learning, would remain a core business of CSTDI.

(e) Continuing to maintain and enhance the morale of the civil service

This would be done through maintaining and where appropriate, improving the system of rewarding performance such as promotion and penalizing under-performance or misconduct such as dismissal, and through wider consultation between management and staff at all levels.

5. SCS also drew members' attention to the "Progress Report on 2003 Policy Agenda — Civil Service Bureau" set out in Annex to the paper provided by the Administration. He advised that the implementation of all the policy initiatives under the purview of CSB were in good progress.

Discussion

*Civil service pay adjustment*

6. Referring to the undertaking given by the Chief Executive (CE) during the question and answer session at the Joint Business Community Luncheon on 12 January 2004 that there would be no further reduction in civil service pay during his current term of office, Ms LI Fung-ying asked whether the Administration was prepared to honour this undertaking if the results of the PLS indicated a pay disparity between the civil service and the private sector.

7. In reply, SCS explained that the CE's remark was only a reaffirmation of the policy that during the Administration's current term of office up to June 2007, the pay of civil servants who were serving immediately before 1 July 1997 would not be reduced below the levels as at 30 June 1997 in cash terms. He pointed out that this policy had been explained to members in February 2003 when the Government had made a decision on the 2003 civil service pay adjustment exercise.

As regards the PLS, the Administration planned to put forward general ideas on the application of the results of the PLS in the second quarter of 2004 for extensive consultation and to present detailed proposals on the application issue in the second quarter of 2005. In coming to a decision on the matter, the Administration would adhere to the principles of lawfulness, fairness and reasonableness. The policy of not reducing the pay of civil servants serving immediately before 1 July 1997 below the levels as at 30 June 1997 in cash terms would be one of the considerations.

8. Mr LEE Cheuk-yan pointed out that while SCS claimed that the policy of not reducing the pay of civil servants below the levels as at 30 June 1997 in cash terms within the Administration's current term of office only applied to civil servants serving immediately before 1 July 1997, such a distinction had not been made in the speech delivered by CE. He expressed grave concern about the differential treatment for different groups of civil servants according to the dates they joined the service. He considered that this would undermine the staff morale and was unfair to the serving civil servants appointed after 1 July 1997.

9. SCS reiterated that the current Administration's pay policy regarding civil servants serving immediately before 1 July 1997 had been explained to the Panel at its meeting on 25 February 2003. CE had reiterated the Administration's policy when answering questions from participants of the luncheon on 12 January 2004.

10. Noting that the Steering Committee and the Consultative Group established by CSB for the development of an improved civil service pay adjustment mechanism had held a number of meetings since their establishment, Mr HUI Cheung-ching enquired about the views and concerns expressed by staff representatives during those meetings. In reply, SCS said that staff representatives had put forward a number of suggestions, to which CSB had made reference in the preparation of the progress report issued in November 2003. In brief, their suggestions included: setting out clearly the policy considerations in taking forward the exercise; allowing sufficient time for staff associations to consult their members on the Administration's proposals; and recognizing the fundamental difference in the pay systems of the civil service and the private sector in conducting the PLS.

#### *Reduction in civil service establishment*

11. Mr Albert CHAN expressed concern about the impact of the reduction in civil service establishment on civil servants at lower ranks. Referring to the reduction in civil service establishment from 198 000 in January 2000 to 174 175 in September 2003, Mr CHAN doubted whether the deletion of posts had been

applied fairly and equally to all grades and ranks, or applied only to the lower ranks. In this connection, he sought information on the number of civil service posts deleted in 2001, 2002 and 2003, with breakdown by directorate and non-directorate posts.

12. SCS explained that in taking forward the initiative of reducing the size of the civil service, bureaux/departments had been actively examining ways to achieve staff savings through re-engineering, streamlining and identifying alternative methods of service delivery. Hence, deletion of posts was in no way targeted at any particular posts or ranks but was considered on the basis of operational needs for retaining the posts. SCS also pointed out that a number of directorate posts had been deleted in 2003 as a result of re-engineering and re-organization of bureaux/departments and the percentages of reduction in directorate and non-directorate posts were roughly comparable. Over the past few years, civil servants had made solid contributions to cutting Government expenditure through the reduction in establishment of both directorate and non-directorate posts.

13. At the request of Mr Albert CHAN, SCS agreed to provide the required information mentioned in paragraph 11 above as well as the establishment for the CE's office and each policy bureau in 2001, 2002 and 2003.

*(Post-meeting note: The information provided by the Administration was circulated to members vide LC Paper No. CB(1)974/03-04(01) on 11 February 2004.)*

14. Referring to paragraph 8 of the paper provided by the Administration, Mr LEE Cheuk-yan noted that the Administration would consider what additional measures might be needed to realize further reduction in civil service establishment. As the Administration aimed to reduce civil service establishment to 160 000 by 2006-07, Mr LEE Cheuk-yan was concerned what "additional measures" would be implemented by the Administration to achieve the target and whether they included forced redundancy and employment of non-civil service contract staff (NCSC staff). He considered the two measures undesirable, as forced redundancy would be detrimental to the stability of the civil service, and employment of NCSC staff in place of civil servants was an unreasonable arrangement which should not be adopted by good employers.

15. SCS advised that the Administration would consider appropriate measures for further reducing the civil service establishment to 160 000 in 2006-07. The options under consideration did not include forced redundancy. According to the work plan of the Panel, the Administration would update the Panel in March 2004

on the progress of the reduction in civil service establishment, and more information would be provided to the Panel then. As regards NCSC staff, SCS pointed out that they were normally employed to take up ad hoc duties. Bureaux/departments were required to explore internal redeployment arrangements for taking up the ad hoc duties before considering employment of NCSC staff. For example, a number of general grade staff were deployed to the Immigration Department in 2003 to take up duties at the Smart ID Card Centres, which otherwise would require employment of temporary contract staff.

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16. The Chairman pointed out that according to the work plan of the Panel, the Administration would update the Panel in April 2004 on the employment of NCSC staff. At the request of Mr LEE Cheuk-yan raised at the Panel meeting on 9 October 2003, the Administration had agreed to provide the Panel in early 2004 with the relevant information, including the number of NCSC staff employed and terminated by individual departments in the past two years. The Chairman suggested that the subject be followed up when the relevant information was available.

17. Mr LEE Cheuk-yan commented that the general recruitment freeze implemented since 1 April 2003 had resulted in unfair treatment for civil servants at lower ranks. He pointed out that while vacant posts at higher ranks would be filled by promotion, posts at lower ranks would be left vacant or even deleted upon departure of the officers concerned. While having no objection to the promotional arrangement, Mr LEE considered that vacant civil service posts at lower ranks should only be deleted when the posts were no longer required.

18. SCS responded that deletion of posts was considered in terms of the operational need of the bureaux/departments concerned. In line with this principle, a number of directorate posts had been deleted in 2003 upon departure of incumbent officers through natural wastage. As a result of re-engineering, streamlining and re-organization exercises in bureaux/departments, certain non-directorate posts had become obsolete and arrangements had to be made for deletion of the posts and redeployment of the surplus staff. SCS also pointed out that despite the general recruitment freeze, bureaux/departments might apply for exceptional approval by a high level panel co-chaired by the Chief Secretary for the Administration and the Financial Secretary, with SCS as member, for recruitment of civil servants where very strong justifications were involved. As a matter of fact, approval had been granted by this high level panel for exceptional recruitment in the past year.



19. Mr LEE Cheuk-yan commented that given the need to provide strong justifications for approval by the high level panel for recruitment, bureaux/departments would tend to find the easy way out by deleting posts at the recruitment rank while promoting officers to fill vacant posts at higher ranks. Pointing out that this would result in unhealthy grade structure in the long run, Mr LEE urged for a review of the situation. SCS reassured members that deletion of posts was considered in terms of the operational need of the bureaux/departments concerned.

*Exchange programmes for civil servants*

20. Referring to paragraph 10 of the paper provided by the Administration, Mr Howard YOUNG sought information on the rank and grade of civil servants participating in the exchange programmes with the municipal governments of Beijing and Shanghai. He supported these exchange programmes, as they should enable the participants to have a better understanding of the work practices in Hong Kong and the Mainland. Given the closer economic ties between Hong Kong and the neighbouring cities in the Guangdong Province, Mr YOUNG suggested the Administration to arrange exchange programmes with the Guangdong Provincial Government. He anticipated that the problem of language barrier would be minimized if exchange programmes were arranged with cities in the Guangdong Province.

21. SCS responded that as a start, exchange programmes had been arranged for civil servants in the professional grades, such as engineers and professional staff in environmental protection. The initial response of participants from both Hong Kong and the Mainland had been favourable. The Administration would consider developing similar exchange programmes with other provinces in the Mainland, such as the Guangdong Province, in due course. SCS also pointed out that from the feedback of participants, there had not been a substantive communication problem. In recent years, a good number of civil servants had attained reasonable proficiency in Putonghua.

*Civil service morale*

22. Miss Margaret NG asked for SCS's assessment of whether civil service morale had declined in the past year and if so, whether it was related to the performance of SCS.

23. SCS said that the year 2003 had seen the civil service going through some unprecedented challenges such as the SARS episode. Like their counterparts in

the private sector, most civil servants had to work harder to meet rising demands from the clients they served. At the same time, the persistent budgetary constraints in the public sector were such that the civil service as a whole had to undergo streamlining and re-engineering on an extensive scale, on top of pay reduction. That individual civil servants had expressed anxiety or unease was perhaps understandable. Any assessment about the overall mood or morale of the civil service should be seen in perspective. SCS stressed that, despite the heavy pressure that had been placed on the civil service (in terms of rising expectations; workload; and persistent resource constraints), the civil service as a whole had, to its credit, risen to the challenges and continued to perform with professionalism, providing quality services to the public. SCS assured Members that the Administration was conscious of the importance that should be attached to enhancing and maintaining civil service morale. Specific measures being pursued in this respect included enhancements to the commendation system in the civil service and the Administration's commitment to wider consultation between management and staff at all levels on civil service matters. In line with the policy to induce good performance through due recognition, CSB had proposed the introduction of a new commendation scheme. It drew positive response from the staff sides. The Administration would brief the Panel on the enhanced commendation system at the meeting on 16 February 2004. As regards staff consultation and communication, SCS cited the pay review exercise as an example. He pointed out that, on top of his close liaison with the central councils and his personal visits to departments on a weekly basis, two discussion forums had been held in December 2003 for him to brief some 500 Departmental Consultative Committee staff side representatives on the progress made in developing an improved civil service pay adjustment mechanism. The summary of views expressed at the discussion forums was placed on the CSB website to facilitate access by all interested civil servants. As the principal official responsible for the management of the civil service, he was of course accountable for the overall performance of the civil service.

24. Miss Margaret NG opined that the measures taken by the Administration could not address the staff morale problem. She queried whether SCS was aware of the increasing difficulties encountered by civil servants as a result of insufficient support and absence of clear instructions at work. SCS said that he was alive to and appreciated the difficulties encountered by civil servants at work. Rather than seeking to generalize the cause(s) of the difficulties faced by civil servants, CSB would continue to maintain close communication with various departments, so that problems could be detected in a timely fashion and assistance provided, where necessary, to tackle the problems at source.

25. Miss Margaret NG considered that the delay in the introduction of a general enabling legislation facilitating both upward and downward pay adjustments had caused anxiety to civil servants. SCS explained that through extensive consultation with staff side representatives, civil servants had been kept informed of the progress made in developing an improved civil service pay adjustment mechanism. Such consultation and liaison would be maintained to help forestall unnecessary worries and doubts. The Consultative Group established by CSB in April 2003 was set up for this purpose.

*Civil service disciplinary mechanism and procedures*

26. Mr Albert CHAN commented that the current civil service disciplinary mechanism lacked transparency. He also queried the fairness of the current mechanism, as officers at higher ranks were awarded lighter penalty and could still receive their pension while officers at lower ranks were subject to loss of pension and even dismissal. He urged the Administration to conduct a comprehensive review of the disciplinary mechanism for improvement of its transparency and fairness.

27. In response, SCS explained that the Administration was mindful of the importance of due process in the disciplinary proceedings. The officers involved would be given fair hearings and reasonable opportunities to defend themselves. Independent inquiry officers would consider the evidence and statements given by these officers and relevant parties before determining whether the alleged misconduct was established. The disciplinary authority would consult the Public Service Commission, a statutory body which gave impartial advice to the Government on civil service appointment and disciplinary matters, on the level of punishment. Officers who felt aggrieved could appeal to the CE or seek judicial review of their cases. SCS also pointed out that according to the work plan of the Panel, the Administration would update the Panel in May 2004 on the improvements made to the civil service disciplinary mechanism and procedures.

28. Mr Michael MAK commented that from his experience in staff supervision, the performance of staff could be improved with proper and adequate counseling and training. He was concerned whether appropriate and adequate assistance had been provided to the sub-standard performers before their supervisors made recommendations for compulsory retirement. Given the target of reduction in civil service establishment, Mr MAK was worried that sub-standard performers would be dismissed right away. In this connection, he sought information on whether the problem of under-performance in the civil service was serious.

29. SCS said that the number of sub-standard performers in the civil service was small. The Administration would provide the Panel with relevant information in the paper to be submitted for discussion at the Panel meeting in May 2004. He explained that under the established performance appraisal system in the civil service, sub-standard performers would be given appropriate counseling and assistance, and adequate opportunities to improve their performance. Supervisors or departmental management could not simply recommend actions to retire the sub-standard performers without going through the necessary procedures. SCS also pointed out that reduction in civil service establishment was one of the measures to achieve the objective of reducing public expenditure. The measure had not brought about any changes to the established practice in human resources management.

30. Mr Michael MAK pointed out that some supervisors did not know under what circumstances they should issue a verbal warning or written warning to their staff. SCS advised that departmental management would provide training to officers on managing staff performance as necessary.

**V. Any other business**

31. There being no other business, the meeting ended at 12:00 noon.