

立法會 *Legislative Council*

LC Paper No. CB(1)1246/03-04

(These minutes have been seen
by the Administration)

Ref : CB1/PL/PS/1

Panel on Public Service

**Minutes of meeting
held on Monday, 16 February 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 CHEUNG Man-kwong
Hon HUI Cheung-ching, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon SIN Chung-kai
Hon Howard YOUNG, SBS, JP
Hon Michael MAK Kwok-fung
Hon Albert CHAN Wai-yip

Members absent : Hon CHAN Kwok-keung, JP
Hon Bernard CHAN, JP
Hon Andrew WONG Wang-fat, JP
Hon LEUNG Fu-wah, MH, JP

Public officers attending : Agenda Items III & 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)

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 Rosalind MA
Senior Council Secretary (1)8

Ms May LEUNG
Legislative Assistant

Action

I. Confirmation of minutes of meeting

(LC Paper No. CB(1)967/03-04 — Minutes of meeting on
16 January 2004)

The minutes of the meeting held on 16 January 2004 were confirmed.

II. Date of next meeting and items for discussion

(LC Paper No. CB(1)966/03-04(01) — List of outstanding items for
discussion

LC Paper No. CB(1)966/03-04(02) — List of follow-up actions)

2. Members agreed that the following two items be discussed at the next

regular meeting scheduled for 15 March 2004:

- (a) Civil service-related issues in the 2004 Budget Speech; and
- (b) Progress of reduction of civil service establishment.

III. Review of acting allowance

(LC Paper No. CB(1)966/03-04(03) — Paper provided by the Administration)

Briefing by the Administration

3. At the Chairman's invitation, the Deputy Secretary for the Civil Service (1) (DSCS1) briefed members on the review of acting allowance. She pointed out that the Administration had been conducting regular reviews of the acting system. Resulting from the last major review conducted in 1999, revisions were made to the acting arrangements in January 2000, whereby the qualifying period for the grant of acting allowance was revised from 14 days to the current 30 calendar days, and the grant of acting allowance for doubling-down appointments was ceased. As a result of these tightened rules, the expenditure on acting allowances had been reduced by 39% in 2002-03 compared with that in 1998-99. Given the Administration's commitment to achieving economy in Government operating expenditure and as part of the ongoing review of the civil service management system, the Administration had further reviewed the grant of acting allowance. While the practice of making acting appointments and granting acting allowance was uncommon in the private sector, the Administration concluded upon review that there was a need to maintain the acting mechanism in the civil service since it remained an important management tool to test an officer's suitability for substantive promotion. In addition, the acting mechanism catered for occasions where temporary acting appointments must be made for discharging certain administrative and statutory duties delegated to certain post-holders at different ranks. DSCS1 drew members' attention to the following proposals of the review:

- (a) On rates of acting allowance, the Administration proposed a roughly 10% reduction across the board in the existing rates for payment of allowance for acting-up, doubling-up and doubling sideways appointments with a view to achieve savings.
- (b) On the qualifying period for granting acting allowance, it was last revised in 2000 from 14 days to the present 30 days. The Administration considered this period reasonable and recommended

no change to this qualifying period.

- (c) On the administration of acting arrangements, the Administration considered it good management practice for Heads of Department (HoDs)/Heads of Grade (HoGs) to regularly review the continued need for acting appointments which lasted for three months or more other than those arranged for the purpose of testing an officer's suitability for substantive appointment to the next higher rank. To tighten up arrangements for acting, three-tier acting would not be allowed as a rule. Arrangements for two-tier acting would be allowed while HoDs/HoGs would be encouraged to arrange for one-tier acting as far as possible having due regard to the specific operational needs of each case.

4. DSCS1 advised that the Administration intended to implement the revised rates with effect from a calendar day, for example, 1 July 2004. A consultation paper had been issued to the staff sides and departmental management inviting views on the above proposals. The Administration would take into account the views received from all parties and refine the proposals where necessary before actual implementation.

Discussion

Long-term acting arrangements

5. Mr HUI Cheung-ching supported the proposal of a roughly 10% reduction in the existing rates of acting allowances across the board for achieving savings in Government expenditure. Referring to paragraph 4 of the paper, Mr HUI expressed concern that long-term acting could last for several years for some grades. In this connection, he sought information on the justifications for long-term acting as well as the length of long-term acting appointments.

6. In reply, DSCS1 explained that when there was a long-term operational need to fill a vacant post, long-term acting arrangement would normally be made for testing the suitability of an officer at the lower rank for substantive promotion to fill the vacancy. While such long-term acting appointments could last for several years for some grades, the acting appointments were subject to regular review at six-month intervals. Responding to the Chairman, DSCS1 pointed out that from the information collected through a small scale survey on acting arrangements in the civil service in 2002-03, 29% of the acting appointments were over six months and a majority of these appointments involved cases where the officers were acting in posts of the next higher rank to test their suitability for

substantive promotion.

7. Responding to Mr LEE Cheuk-yan, PSCS presented the following statistics obtained from the small scale survey on acting appointments in the civil service in 2002-03:

<u>Period of Acting Appointment</u>	<u>Percentage of cases in 2002-03</u>
30 to 59 days	51%
60 to 89 days	9%
90 to 179 days	11%
Over 180 days	29%

8. PSCS pointed out that the above statistics only covered the acting appointments in 2002-03 of the 18 bureaux/departments surveyed. Moreover, the result of the survey should be seen in the context of the relevant factors. For example, the implementation of re-engineering exercise and the Second Voluntary Retirement Scheme had resulted in the deletion of some posts and thus given rise to the need for temporary acting appointments during the interim period between departure of the post-holders and deletion of the posts concerned.

9. In response to the Chairman's enquiry, DSCS1 said that in addition to the six-month review by HoDs/HoGs, the advice of the Public Service Commission (PSC) would also be sought on long-term acting appointments and the need for continuation of these acting appointments would be monitored through the annual performance appraisal system.

10. Noting that the six-month review and the annual appraisal were both conducted by HoDs/HoGs, the Chairman enquired about the role played by the Civil Service Bureau (CSB) in the process. DSCS1 responded that long-term acting appointments which lasted for over six months were uncommon in departmental grades. As regards general grades such as the Executive Officer Grade and the Administrative Officer Grade, the grade management concerned would monitor the propriety of long-term acting appointments involving officers of the respective grades.

11. In response to Ms LI Fung-ying's concern about long-term doubling-down appointments, DSCS1 advised that a doubling-down appointment was normally arranged for a supervising officer to cover the duties of his subordinate during the latter's absence. She pointed out that other than those arranged for the purpose of testing an officer's suitability for substantive appointment to the next higher rank, HoDs/HoGs were requested to regularly review the continued need for acting appointments which lasted for three months or more. If the HoD/HoG considered

that there was indeed a long-term need for the post, he should actively seek to fill the post substantively instead of asking an officer to take on the post in addition to his own on a prolonged basis since it was neither desirable to nor sustainable for the officer or the department.

Rules for granting acting allowance

12. Referring to the tightened rules for granting acting allowance implemented since 2000, Ms LI Fung-ying queried the fairness and the justifications for the revised arrangements, i.e. revision of the qualifying period for acting allowance from 14 to 30 calendar days and cessation of granting acting allowance for doubling-down appointments. She considered it unfair to the officers concerned because despite the additional duties and responsibilities taken up during the acting or doubling-down period, they were not granted acting allowance for the reason that the acting period was less than 30 calendar days or they were doubling-down a lower rank post.

13. Mr Albert CHAN also considered the arrangement of not granting acting allowance for doubling-down appointments unfair. In his view, unless the officers concerned were not required to take up additional duties during the doubling-down period, it would be unfair and unjustified for the Administration to ask its employees to do extra work without providing any form of compensation. He opined that this was in fact the Administration's exploitation of the officers concerned.

14. In response, DSCS1 pointed out that the tightened rules, which were implemented as a result of the last major review of acting allowance conducted in 1999, were generally accepted by a majority of civil servants. As supervising officers normally possessed adequate knowledge of the work of their subordinates, they were ready and capable of taking up short-term doubling-down appointments during temporary absence of their subordinates.

15. Mr Michael MAK commented that the revision of the qualifying period for the grant of acting allowance from 14 days to the current 30 calendar days had reduced the number of acting appointments, in particular for frontline and lower rank staff. In response, the Permanent Secretary for the Civil Service (PSCS) advised that from the results of the small scale survey in which information on acting appointments in 2002 - 03 was collected from 18 bureaux/departments, 98% of the acting appointments involved non-directorate officers and only 2% involved officers of directorate ranks.

16. Responding to Mr Michael MAK's enquiry, PSCS said that the provisions for acting allowance were made under the estimates of expenditure of individual departments. So far, departmental management had not reflected any difficulty in granting acting allowance due to inadequate provisions.

Proposal to revise the rates of acting allowance

17. Mr Albert CHAN considered the proposed 10% reduction in the existing rates of acting allowance unjustified and contradictory to the principle of equal pay for equal work. He pointed out that unless the officers concerned were not taking up the full duties and responsibilities of the acting offices, the proposed revision was not acceptable.

18. The Secretary for the Civil Service (SCS) explained that acting appointments were administrative arrangements made at the discretion of the management. Such arrangement should only be made when there was an operational need to fill a vacant post. SCS also pointed out that the payment of acting allowance was not a condition of service to which an officer was entitled. In fact, the practice of granting acting allowance was uncommon in the private sector and had been abolished in the public sector of some other countries. Nevertheless, the Administration considered it justifiable to grant acting allowance as a recognition of the additional duties and responsibilities shouldered by the officers who took up acting appointments for a long period of time. The outcome of the recent review of acting allowance had indicated that there was a case to make some adjustments to the rates of acting allowance as a concerted effort of the civil service to help reduce the Government's operating expenditure. In considering options in revising the rates of acting allowance, the Administration had to strike a balance between the need to recognize the extra efforts of the officers taking up acting appointments and the commitment to reduce Government operating expenditure. The Administration considered the proposed rates appropriate.

19. Mr Michael MAK considered that given the fundamental differences between the management systems of the public and private sectors, it was not appropriate to compare the practice of making acting appointments and granting acting allowance between the two sectors.

20. Mr Albert CHAN considered that if the acting officers were required to take up the full duties and responsibilities of the acting offices during the acting period, they should not be granted only 90% of minimum pay of the acting office. In this connection, Mr CHAN sought clarification on the proposed rates for

officers who were taking up doubling-up or acting-up appointments.

21. Referring to Annex B to the paper, PSCS explained that for acting-up appointment, the officer concerned would be required to undertake the duties and responsibilities of the acting office only, but not in addition to those of the office of his substantive rank. The proposed rate of acting allowance was 90% difference in pay between the minimum pay of the acting office and the substantive pay of the officer concerned. As regards doubling-up appointment, if the acting office was a Permanent Secretary, HoD or directorate office, the proposed rate was 100% difference in pay between the minimum pay of the acting office and the substantive pay of the officer concerned; if the acting office was a non-directorate office, the proposed rate was 23% of the minimum pay of the acting office or 100% difference in pay between the minimum pay of the acting office and the substantive pay of the officer concerned, whichever was the more. For example, the substantive pay of an officer taking up a doubling-up appointment was \$18,000 and the minimum pay of the acting office was \$20,000. The allowance payable to him would be 23% of \$20,000, i.e. \$4,600 per month, instead of \$2,000 per month which was 100% difference in pay between the minimum pay of the acting office (\$20,000) and his substantive pay (\$18,000). In response to Mr Albert CHAN's further comment, PSCS said that as far as the payment of acting allowance was concerned, the principle of equal pay for equal work was not applicable.

22. Mr Michael MAK doubted whether the Administration's proposal to reduce the rates of acting allowance would contravene Article 100 of the Basic Law which provided that "*public servants serving in all Hong Kong government departments, including the police department, before the establishment of the Hong Kong Special Administrative Region, may all remain in employment and retain their seniority with pay, allowances, benefits and conditions of service no less favourable than before*".

23. In reply, PSCS advised that CSB had sought legal advice from the Department of Justice on the review of acting allowance and got the confirmation that acting allowance did not form part of the condition of service of civil servants referred to in Article 100 of the Basic Law. Hence, the proposed revision of rates of acting allowance would not cause any Basic Law concerns. She also pointed out that according to the work plan of the Panel, CSB would report to the Panel on the review of civil service allowances at its meeting on 19 April 2004.

24. Noting that the Administration intended to implement the revised rates with effect from 1 July 2004, Ms LI Fung-ying doubted whether the consultation with the staff sides and departmental management on the review proposals would

only serve the purpose of informing them of the proposed changes. Mr Michael MAK also expressed similar concern.

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25. DSCS1 advised that a consultation paper had been issued to the staff sides and departmental management inviting them to express their views on the proposals. She assured members that the Administration would take into account the views received from all parties and refine the proposals where necessary before actual implementation. DSCS1 further explained that 1 July 2004 was not a rigid deadline for implementation of the proposals and the date only provided a time frame for the Administration to plan ahead. At the request of Ms LI Fung-ying and Mr Michael MAK, DSCS1 undertook to report on the outcome of the consultation to the Panel in due course.

Proposals to tighten up the administration of acting arrangements

26. Referring to paragraph 10 of the paper, Mr Michael MAK noted the Administration's proposal that three-tier acting would no longer be allowed. In this connection, he sought information on the circumstances under which three-tier acting could be arranged. PSCS quoted the example of the temporary absence of the PSCS office to illustrate how one-tier acting, two-tier acting and three-tier acting could be arranged, as follows:

(a) One-tier acting

A Deputy Secretary for the Civil Service (DSCS) took up the duties and responsibilities of the PSCS through a doubling-up appointment;

(b) Two-tier acting

A DSCS acted up in the PSCS post and a Principal Assistant Secretary (PAS) took up the duties and responsibilities of the DSCS through a doubling-up appointment;

(c) Three-tier acting

A DSCS acted up in the PSCS post and a PAS acted up in the DSCS post. An Assistant Secretary took up the duties and responsibilities of the PAS through a doubling-up appointment.

27. PSCS also pointed out that as there were circumstances where it was necessary to arrange for two-tier acting (e.g. in case where each rank of officers were entrusted with specific statutory authorities and check and balance was required in exercising these authorities), the Administration would allow up to two-tier acting to enable HoDs/HoGs sufficient flexibility to address their unique operational needs. However, the Administration would encourage HoDs/HoGs to

arrange for one-tier acting as far as possible.

28. Given the Government's commitment to achieve savings in its operating expenditure and reduce the size of the civil service, Mr LEE Cheuk-yan was concerned that HoDs/HoGs might decide to delete the vacant posts currently taken up by officers through acting appointments during the regular three-month review of the continued need for these appointments. If that was the case, the officers concerned would have to absorb the workload of the deleted posts without any monetary compensation.

29. PSCS advised that in taking forward the on-going 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. If staff surplus was identified during these processes, the relevant posts had to be deleted. PSCS assured members that HoDs/HoGs would consider the deletion of posts in a fair and reasonable manner. As explained earlier at this meeting, prolonged acting appointments would be unsustainable and undesirable for the officers and the departments concerned, and hence a regular three-month review was proposed for critical examination of the continued need for the acting appointments.

30. The Chairman said that he had received complaints from some civil servants against their departmental management for staff manipulation by arranging a number of officers to act up in the same vacant post at the next higher rank on a rotation basis. While the purpose of the acting appointments was to test the suitability of the officers concerned for promotion, it was alleged that the departmental management made use of the mechanism to exercise control over the officers concerned. In this connection, the Chairman enquired about the number of cases where a number of officers concerned had been offered on and off acting appointments for the same post, and whether an officer who had stepped down after an acting appointment was allowed to act up in the same post again afterwards.

31. PSCS said that she did not have the required statistics on hand. However, she pointed out that in a promotion exercise, the promotion board would try to identify the most suitable candidate to fill the vacancy. If none of the candidates being considered for promotion stood out in terms of merits, the departmental management might, if considered appropriate, arrange acting appointments to test the suitability of more than one candidates. She also pointed out that there had been a case where an officer who had stepped down after an acting appointment was invited to act up in the same post again several years later because he had further proven his suitability to be re-tested for the vacancy. PSCS assured

members that PSC would provide independent advice on civil service matters to ensure the fairness and impartiality of appointment and promotion exercises.

V. Enhanced commendation schemes in the civil service

(LC Paper No. CB(1)966/03-04(04) — Paper provided by the Administration)

Briefing by the Administration

32. At the invitation of the Chairman, the Deputy Secretary for the Civil Service (3) (DSCS3) briefed members on the measures for enhancing the commendation system in the light of the findings of a review conducted in 2003. He highlighted for members' information the following enhancements which had come into operation in January 2004:

- (a) Expanding the ambit of the Commendation Letter Scheme (CLS) so that civil servants with consistently outstanding performance might be awarded. Non-civil service contract (NCSC) staff might also qualify for an award under certain circumstances; and
- (b) Introducing the SCS's Commendation Award, as a separate tier of award between the Chief Executive's Honours and Awards System and CLS. Through the award, SCS would, on behalf of the Administration, give recognition to selected civil servants for consistently outstanding performance.

33. DSCS3 advised that under the enhanced CLS, Heads of Bureau (HoBs)/HoDs might issue a Commendation Letter to an officer who had provided outstanding service for at least three consecutive years; or made a substantial contribution towards enhancing the efficiency or the image of his bureau/grade; or performed an exceptionally meritorious act warranting special recognition. As regards the newly introduced SCS's Commendation Award Scheme, it was administered by CSB. To qualify for an award under the Scheme, the officer should be an exceptionally meritorious officer who had been providing outstanding performance for at least five consecutive years. The Scheme would not cover staff engaged on NCSC terms in the first instance, but the matter would be reviewed later in the light of experience. An initial target was set at 80 awards per annum for indicative purpose, which would be reviewed in the light of experience. The first batch of SCS's commendation was expected to be awarded in the second quarter of 2004.

Discussion

Target of awards under the SCS's Commendation Award Scheme

34. Mr Michael MAK opined that the target of 80 awards per annum would not be conducive to promoting participation from departments in the SCS's Commendation Award Scheme. He suggested CSB to do away with the target of awards and invite HoBs/HoDs/HoGs to nominate all the deserving cases for consideration.

35. DSCS3 advised that "80 awards per annum" was only an initial target set for indicative purpose. It was not meant to be an upper limit. The target could be relaxed for deserving cases and would also be reviewed in the light of experience. SCS also pointed out that the new SCS's Commendation Award Scheme was introduced to recognize exemplary contributions of civil servants who gave consistently meritorious performance. He reiterated that the target of 80 awards per annum was an indicative number. CSB had no plan to set any quota for the number of awards to civil servants serving in any bureau/department/grade. To underline the importance attached to the contributions of the award recipients, the awards would be presented by SCS at a ceremony to be held annually, in the presence of guests invited by the recipients. The Scheme would serve as an on-going means for inducing exemplary performance.

36. Noting that departmental participation in the present CLS was less than even and most of the recipients were from the disciplined services, Mr Michael MAK doubted whether the low participation of civilian grades in the present CLS was a result of inadequate publicity or the absence of positive result from past nominations. He considered that publicity would be helpful in encouraging participation of bureaux/departments in the SCS's Commendation Award Scheme. In response to Mr MAK's enquiry on the means of publicity for the Scheme, DSCS3 said that the enhanced commendation system was the subject of a circular circulated to all members of the civil service, on top of a circular memorandum issued to invite nominations from bureaux/departments.

37. The Chairman opined that the fact that most of the recipients of the present CLS were from the disciplined services might be attributed to their job nature, which provided them with more opportunities to perform meritorious or brave acts and contribute towards enhancing the image of their bureaux/departments. He suggested that consideration be given to explore means to encourage nominations from civilian grades, in particular those performing back-up duties and not

involved in direct service delivery to the public. In reply, SCS pointed out that the purpose of the SCS's Commendation Award Scheme was to identify the truly deserving cases of exemplary performance irrespective of whether or not the officers concerned provide direct service to the public and give due recognition on a service-wide basis.

Ambit of the SCS's Commendation Award Scheme

38. Pointing out that the SCS's Commendation Award Scheme did not involve any material award and hence had no financial implications, Ms LI Fung-ying considered that the Scheme should also cover staff engaged on NCSC terms. She said that with the implementation of the general recruitment freeze, the number of staff engaged on NCSC terms was on the increase and they were in fact undertaking the same duties as their counterparts appointed on civil service terms.

39. In reply, SCS said that an officer had to demonstrate outstanding performance for at least five consecutive years to qualify for an award under the SCS's Commendation Award Scheme. Given their relatively short period of employment, the Scheme did not cover NCSC staff at this initial stage. However, the matter would be reviewed later in the light of experience.

Other concerns

40. Responding to the Chairman's question, SCS clarified that the Chinese translation of "on behalf of the Administration" in paragraph 9(b) of the paper should be "代表政府" instead of "代表全體公務員". He undertook to provide the revised paper to the Panel after the meeting.

(Post-meeting note: The revised Chinese version of the paper provided by the Administration was circulated to members vide LC Paper No. CB(1)1018/03-04 on 17 February 2004.)

41. Mrs Sophie LEUNG commented that the SCS's Commendation Award Scheme was against the global direction of human resource management which emphasized the promotion of team spirit through the delegation of authority on staff performance management to the heads of unit. She pointed out that by introducing an additional tier of commendation administered by CSB, the present CLS would become a lower level of commendation, thereby reducing the importance and authority of bureau/departmental management in recognizing the contribution and outstanding performance of officers under their direct supervision. In her view, the new commendation scheme administered by CSB might result in unclear authority in staff management and reduce sense of belonging of staff to

their respective operational units, i.e. the bureaux/departments they worked in.

42. PSCS responded that recipients of the SCS's Commendation Award Scheme would be chosen from the nominations provided by HoBs/HoDs/HoGs. The new Scheme, which sought to provide an additional means for commending civil servants who had provided continuous outstanding and meritorious service, was meant to complement rather than replace the present CLS. SCS added that introduction of the new Scheme should not be construed to imply that SCS had a higher authority over other HoBs in day-to-day staff management, nor was it contradictory to the principle of decentralized staff performance management. Being the Principal Official responsible for civil service matters and as the head of CSB which oversaw the overall performance of the civil service, the holder of the SCS post was in an appropriate position to commend civil servants of outstanding performance on behalf of the Administration. When the staff sides and departmental management were consulted on the enhancements to the commendation system, they expressed support for the new SCS's Commendation Award Scheme.

43. Mrs Sophie LEUNG maintained her view that the introduction of a new tier of commendation centrally administered by CSB was contradictory to the modern concept of staff performance management and would be a backward move in this respect. She called on the Administration to give a second thought to the new commendation scheme from the management perspective, and to make reference to the private sector on the best and updated management practice in this regard. The Chairman suggested the Administration to consider Mrs LEUNG's views.

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V. Any other business

44. There being no other business, the meeting ended at 12:30 pm.