

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 46 – GENERAL EXPENSES OF THE CIVIL SERVICE Subhead 008 Recoverable salaries and allowances (Hong Kong Monetary Authority)

Members are invited to recommend to Finance Committee the deletion of the following permanent posts in the Hong Kong Monetary Authority with immediate effect –

1 Commissioner of Banking
(D6) (\$162,650)

2 Deputy Commissioner of Banking
(D3) (\$127,900 - \$135,550)

1 Deputy Secretary (Monetary Affairs)
(D3) (\$127,900 - \$135,550)

2 Assistant Commissioner of Banking
(D2) (\$110,000 - \$116,800)

PROBLEM

Six directorate civil service posts in the Hong Kong Monetary Authority (HKMA) are no longer required and can be deleted.

/PROPOSAL

PROPOSAL

2. The Chief Executive of the HKMA proposes to delete one Commissioner of Banking (D6), two Deputy Commissioner of Banking (D3), one Deputy Secretary (Monetary Affairs) (D3) and two Assistant Commissioner of Banking (D2) posts from the civil service establishment of the HKMA with immediate effect.

JUSTIFICATION

3. The HKMA was established on 1 April 1993 through a merger of the then Office of the Exchange Fund, the Office of the Commissioner of Banking and the Legal Unit of the then Monetary Affairs Branch. With the approval of the Finance Committee (FC) vide Paper EC 1992-93 Item 41 in March 1993, all civil servants of the relevant offices then, together with their posts (including 15 directorate posts and 256 non-directorate posts), were transferred to the HKMA to facilitate its initial set-up. A number of these civil servants subsequently opted for HKMA terms of employment. Those who remain on civil service terms have been accommodated in civil service posts. They have also been assured of equal promotion opportunities, i.e. the Administration would be prepared to accommodate them in civil service posts at the higher ranks if they were selected by the HKMA for promotion.

4. Accordingly, while the majority of the posts would be deleted upon the incumbents' transfer to the HKMA terms/leaving the HKMA, some of the civil service posts vacated have been retained to ensure that capable officers who remain on civil service terms have posts for promotion. The vacant civil service posts so retained will only be filled when necessary and fully justified on operational grounds. Also, as and when the civil service post is filled for promotion purpose, the consequential vacant civil service post at the lower rank will be frozen or deleted depending on whether it has to be retained for the purpose of providing promotion opportunities. Furthermore, only one post, either on the civil service or the HKMA's establishment, will be filled for the same operational job.

5. As at 1 January 2006, there were 14 vacant civil service posts in the HKMA, of which eight were at the directorate level. The position of directorate civil service posts in the HKMA as at 1 January 2006 is at Enclosure 1.

Encl. 1

/6.

Encl. 2

6. With the gradual reduction in the number of civil service posts in the HKMA over the years (paragraph 8 below), there is scope for deleting some directorate civil service posts without significantly affecting the promotion prospects of 34 civil servants (excluding three officers on pre-retirement leave) in the Bank Examiner (BE) grade still serving in the HKMA. Taking into account the declining number of BEs in the HKMA as shown at Enclosure 2, the Chief Executive of the HKMA believes that the retention of two directorate posts at Assistant Commissioner of Banking level should be sufficient for addressing the aspiration of these staff for advancement before their retirement. Accordingly, the Chief Executive of the HKMA proposes to delete six directorate posts as set out in paragraph 2 above, out of the eight directorate posts retained. These are vacant posts and their functional duties have already been taken up by staff under the HKMA's establishment. The BEs have been consulted on the proposal and raised no objection.

FINANCIAL IMPLICATIONS

7. As the posts proposed to be deleted have already been left vacant, the proposal will carry no financial implications. In any case, there are no financial implications for General Revenue as full staff costs, including on-costs, of the civil service posts in the HKMA are recoverable from the HKMA.

ESTABLISHMENT CHANGES

8. The changes in the civil service establishment in the HKMA for the last two years are as follows –

Establishment (Note)	Number of Posts			
	Existing (as at 1 January 2006)	As at 1 April 2005	As at 1 April 2004	As at 1 April 2003
A	8	8	8	8
B	35	37	48	58
C	11	12	17	18
Total	54	57	73	84

Note:

A - ranks in the directorate pay scale or equivalent

B - non-directorate ranks the maximum pay point of which is above MPS Point 33 or equivalent

C - non-directorate ranks the maximum pay point of which is at or below MPS Point 33 or equivalent

/BACKGROUND

BACKGROUND INFORMATION

9. The creation and deletion of directorate civil service posts in the HKMA are subject to the normal civil service procedures, involving the Establishment Subcommittee and the FC. In November 1996, eight directorate civil service posts which were no longer required were deleted vide EC(96-97)37.

10. The Chief Executive of the HKMA will continue to keep under review the civil service establishment of the HKMA. He has already deleted a net 210 non-directorate posts under authority delegated by the FC vide Paper EC 1992-93 Item 41.

11. We informed the Legislative Council Panel on Financial Affairs of the present proposal vide an information paper issued on 12 May 2005. Members noted the proposal and did not raise any questions at the Panel meeting on 6 June 2005.

CIVIL SERVICE BUREAU COMMENTS

12. The Civil Service Bureau supports the deletion of the six vacant directorate posts which will no longer be filled by civil servants.

ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

13. The deletion of the posts, if approved, will be reported to the Standing Committee on Directorate Salaries and Conditions of Service.

Financial Services and the Treasury Bureau
January 2006

Enclosure 1 to EC(2005-06)11

Hong Kong Monetary Authority
Directorate Civil Service Establishment and Strength
(Position as at 1 January 2006)

Rank		Establishment	Strength	Vacancy	Number of posts now proposed for deletion
Commissioner of Banking	(D6)	1	0	1	1
Deputy Commissioner of Banking	(D3)	2	0	2	2
Deputy Secretary (Monetary Affairs)	(D3)	1	0	1	1
Assistant Commissioner of Banking	(D2)	4	0	4	2
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	Total	<u>8</u>	<u>0</u>	<u>8</u>	<u>6</u>

**Changes in the Establishment of Bank Examiner Grade
in the Hong Kong Monetary Authority**

Rank	Existing (as at 1 January 2006)		As at 1 April 1993	
	Establishment	Strength	Establishment	Strength
Commissioner of Banking (D6)	1	0	1	1
Deputy Commissioner of Banking (D3)	2	0	2	1
Assistant Commissioner of Banking (D2)	4	0	4	4
Senior Bank Examiner	14	10	21	19
Bank Examiner	20	18	36	32
Assistant Bank Examiner	9	9*	71	64
Total	50	37	135	121

* Including three officers on pre-retirement leave