

立法會
Legislative Council

LC Paper No. CB(1)621/06-07
(These minutes have been seen
by the Administration)

Ref : CB1/PL/PS/1

Panel on Public Service

Minutes of meeting
held on Monday, 18 December 2006 at 10:45 am
in Conference Room A of the Legislative Council Building

- Members present** : Hon Howard YOUNG, SBS, JP (Chairman)
Hon LI Fung-ying, BBS, JP (Deputy Chairman)
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon TAM Yiu-chung, GBS, JP
Hon WONG Kwok-hing, MH
Hon KWONG Chi-kin
- Members absent** : Hon Margaret NG
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
- Public officers attending** : Miss Denise YUE, GBS, JP
Secretary for the Civil Service
- Mr Andrew H Y WONG, JP
Permanent Secretary for the Civil Service
- Mr Patrick CHAN Nim-tak
Director of General Grades
Civil Service Bureau
- Clerk in attendance** : Mr Andy LAU
Chief Council Secretary (1)2

Staff in attendance : Mr Noel SUNG
Senior Council Secretary (1)4

Miss Winnie CHENG
Legislative Assistant (1)5

Action

I Confirmation of minutes of meeting

(LC Paper No. CB(1)372/06-07 -- Minutes of meeting on 16 October 2006
LC Paper No. CB(1)481/06-07 -- Minutes of meeting on 20 November
2006)

The minutes of the two meetings held on 16 October 2006 and 20 November 2006 were confirmed.

II Information paper issued since last meeting

(LC Paper No. CB(1)342/06-07 -- Complaint from the Association of
Liaison Officers)

2. Members noted the complaint letter from the Association of Liaison Officers. The Chairman apprised the meeting that it was not appropriate for the Panel to discuss individual complaints raised by civil service staff associations. Notwithstanding, the subject matter had been referred to the Civil Service Bureau (CSB) for follow-up.

III Items for discussion at the next meeting scheduled for 15 January 2007

(LC Paper No. CB(1)471/06-07(01) -- List of outstanding items for
discussion
LC Paper No. CB(1)471/06-07(02) -- List of follow-up actions)

3. Members agreed that the following items proposed by the Administration should be discussed at the next meeting scheduled for 15 January 2007 –

- (a) Update on national studies programmes for civil servants;
- (b) Commendation schemes for civil servants.

IV Review of employment situation of non-civil service contract staff

(LC Paper No. CB(1)471/06-07(03) -- Information paper provided by the Administration

LC Paper No. CB(1)473/06-07 -- Background brief prepared by the Legislative Council Secretariat)

4. The Chairman drew members' attention to the written submissions from Mr LEE Cheuk-yan, and the Neighbourhood and Worker's Service Centre tabled at the meeting.

(Post-meeting note: The written submissions from Mr LEE Cheuk-yan and the Neighbourhood and Worker's Service Centre were circulated to members on 19 December 2006 vide LC Paper CB(1)549/06-07.)

Briefing by the Administration

5. The Secretary for Civil Service (SCS) apprised the meeting that the Non-civil Service Contract (NCSC) Staff Scheme was introduced in January 1999 to provide greater flexibility for Heads of Bureaux, Departments and Offices (hereafter referred to as HoDs) to employ staff on fixed term contracts outside the civil service establishment to meet service needs which were time-limited, short-term, seasonal, or subject to market fluctuations; or which required staff on a part-time basis; or which required tapping the latest expertise in a given area in the market; or where the mode of delivery of the service was under review or likely to be changed through, for example, contracting out. The Scheme allowed HoDs to respond more promptly to changing operational and service needs. At the meeting of the Panel in March 2006, the Administration undertook to conduct a special review of the NCSC staff situation on a department-by-department basis to better understand individual departments' manpower situation. SCS said that the special review had been completed and the key findings of the review were summarized in the paper.

The Administration's response to Mr LEE Cheuk-yan's submission

Impact on existing vacancies

6. In response to Mr LEE Cheuk-yan's question as to whether the overall civil service establishment would be expanded to accommodate the NCSC positions to be converted to civil service posts, SCS referred to paragraph 17 of the paper and said that as a first step, bureaux and departments (B/Ds) would, where possible, phase out the NCSC positions by making use of existing and anticipated vacant posts, or creating new posts to be offset by deletion of existing vacant posts, or re-grading of existing vacant posts. Without compromising the Government's objective to keep the overall civil service establishment under control, consideration would also be given to the net creation of civil service posts after exhausting the aforesaid options.

7. SCS added that CSB was working together with the relevant B/Ds to identify existing and anticipated civil service vacant posts which could be used for phasing out some NCSC positions. She said that the exercise would take some time to complete.

NCSC positions in public libraries

8. As far as the NCSC staff working in public libraries were concerned, SCS said that the Leisure and Cultural Services Department (LCSD) was conducting a review on the operation of libraries. When the findings of the review were available, consideration would be given as to whether the concerned NCSC positions should be converted to civil service posts.

9. SCS pointed out that LCSD considered it necessary to conduct an overall review of library operation and draw reference, where appropriate, from the practices in other places, in order to enhance cost-effectiveness and efficiency. As part of the review, the Department would explore the scope for further automation, including the application of advanced technology to deliver the book loan and return services. She said that the Efficiency Unit was conducting the review, and LCSD would consult the staff side throughout the process.

Impact on the workload and promotion opportunities of civil servants

10. As regards the impact of the conversion of NCSC positions to civil service posts on the workload and promotion prospects of civil servants, SCS said that civil servants were normally recruited at the basic rank of each grade, hence the conversion exercise would not affect the promotion opportunities of civil servants. The conversion of NCSC positions to civil service posts would not result in additional workload to the existing staff.

NCSC positions in HongkongPost

11. SCS pointed out that out of the 2 033 full-time NCSC staff employed by HongkongPost, about half of them worked less than the conditioned hours required of civil servants and they were mainly involved in sorting, loading and unloading of mail. The remaining half were mainly engaged in providing operational, marketing, sales and over-the-counter services, the need for which was subject to business fluctuation, e.g. the "PayThruPost" service depended on the number of companies which engaged HongkongPost to provide the fee collection service on a time-limited contract basis. Given the uncertainties about the future level of business, it was considered appropriate for Hongkong Post to engage NCSC staff to perform the concerned work.

Ceiling on the number of NCSC staff

12. SCS remarked that in order to ensure the proper operation of the NCSC Staff Scheme, a ceiling had been set for the employment of NCSC staff for each B/D in the light of their specific operational and service needs. B/Ds would need to seek approval from the Civil Service Bureau (CSB) for the employment of NCSC staff over and above

the prescribed ceiling. The setting of such ceilings would not lead to early termination of the existing contracts of NCSC staff.

Trading Fund Departments

13. SCS said that the non-imposition of a ceiling on the number of NCSC staff for trading fund departments should not lead to these departments employing a large number of NCSC staff at low wages. As these departments were subject to business fluctuation, they needed greater flexibility in adjusting their staffing levels and staff mix to dovetail with the peaks and troughs of their business. They would continue to determine the employment package for NCSC staff having regard to the prevailing market situation.

Employment package for NCSC staff

14. SCS pointed out that the special review had not covered the employment package for NCSC staff. However, since the NCSC Staff Scheme was introduced in 1999, CSB had issued detailed guidelines to B/Ds on the employment package for NCSC staff, and had regularly reviewed and updated the guidelines.

Written response

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15. At the Chairman's request, SCS undertook to provide a written response to Mr LEE Cheuk-yan's submission.

Discussion

16. Mr LEE Cheuk-yan said that he was disappointed with the outcome of the special review, as only 4 004 out of a total of 16 488 NCSC positions (i.e. about 25%) would be converted to civil service posts. He opined that the reasons given for not converting more NCSC positions to civil service posts were untenable. Quoting HongkongPost as an example, Mr LEE drew members' attention to Annex 4 of the discussion paper (LC Paper No. CB(1)471/06-07(03)) which indicated that 803 NCSC staff had worked in the Department for more than five years. He opined that the long duration of employment showed that the total number of contracts secured by the HongkongPost over the years had remained more or less the same and there was a long-term need for the employment of the staff concerned. With regard to LCSD, Mr LEE pointed out that more than 500 NCSC staff had worked in public libraries for over six to seven years, and any review of the operation of the public libraries should have been completed years ago. He opined that it would only be fair to transfer all the NCSC staff in public libraries to the civil service first, as the scope for further automation of library services would be limited. As regards the Food and Environmental Hygiene Department (FEHD), Mr LEE said that many NCSC staff were engaged in street cleansing duties which were also performed by civil servants. He opined that it was unreasonable that the NCSC positions in FEHD would not be converted to civil service posts. Mr LEE sought the Administration's clarification as to whether the conversion of the 4 004 NCSC positions to civil service posts would lead to

the dismissal of the 4 004 NCSC staff involved and to an increase in workload for serving civil servants in the B/Ds concerned. Mr LEE said that the special review was a "false" review and that he could not accept the findings of the special review. He suggested that individual HoDs should be invited to attend before the Panel for discussion on the issue.

17. SCS stated that the special review was conducted objectively and without any pre-determined restrictions. Referring to HongkongPost, she noted that it faced strong competition from other service providers, e.g. outlets inside MTR stations and other convenience stores which provided very effective retailing outlet services, and that its business was vulnerable to ups and downs. She further advised that HongkongPost was also exploring the feasibility of further automating its mail sorting function and such development would have consequential manpower implication. She noted that even before the introduction of the NCSC Staff Scheme in 1999, HongkongPost had a long history of employing part-time and contract staff to manage its seasonal workload. Referring to LCSD's library services, SCS explained that the Efficiency Unit was reviewing the operation of public libraries, which would take into account automation and other relevant experience in other places, and the review findings could have consequential impact on the Department's manpower requirement.

18. Mr WONG Kwok-hing requested the Administration to provide information on the number of contracts awarded over the years to each NCSC staff. He said that the arrangement to convert 4 004 NCSC positions to civil service posts looked like a Christmas present, but in fact was "cyanide" to NCSC staff. This was because if the Government did not allow the 4 004 NCSC staff involved to transfer to the civil service by "through train", these staff would lose their jobs upon completion of their existing employment contracts. Mr WONG noted that many of the 4 004 NCSC positions were in LCSD, FEHD, Social Welfare Department and Department of Health; and many NCSC staff had worked in these Departments for five years or more. Noting that there was no plan to allow the long-serving and experienced NCSC staff to directly transfer to the civil service, Mr WONG asked how the Administration would assist these staff to compete in the open recruitment exercises that would be conducted to fill the civil service posts which would replace the NCSC positions. As an example, he would like to know whether the Administration would accord priority to serving NCSC staff in any civil service open recruitment exercise and whether it would take into account their years of NCSC service with the Government. Mr WONG also asked whether some NCSC staff had to pay, out of their end-of-contract gratuity, the employer's share of contribution to the Mandatory Provident Fund.

19. SCS responded that it would not be possible for CSB to provide information on the number of contracts awarded over the years to each NCSC staff. She noted that CSB had advised B/Ds that the duration of contracts for NCSC staff should preferably be from one to three years, and that very short contracts should be avoided. SCS added that the Administration had conducted the special review of the employment of NCSC staff in a very objective manner and the findings of the review were neither intended to be a Christmas gift nor as "cyanide". She stressed that NCSC staff would not be automatically appointed as civil servants as the Government's policy was that civil

servants should be recruited through an open, fair and competitive recruitment process. She encouraged NCSC staff to apply for civil service posts as and when advertised; and given their experience, they should stand a good chance in obtaining the jobs. She added that there was an established policy to shorten, up to a maximum of half of, the probation period of civil servants if they had relevant past working experience. SCS stated that similar to the arrangement for all government contract staff, the employer's contribution to the Mandatory Provident Fund scheme formed part of the end-of-contract gratuity payable to a NCSC staff. This condition was explicitly spelt out in the employment contract.

20. Ms LI Fung-ying enquired as to the criteria adopted in the special review in deciding whether a specific NCSC position was suitable for conversion to a civil service post. Noting that about half of the 16 488 NCSC staff received a monthly pay of \$8 000 to \$16 000, she asked how many of the 4 000 odd NCSC positions to be phased out by civil service posts fell within the said salary range. She requested the Administration to provide information regarding the grades and ranks of this group of NCSC positions, so as to ascertain whether only NCSC positions in the upper ranks were to be converted to civil service posts. Ms LI was concerned that if existing vacant posts were to be regraded for the phasing out of some NCSC positions in order to contain the size of the civil service, the staff in the grades affected might not agree to the arrangement. She asked whether staff consultation would be made under such circumstances.

21. In reply, SCS said that the criteria used in the special review were as mentioned in paragraph 2 of the information paper, namely consideration was given to whether the NCSC positions were time-limited (e.g. removal of unauthorized structures by the Buildings Department), short-term, seasonal, or subject to market fluctuations, or which required staff on a part-time basis (e.g. mailing sorting by HongkongPost), or which required tapping the latest expertise in a given area from the market (e.g. attracting external investment into Hong Kong by Invest Hong Kong), or where the mode of delivery of the service was under review or likely to be changed through, for example, contracting out (e.g. public library services by the Leisure and Cultural Services Department and cleansing services by the Food and Environmental Hygiene Department). In addition, the review accepted that government schools, under the school-based management governance framework, needed the flexibility offered by the NCSC scheme to hire the best mix of supporting staff that could match their operational needs at different times. Based on the aforesaid criteria, the special review concluded that 4 004 NCSC positions should be converted to civil service posts. As to the request for an analysis of the NCSC positions by comparable civil service grades and ranks, SCS said a strict comparison would not be possible because the pay package of NCSC staff did not follow the pay scales of civil service posts. However, she undertook to provide Members with information regarding the number of lower ranking NCSC positions which would be converted to civil service posts. SCS pointed out that CSB was still liaising with the B/Ds concerned in identifying vacant civil service posts which could be used to offset NCSC positions. She undertook to provide the Panel with an information paper in due course on the use of existing and to-be-regraded civil service vacant posts as well as newly created posts for the phasing out of some NCSC positions.

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22. With reference to Annex I of the information paper, Mr KWONG Chi-kin pointed out that a total of 6 393 NCSC staff had worked in the Government for three years or more which should sufficiently prove that there was a continued need for their services. Yet the special review only recommended the conversion of 4 004 NCSC positions to civil service posts. He opined that it was unfair to the 2 000 odd NCSC staff whose positions were not to be converted to civil service posts, despite their having served in the Government for three years or more. Mr KWONG was of the view that as the duties of the 4 004 NCSC positions should more appropriately be performed by civil servants, the civil service size should not be contained to the 160 000 level. Instead, the Administration's target should be to reduce the civil service to around 164 004 posts, taking into account the 4 004 NCSC positions to be converted to civil service posts. He opined that it was unreasonable to identify existing vacant posts to offset the NCSC positions, bearing in mind the fact that the number of civil servants had been trimmed down as a result of the two voluntary retirement schemes, and that the existing vacant posts needed to be filled to meet service needs. Having noted that the future of the 500 odd NCSC staff working in public libraries would depend on the outcome of the review on library services, Mr KWONG said that from his personal experience, many library users still used the manual service to borrow and return books, in spite of the availability of the automated book lending devices in the public libraries. He also noted that some library work, e.g. shelving of books, could not be automated.

23. SCS responded that the continued need of a NCSC position could not be justified merely on the ground that a NCSC staff had been employed to discharge the duties of that position for a number of years. For instance, the Buildings Department, having just completed a five-year programme to remove unauthorized structures on buildings, had commenced another five-year programme. There was a specified time limit for the project. Hence, even if the NCSC staff engaged in the programme had worked in the Department for five years or more, it did not imply that the Buildings Department had a long-term need for the staff. SCS said that the Government would abide by its pledge to the community that the civil service would be contained to around 160 000 posts by March 2007. She reiterated that where possible, existing vacancies in the B/Ds concerned would be utilized to offset the NCSC positions earmarked for conversion to civil service posts. The Administration would provide an information paper to the Panel regarding the detailed arrangements in due course. SCS stated that it would not be appropriate to preempt the outcome of the review on library services, which would take about a year to complete. SCS was of the view that habits and behaviour could be changed following technological advancement and application, as illustrated by the introduction of Octopus cards which was well-received and by now had replaced the cash payment of MTRC fare.

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24. Referring to Annex 4 of the information paper, Mr CHEUNG Man-kwong was of the view that two factors should be taken into consideration when deciding whether a NCSC staff should be appointed automatically as a civil servant: first, the duties involved should be performed by a civil servant; and second, the NCSC staff had performed the duties for five years or more. He opined that when a NCSC staff had worked in a department for five years or more, he had established a long-term working relationship with his colleagues in the department, and it was unreasonable to deprive

him of the job in the civil service. Mr CHEUNG said that out of the 4 004 NCSC positions which were considered suitable for conversion to civil service posts, NCSC staff who had worked in these positions for five years or more should be allowed to transfer to the civil service automatically in recognition of the staff's service in the Government. If a NCSC staff had worked for five years or more in the Government and his position was not to be converted into a civil service post, the NCSC staff should be given priority for consideration in the selection for related civil service posts.

25. SCS stated that the recruitment process of civil servants, who served the community and were paid by public money, must be acceptable to the public. She noted that it had been the Government's long-established policy to recruit civil servants through an open, fair and competitive recruitment process. SCS said NCSC staff were employed on time-specific contracts; as such the attendant employer and employee relationship ended upon the completion of employment contracts. She further explained that the management systems for civil servants and NCSC staff were quite different. She reiterated that it would not be appropriate to allow serving NCSC staff, irrespective of their years of employment with the Government, to transfer to the civil service under a "through train" arrangement. She would encourage those NCSC staff interested to join the civil service to apply for civil service posts as and when these were advertised.

26. Mr CHEUNG Man-kwong said that the NCSC Staff Scheme was introduced when the Government faced serious fiscal constraints and put a halt to the open recruitment of civil servants. Otherwise the NCSC positions would have been created as civil service posts. The serving NCSC staff had been recruited through an open, fair and competitive process, and they had been offered renewal of contracts because they were found capable of performing the duties. Mr CHEUNG opined that the civil service recruitment policy would not be compromised if the NCSC staff who had worked in the Government for five years or more were granted direct transfer to the civil service. He said that the number of such long-serving NCSC staff was small but if they were allowed to join the civil service under a "through train" arrangement, it would be a big boost to staff morale as all NCSC staff would work hard for renewal of their contracts with a view to ultimately joining the civil service.

27. Mr LEE Cheuk-yan asked whether the duties of the 4 004 NCSC positions would be absorbed by serving civil servants. He opined that if the Government did not recruit sufficient staff to fill both the existing vacant posts and the new posts to be created for the phasing out of the NCSC positions, the workload of existing staff would be increased.

28. Ms LI Fung-ying shared Mr LEE's concern. She pointed out that if the existing vacant posts were used to offset the identified NCSC positions, the staff of the relevant grades would have to shoulder additional workload which would further dampen staff morale. Ms LI asked whether the Administration had carried out any staff consultation on the arrangement. Quoting the submission from the Association of Liaison Officers in the Home Affairs Department as an example, Ms LI pointed out that some civil service grades had expressed dissatisfaction that despite an increasing workload, vacant posts in their grades were regraded to meet service needs in other areas.

29. SCS explained that as at end of October 2006, there were about 7 000 vacancies in the civil service. However, not all the existing vacant posts were suitable for offsetting the 4 004 NCSC positions, e.g. some vacant posts were scheduled for deletion while some vacant posts would be filled shortly as recruitment was in progress. CSB was liaising with the relevant B/Ds to determine which existing vacant posts were suitable for offsetting NCSC positions to be phased out. If an insufficient number of vacant posts were identified for the purpose, CSB would consider the net creation of civil service posts as a last resort. The filling of all vacancies at the entry ranks would be conducted through open recruitment. SCS said that the staff sides would be informed of the arrangements for conversion of NCSC positions through the relevant departmental consultative committees. She did not consider it necessary to obtain the agreement of the staff sides to the use of existing vacant posts to offset the NCSC positions to be phased out. SCS said that HoDs were closely monitoring the workload of their staff and, where justified, they would seek special approval to conduct open recruitment to meet operational and service needs.

30. Mr WONG Kwok-hing said that it would be a big blow to the 4 004 NCSC staff if their positions were converted to civil service posts but they would not be converted to civil servants automatically or their contracts would not be renewed. Mr WONG asked if the Government could give priority to these NCSC staff when considering their applications for the relevant civil service posts, e.g. by taking into account their years of service in the Government and/or a recommendation from their supervisors. Mr WONG remarked that the Government should be more humane and fair in handling the NCSC staff issue.

31. SCS responded that an equitable and objective system had been established for the effective management of the civil service. Any subjective consideration could be perceived or criticized by civil servants and the community as a demonstration of favouritism or prejudice. She reiterated that it was imperative to be impartial in the management of the civil service. NCSC staff who wanted to continue to serve the community were welcomed to apply for civil service posts and, given their past working experience in the Government, they would have an edge over other applicants. SCS pointed out that in assessing applicants for civil service jobs, many B/Ds already included an item "relevant working experience" in their marking schemes.

32. Mr KWONG Chi-kin said that by striking a balance between the Administration's policy of conducting an open, fair and competitive recruitment exercise for civil service posts on the one hand and Members' request that the relevant NCSC staff should be directly appointed as civil servants on the other, the Administration should consider stipulating in the recruitment advertisements that priority would be given to applicants who had previous relevant working experience in the Government.

33. SCS responded that where appropriate, the HoDs would include in the advertisements for civil service posts that preference would be given to applicants who had previous relevant experience.

34. Mr KWONG Chi-kin opined that it would only be fair to the 4 004 NCSC staff whose positions would be converted to civil service posts that the conditions for recruitment to these posts should include a preference for applicants who had previous relevant working experience with the Government. He was of the view that the arrangement should be a standard condition applicable to all NCSC positions to be converted to civil service posts and that HoDs should not be allowed to exercise discretion in this matter.

35. SCS stressed that whether preference should be given to applicants with relevant working experience had to be based on the needs of the jobs involved.

Motion proposed by Mr LEE Cheuk-yan

36. Mr LEE Cheuk-yan put forward the following motion, which was seconded by Mr WONG Kwok-hing, for the Panel's consideration, a copy of which was tabled at the meeting:

"本委員會對於各政府部門的非公務員合約僱員聘用情況的檢討結果未能公正地對待已長期受聘的非公務員合約僱員表示不滿，並要求：

- (一) 各政府部門重新檢討，以確保出任長期需要(職位)的合約非公務員得以轉為公務員。
- (二) 以'直通車'方式將現任合約非公務員轉職公務員。"

(Translation)

"That this Panel expresses dissatisfaction that the findings of the review of the employment of non-civil service contract (NCSC) staff conducted on a department-by-department basis have failed to treat fairly the NCSC staff who have been employed for a long period of time, and requests that:

- (a) departments should conduct a review again to ensure the conversion of the NCSC staff employed to fill the posts created to meet long-term needs to civil servants; and
- (b) serving NCSC staff should be converted to civil servants by 'through train'."

37. The Chairman considered that the proposed motion was directly related to the agenda item under discussion and that it was appropriate for the Panel to deal with it. All members present agreed that the proposed motion should be processed. The

Chairman put the motion to vote. All the members present voted for the motion. The Chairman declared the motion passed.

(Post-meeting note: The Administration was requested on 19 December 2006 to provide the Panel with a written response to the motion in due course. A copy of the motion was circulated to members vide LC Paper No. CB(1)548/06-07.)

38. The Chairman remarked that in view of members' concern regarding the small number of NCSC positions to be converted into civil service posts and members' wish to allow the NCSC staff serving these positions to be converted to civil servants automatically, he suggested that the heads of the B/Ds which employed a large number of NCSC staff should be invited to attend before the Panel to explain the employment situation of NCSC staff in their respective B/Ds and to provide information as to whether more NCSC positions should be converted to civil service posts.

39. Mr WONG Kwok-hing was of the view that the eight B/Ds which employed the largest number of NCSC staff should be invited to attend before the Panel to answer members' questions regarding the conversion of NCSC positions to civil service posts.

40. Mr LEE Cheuk-yan said that if the Administration was prepared to further review the employment situation of NCSC staff with a view to exploring the possibility of converting more NCSC positions to civil service posts, more time should be given to the Administration to consider the issue. Otherwise, a special meeting of the Panel should be convened to discuss the NCSC staff position with the heads of the eight largest NCSC-user B/Ds. He was of the view that the subject was a manpower issue and should be deliberated by the Panel.

41. Mr WONG Kwok-hing strongly requested that a special meeting of the Panel should be convened to discuss the issue.

42. SCS responded that the review of the employment situation of NCSC staff had taken CSB and B/Ds some eight to nine months to complete. It was a comprehensive review. Much work remained to be done with regard to the implementation and follow-up of the review findings. She did not think it appropriate to conduct a fresh review on the issue.

43. The Chairman remarked that in view of the situation, he, the Deputy Chairman and SCS would discuss the way forward and he would report to the Panel on the arrangement for taking forward the matter.

(Post-meeting note: As directed by the Chairman, the Administration was invited to arrange for representatives of the following eight B/Ds, which employed the largest number of NCSC staff, to attend the Panel meetings on 15 January and 8 February 2007, i.e. four B/Ds at each meeting, to discuss their NCSC staff employment situation:

- (a) Leisure and Cultural Services Department
- (b) HongkongPost;
- (c) Education and Manpower Bureau;
- (d) Department of Health;
- (e) Electrical and Mechanical Services Department;
- (f) Food and Environmental Hygiene Department;
- (g) Social Welfare Department; and
- (h) Buildings Department.)

V Progress update on resumption of open recruitment for selected grades included in the Second Voluntary Retirement (VR II) Scheme

(LC Paper No. CB(1)471/06-07(04) -- Information paper provided by the Administration)

44. Mr LEE Cheuk-yan said that whilst he did not object to the Administration conducting open recruitment to the 628 civil service posts in the 13 VR II grades, he opined that the Government had wasted public money in approving the special payments to those civil servants who opted for VR II in 2003. Despite the Administration's claim that \$2.3 billion had been saved as a result of the VR II Scheme and that only \$145 million would be incurred for the 628 new recruits, the Administration should provide information on the amount of money paid to the 5 000 odd civil servants who had retired under the VR II Scheme. He maintained that the Government should not have introduced the VR II Scheme.

45. SCS responded that it was not possible to work out the exact amounts of payment made to the retired civil servants under the VR II Scheme. She also advised that the anticipated wastage rates of the different VR II grades were worked out by the relevant B/Ds based on a reasonable estimate made in the second half of 2002. The need for recruitment of additional staff in some VR II grades arose mainly from new policy initiatives formulated after 2003; e.g. additional Education Officers were required to implement the education reforms, and from a higher actual wastage rate than that anticipated in 2003 as was the case in the Executive Officer and Information Officer grades. SCS stressed that upon the departure of civil servants retired under the VR II Scheme, their posts had been deleted immediately, and the total savings in personal remuneration amounted to \$2.3 billion.

46. Mr TAM Yiu-chung stated that when the HoDs worked out the anticipated wastage rate of the VR II grades in 2002, they should have taken into consideration the wastage rate in 2002, and the forecast wastage rates for the next five years as a five-year recruitment freeze would be imposed on the grades. He requested the Administration to provide information on the original estimated wastage rates and the actual wastage rates of the 13 VR II grades in the past few years. Noting that new recruits for the 13 VR II grades would require training, Mr TAM requested the Administration to provide information on the training cost for a Health Inspector.

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47. SCS reiterated that the wastage rates of the VR II grades were based on a reasonable forecast worked out by the relevant B/Ds in 2002. The posts occupied by the 5 000 civil servants who had left the service under VR II Scheme were deleted immediately upon their departure. The 628 vacancies in the 13 VR II grades arose after the deletion of the 5 000 odd posts.

48. Ms LI Fung-ying enquired whether the 628 vacancies in the 13 VR II grades were part of the 4 004 NCSC positions which would be converted to civil service posts. Having noted that most of the vacancies open for recruitment were in the professional and executive grades, Ms LI asked whether there were any vacancies in the lower ranking VR II grades.

49. SCS replied that the 628 vacancies were not related to the NCSC positions for conversion to civil service posts. She added that any proposal for creation of new posts in the 13 VR II grades had to be justified on actual operational and service needs.

50. Ms LI Fung-ying said that it was unhealthy that posts were created only for professional and executive grades but not for the lower ranking grades, as it would adversely affect the sustained development of the civil service when the low level work was either undertaken by NCSC staff or outsourced. She opined that it was unreasonable that the Government resorted only to outsourcing to resolve the manpower shortage problems in the lower ranks.

51. SCS said that the Government had not laid down any policy for not recruiting lower ranking civil servants. She said that the Government always adopted the most cost-effective way for provision of public services in accordance with the "big market, small government" principle.

52. Ms LI Fung-ying stated that the market situation was that the wages for non-skilled workers were unreasonably low. Outsourcing of government services would not help to promote reasonable wage levels for the non-skilled workers.

53. Mr WONG Kwok-hing shared Ms LI Fung-ying's concern that proposals were made only for the recruitment of professional and executive grade civil servants, and recruitment for lower-ranking grades was not included. Having noted that there were 153 and 240 vacancies in the Health Inspector and Executive Officer grades respectively, Mr WONG enquired as to the reason why the wastage rate of these two grades was particularly high, and whether the vacancies arose from the need to implement new policy initiatives.

54. SCS reiterated that as public money was involved, the Government had to use the most cost-effective way to provide services to the public. To ensure that wages payable to the lower ranking staff, including both staff employed by contractors working for the Government and NCSC staff employed by the Government, were reasonable, B/Ds were required to ensure that the non-skilled labour were paid at a salary not lower than the average monthly wages for the relevant industry/occupation as

published in the latest Census and Statistics Department's Quarterly Report of Wage and Payroll Statistics. She pointed out that out of the overall working population of about 3.4 million people in Hong Kong, the civil service only employed about 170 000 staff (including NCSC staff). It would be unreasonable to expect that the Government's salary policy would have a serious impact on the salary situation in the private sector. SCS said that the introduction of new policy initiatives had given rise to the need to create new posts in the Health Inspector grade. With regard to the Executive Officer grade, the need to recruitment additional officers was partly due to a higher than anticipated wastage rate and partly to the introduction of a number of new policy initiatives, including the District Councils' pilot management scheme, the enhanced supervision of conduct of elections, the expansion of the Commission on Strategic Development, and the estate management work handled by the Home Affairs Department, etc.

55. Mr KWONG Chi-kin said that the Government's policy had been contradictory, as it first introduced the voluntary retirement scheme, and then resumed recruitment to some of the VR grades. To prevent the future recurrence of such an unsatisfactory state of affairs, he opined that the Government should allow a certain degree of flexibility when it reviewed the vacancy position of individual departments for the purpose of offsetting some NCSC positions and when it strived to contain the size of the civil service to 160 000 posts. Quoting the Executive Officer grade as an example, Mr KWONG said that the Government should not have, in the first instance, let a large number of Executive Officers go under the VR schemes, as the grade provided essential executive services to the whole Government.

56. SCS responded that the Government's policy had to meet the needs of the time. The VR II scheme was introduced based on the situation in 2002 and about 5 000 civil servants joined the scheme. When HoDs approved VR applications from their staff, they had already allowed for a degree of flexibility in their manpower assessment. However, they could not have anticipated certain new developments after 2002, e.g. many Assessors in the Inland Revenue Department had joined the private sector after 2002 following the economic recovery. With the introduction of various policy initiatives after 2002, the Government had to moderate its application of the open recruitment freeze for specific VR grades as justified.

57. Mr CHEUNG Man-kwong expressed his support for the creation of new posts to meet new policy initiatives, e.g. additional Health Inspectors to deal with food safety issues. However, he opined that some departments had overly reduced the number of staff under the VR II Scheme which was implemented in 2003. Quoting the Education and Manpower Bureau as an example, Mr CHEUNG said that the education reforms had been introduced since 2000 and when faced with an overwhelming workload, the Bureau had still allowed a large number of staff to retire. The need for recruitment of additional staff soon arose when the remaining staff could not cope with the increasing workload. He said that if the workload of individual departments justified the increase of staff, CSB should support the open recruitment proposals in order to sustain staff morale and good service quality.

58. SCS replied that CSB would continue to work closely with departments in monitoring the workload and manpower situation in the civil service, and take appropriate action as and when necessary.

59. Mr LEE Cheuk-yan said that whilst he supported the recruitment of new staff in the 13 VR II grades concerned in order to meet service needs, he was of the view that the VR schemes should not have been introduced in the first instance. The implementation of the VR schemes and the resumption of open recruitment to some VR grades had revealed an inconsistency in government policy. He opined that the size of the civil service should not be strictly contained to the level of 160 000 posts. Mr LEE expressed great dissatisfaction that the Administration was adopting "double standards" in the proposal to create new civil service posts on the one hand, and the refusal to convert more NCSC positions to civil service posts on the other. For instance, when the Administration refused to create posts to enable more NCSC positions to be phased out, it stressed the need to review the relevant services or to take into account possible changes in the mode of delivery of service, e.g. civil service posts would not be created to phase out various NCSC positions, including those in the Social Welfare Department responsible for assisting persons receiving the comprehensive assistance scheme payments to look for jobs, those working in the libraries of the Leisure and Cultural Services Department, and those in HongkongPost providing "PayThruPost" service, as the Administration claimed that the mode of delivery of these services was being reviewed. In fact, the duties of the proposed new posts for the 13 VR II grades could also be subject to further review. He said that the Administration should treat the NCSC staff, who were mainly in the middle and lower ranks, more fairly. Mr LEE requested, once again, the Administration to provide information regarding the total payments to civil servants who had retired under the two voluntary retirement schemes.

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60. SCS responded that the Administration could provide information regarding the number of civil servants that had retired under the two voluntary retirement schemes. As far as the total expenditure incurred as special payments to the retired civil servants, the Administration would have difficulty in providing the information because the retired civil servants had served in various departments and the payments to them were charged against different heads of expenditure and would not be readily available in the Treasury's computerized accounts system. She undertook to provide the Panel with the number of civil servants who had retired under the two voluntary retirement schemes.

61. Mr KWONG Chi-kin was concerned that the proposed new posts were all for the professional and executive grades. He enquired as to whether the Government had reviewed the manpower situation of the middle and lower ranks of the different VR II grades. He asked whether the Government had not proposed recruitment of additional middle and lower ranking civil servants because the staff shortage at these levels would be covered by outsourcing of services.

62. SCS stressed that exemption from the five-year open recruitment freeze would only be granted to selected VR II grades based on exceptionally strong justifications,

irrespective of whether a VRII grade was of higher or lower ranking. She reiterated that the Government had to adopt the most appropriate mode of service delivery, taking into account the cost-effectiveness consideration and the "big market, small government" principle.

63. The Chairman was of the view that public services should not be outsourced purely for the sake of outsourcing. The cost-effectiveness of outsourcing should be assessed having regard to the views of the Government, the public and the staff concerned.

VI Any other business

64. There being no other business, the meeting ended at 1:05 pm.

Council Business Division 1
Legislative Council Secretariat
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