

立法會
Legislative Council

LC Paper No. CB(1)1322/06-07
(These minutes have been seen
by the Administration)

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Panel on Public Service

Minutes of meeting
held on Thursday, 15 March 2007 at 10:45 am
in the Chamber 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 Margaret NG
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon WONG Kwok-hing, MH
Hon KWONG Chi-kin
- Members attending** : Hon LEUNG Kwok-hung
Hon TAM Heung-man
- Members absent** : Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon TAM Yiu-chung, GBS, JP
- Public officers attending** : **Agenda item III**

Mr Patrick CHAN Nim-tak
Director of General Grades
Civil Service Bureau

Mr Jeff LEUNG
Principal Assistant Secretary for the Civil Service

Mr CHUNG Ling-hoi, JP
Deputy Director of Leisure & Cultural Services

Mr LEE Yuk-man
Assistant Director of Leisure & Cultural Services

Mrs CHOI MA On-ki, Angel
Departmental Secretary
Leisure & Cultural Services Department

Mr CHAN Yau-fung, JP
Deputy Postmaster General

Mrs Vivian TAM
Departmental Secretary
Hongkong Post

Ms CHAN Woon-ye, Julina
Deputy Director of Food and Environmental Hygiene

Ms CHEUNG Ying-choi, Venner
Assistant Director of Food and Environmental Hygiene

Mr LAU Sin-pang, JP
Deputy Director of Agriculture, Fisheries and Conservation

Dr WONG Fook-ye
Assistant Director of Agriculture, Fisheries and Conservation

Agenda items VI and V

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

Attendance by invitation : **Agenda item III**

Union of Hongkong Post Employees

Mr LAM Po-chun
Representative

鄔瑞強先生
Representative

杜房喜先生
Representative

Union of Leisure and Cultural Services Department Contract Staff

Mr CHAN Wang-sang
Treasurer

Ms CHUNG Wai-yan
General Secretary

Agriculture Fisheries and Conservation Department Staff Association

Mr CHAN Yin-lun
Chairman

Mr TUNG Kam-wa
Vice-Chairman

Hong Kong Food and Environmental Hygiene Department Employees Association

Ms CHAN Fung-kiu
Vice-Chairman

Ms LI Wai-yi
Vice-Chairman

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

I Information papers issued since last meeting

- (LC Paper No. CB(1)1042/06-07(01) — A letter dated 23 February 2007 from the Association of Government Education Administrators concerning the employment terms and conditions for Assistant Education Officers (Administration) and Assistant Inspectors (Graduate)
- LC Paper No. CB(1)1110/06-07(01) — Administration's reply to the letter dated 23 February 2007 from the Association of Government Education Administrators concerning the employment terms and conditions for Assistant Education Officers (Administration) and Assistant Inspectors (LC Paper No. CB(1)1042/06-07(01)))

Members noted the information papers issued since last meeting.

II Items for discussion at the next meeting scheduled for 16 April 2007

- (LC Paper No. CB(1)1091/06-07(01) — List of outstanding items for discussion
- LC Paper No. CB(1)1091/06-07(02) — List of follow-up actions)

2. Members agreed that the following items proposed by the Administration should be discussed at the next meeting scheduled for 16 April 2007 –

- (a) Further update on civil service pay level survey; and
- (b) Updated overview of training and development for civil servants.

III Follow-up on review of employment situation of non-civil service contract staff

- (LC Paper No. CB(1)843/06-07(03) — Information paper provided by the Administration
- LC Paper No. CB(1)623/06-07(03) — Information paper provided by the Administration
- LC Paper No. CB(1)471/06-07(03) — Information paper provided by the Administration
- LC Paper No. CB(1)1108/06-07(01) — The Administration's response to issues raised at the meeting on 8 February 2007

LC Paper No. CB(1)473/06-07

— Background brief prepared by the
Legislative Council Secretariat)

3. The Chairman welcomed representatives of the deputations to the meeting, and reminded them that when addressing the Panel, they would not be covered by the protection and immunity provided under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382), and their papers or written submissions were also not covered by the Ordinance.

4. The Chairman drew members' attention to the written submission handed in by the Agriculture, Fisheries and Conservation Department Staff Association (AFCDSA), which was tabled at the meeting.

(Post-meeting note: The AFCDSA's written submission was circulated to members vide LC Paper CB(1)1167/06-07 on 16 March 2007.)

Presentation by the deputations

*Union of Hongkong Post Employees (UPOE)
(LC Paper No. CB(1)1131/06-07(01))*

5. Mr LAM Po-chun, Representative of UPOE, said that non-civil service contract (NCSC) staff of the Hongkong Post were very disappointed to learn that out of the 4 004 NCSC positions which would be converted into civil service posts, none of them belonged to the Hongkong Post. Many NCSC staff had worked in Hongkong Post for more than ten years, and yet their contracts were still subject to annual renewal. In recognition of the hard work of the NCSC staff, the Civil Service Bureau (CSB) and the Hongkong Post should consider offering contracts of longer duration to the NCSC staff, and improve their employment terms and conditions, and promotion opportunities. In conducting open recruitment exercises, the Hongkong Post should accord priority to the NCSC staff as these staff had worked in the department for a long time, and given that most of them were in the middle age, the NCSC staff might be in a disadvantageous position competing with the younger candidates.

6. 鄔瑞強先生 supplemented that he had been performing the indoor duties of a Postman in the Hongkong Post for more than ten years, and yet he was still being employed as a NCSC staff. Despite that his duties were similar to those of a Postman in the civil service, his terms and conditions of employment were inferior to those of civil servants. He said that the NCSC staff were extremely frustrated when they were not allowed to apply for posts in the Hongkong Post which were put up for internal recruitment in the civil service, as the NCSC staff were not regarded as civil servants.

*Union of Leisure and Cultural Services Department Contract Staff (ULCSDCS)
(LC Paper No. CB(1)1131/06-07(02))*

7. Mr CHAN Wang-sang, Treasurer of ULCSDCS, said that it was regrettable that the 500 odd NCSC staff working in the Leisure and Cultural Services Department (LCSD) libraries were not considered for conversion into civil servants in the special review of the NCSC Staff Scheme in 2006. The prospect of the NCSC staff was unknown and they did not understand why it was necessary to engage the Efficiency Unit to review the library operations. The turnover rate of the NCSC staff had been high, i.e. 163 resignations in 2005 and 2006, mainly owing to the uncertain prospect of the positions. Even though the NCSC staff had worked in their posts for many years, their terms and conditions of employment were worse than those of civil servants of comparable ranks. The Government should improve the employment package for NCSC staff, including their welfare and medical benefits. As the NCSC staff had to worry about losing their jobs, they earnestly hoped that they could be converted into civil servants. If the NCSC positions were converted into civil service posts, the NCSC staff concerned should be allowed to transfer to civil servants by "through train" as it was unjust and inequitable to require the NCSC staff to go through the selection process again.

8. Ms Chung Wai-yan, General Secretary of ULCSDCS said that many NCSC staff had worked in the LCSD libraries for many years. The Government should allow the staff to convert to civil servants by "through train" as the outside candidates would not have any experience working in public libraries. The Government would save the resources in training new recruits if NCSC staff were allowed to transfer to civil servants.

AFCDSA

9. Mr CHAN Yin-lun, Chairman of AFCDSA, said that there were more than 300 NCSC staff working in Agriculture, Fisheries and Conservation Department (AFCD), and the majority of them had worked in the department for more than four years. Yet the NCSC staff were employed on an annual basis and they had to worry about the renewal of their contracts every year. Since the work performed by the NCSC staff required continuity, e.g. forestry, and there was a long term need for the staff, the Government should consider converting the NCSC positions into civil service posts. For instance, the NCSC staff of the Wetland Park were undertaking conservation and education work for environment protection, and yet the department had attempted to contract out the management of the Park despite that no bids were received in the first tendering exercise. The Wetland Park had been very popular, partly due to the hard work of the NCSC staff. For the sake of continuity, and promotion of environment protection, the Government should continue its direct management of the Wetland Park and allow the NCSC staff to switch automatically to civil servants. Mr CHAN opined that the AFCD had wide responsibilities but only 1 000 officers, having to tackle problems like avian flu, red ants, rabies, wild fires and assaults of the monkeys in the country parks, etc. The Government should lift the recruitment freeze so that NCSC staff could apply for the civil service posts in the department.

Hong Kong Food and Environmental Hygiene Department Employees Association (HKFEHDEA)

10. Ms LI Wai-yi, Vice-Chairman of HKFEHDEA, said that there was a large number of NCSC staff in the Food and Environmental Hygiene Department (FEHD) working in different grades and ranks. As the largest employer in Hong Kong, the Government should not let its employees worry about their job security year after year. When there was a long term need for the posts, the NCSC staff should be allowed to switch automatically to civil servants. She said that a group of NCSC staff who performed cleansing duties in FEHD had worked in the department for more than ten years, and yet they had to worry about their employment with the department at the end of each year, although they received low wages and no welfare benefits. The NCSC staff strongly requested that the department should offer them long term contracts, or allow them to be converted into civil servants, so that they did not have to worry about losing their jobs at the end of their contracts. Ms LI pointed out that the Chief Executive (CE) had said in a meeting with labour associations that if the NCSC staff had worked in their jobs for a long time, and if there was a long term need for these jobs, the NCSC staff should be employed on a long term basis.

Briefing by the Administration

11. The Director of General Grades (DGG), CSB, said that the NCSC Staff Scheme was introduced in 1999 to provide greater flexibility for heads of Bureaux, Departments and Offices (hereafter referred to as HoDs) to employ temporary 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. CSB had issued guidelines to HoDs setting out guiding principles and basic framework for the employment of NCSC staff. HoDs had full discretion to decide on the appropriate employment packages for their NCSC staff subject to the confines of the NCSC Scheme. In determining the employment package for NCSC staff, HoDs had to comply with two guiding principles, namely: that the terms and conditions of services for NCSC staff should be no less favourable than those provided for under the Employment Ordinance (EO) (Cap. 57); and that the terms should be no more favourable than those applicable to civil servants in comparable civil service ranks or ranks of comparable levels of responsibilities. Civil service and NCSC appointments were two distinct types of employment, and their respective purposes and circumstances of employment were different. As such, it would not be appropriate to compare the terms of employment of NCSC staff with those for civil servants. The remuneration offered to NCSC staff was an all-inclusive pay package which HoDs had the authority to determine as appropriate having regard to the situation of the employment market, management and operational considerations of the department, the pay levels in the market for similar jobs and the pay offered to civil servants of comparable level of responsibilities. HoDs would ensure that the terms offered to NCSC staff would be competitive with respect to the market situation in order

to recruit the right staff. As always, CSB would keep in view the employment situation of NCSC staff and feedback from departments and regularly review the NCSC Staff Scheme in bettering its implementation.

12. DGG pointed out that SCS had already made it very clear in previous Panel meetings that CSB did not consider it to be appropriate to adopt a "through train" arrangement whereby serving NCSC staff would be appointed automatically as civil servants. It was Government's long-established policy to fill civil service vacancies through an open, fair and competitive recruitment process, under which qualified candidates were selected on the basis of their overall merits. The "through train" arrangement was unfair to those persons who wanted to join the civil service but were currently not working in the Government as NCSC staff, as they would be deprived of the opportunity to compete for those civil service openings that would replace the NCSC positions. That said, NCSC staff who were interested in joining the civil service were welcome to apply for civil service posts if they met the basic entry requirements. With the experience accumulated in the Government, the NCSC staff should enjoy a competitive edge over other candidates in the open recruitment process. HoDs would ensure that NCSC staff were informed of the recruitment advertisements of civil service posts so that those who were interested could apply.

13. DGG added that the Government had always been conscious of the need to deliver public services in the most cost effective and efficient manner. It was the established policy that the Government should use the private sector services where appropriate, in keeping with the objectives of maintaining a small and efficient government, containing the size of the civil service and promoting business opportunities and jobs in the private sector. DGG pointed out that HoDs had to be responsible for the standard of services provided by the contractors, who worked as an agent for the Government. The Government would not subject any civil servants to forced redundancy in order to outsource its services.

Discussion

Civil service recruitment policy

14. Mr LEE Cheuk-yan criticized that the Government was adopting double standards in the recruitment of civil servants. On the one hand, the Administration had advised that the NCSC staff could not be converted into civil servants as employment as civil servants was subject to a selection process, based on abilities, and opportunities should be given to persons outside the civil service to apply for the civil service posts. However, NCSC staff were not eligible for the internal recruitment exercises even if they had worked in the Government for many years. Hence civil servants in other grades or departments were allowed to apply for the Postman posts in the Hongkong Post whereas the NCSC staff who had performed the duties of Postmen for many years were not eligible to apply. It was most unfair to the NCSC staff who were not regarded as staff of the civil service, and were not given the opportunity to apply for civil service posts through internal recruitment exercises.

15. DGG responded that when vacancies arose in bureaux/departments, the HoDs would first consider filling the vacancies through in-service recruitment, with a view to containing the size of the civil service, before seeking to fill such vacancies through open recruitment.

16. Mr LEE Cheuk-yan said that the Government's recruitment policy should progress with time, as the internal recruitment arrangement was mapped out before the NCSC Staff Scheme was introduced.

17. DGG stressed that the NCSC staff were non-civil servants who were recruited outside of the civil service establishment.

18. Mr KWONG Chi-kin pointed out that the Hospital Authority (HA) had recently offered long term contracts to its contract staff and there was no strong repercussion from the public. He opined that since many NCSC staff had worked in the Government for more than ten years, there should be a policy to accord priority to the NCSC staff who had relevant working experience to fill the civil service posts which replaced the NCSC positions. Since the HoDs had the discretion in giving priority to candidates with relevant working experience to fill civil service vacancies, Mr KWONG asked how the departments would implement such an arrangement. He asked whether the departments could state in the recruitment advertisements that priority would be given to candidates with relevant working experience.

19. The Deputy Director of Leisure and Cultural Services (DD/LCS) responded that in general, NCSC staff with relevant working experience in the department should enjoy a competitive edge over other candidates in the open recruitment process, and the department would take into consideration as appropriate such experience in the selection of candidates to fill the civil service vacancies.

20. Mr KWONG Chi-kin said that he could not accept that the departments did not undertake to accord priority to NCSC staff with relevant working experience in filling civil service vacancies. He opined that CSB should lay down the recruitment policy for giving priority to experienced NCSC staff, which did not contradict the policy for open recruitment of civil servants.

21. Mr LEUNG Kwok-hung opined that the Government would save the training expenses if it allowed NCSC staff to switch automatically to civil servants.

22. DGG responded that in setting the criteria for selection of staff, HoDs had to consider the types of work involved, and the unique operational needs of their departments. He added that in some cases, like jobs suitable for school leavers and fresh graduates, the selection criteria might not highlight relevant job experience.

Food and Environmental Hygiene Department

23. Mr WONG Kwok-hing said that the NCSC staff in FEHD had worked in their posts for many years, and had done their jobs very well, providing good services to the Government and to the community, although they had to tolerate a second-class employment package which was far below that of the civil servants of comparable posts. The Government should treasure the dedicated services provided by the NCSC staff. If the Government could not allow the NCSC staff to migrate automatically to civil servants, it should at least consider drawing up a marking system for the recruitment exercises in which priority would be accorded to NCSC staff, based on their years of service and performance in the Government. The selected NCSC staff should also be exempted from probation as they had already proved their abilities while working in the Government. Mr WONG pointed out that about 150 NCSC staff had performed cleansing duties for FEHD for many years, and it would be most unreasonable to dismiss the staff and contract out the service.

24. DGG responded that NCSC staff were welcome to apply for civil service posts which were put up for open recruitment. HoDs had the discretion to take into consideration, e.g. by drawing up a marking scheme which had regard to the relevant working experience in the public or private sector, in selecting candidates to fill civil service vacancies.

25. The Deputy Director, FEHD (DD/FEHD) pointed out that most of the 140 odd NCSC staff were recruited by the former Regional Services Department to perform cleansing duties, as an interim measure, before the services were contracted out. FEHD was pursuing the Government's laid down policy of outsourcing the cleansing services to private contractors where appropriate. In determining the pace of outsourcing the cleansing services, the department would consider the market situation, the service needs of the department, and staff deployment, etc. The department would review the situation every year, including the need for employment of the NCSC staff.

26. Ms LI Fung-ying was concerned that if FEHD was going to outsource its cleansing services, the NCSC staff involved in cleansing duties would not have the opportunity to transfer to become civil servants, and would even lose their jobs in the near future. She asked whether FEHD had a time-table for outsourcing the cleansing services in the long run.

27. DD/FEHD responded that the department planned to contract out its cleansing services in the long run, but did not have a fixed time-table for outsourcing the services. The department would review, on a yearly basis, its operational and service needs and the market situation to determine the pace of contracting out the services, and the need to continue employing NCSC staff.

28. Mr LEE Cheuk-yan shared Ms LI's concern that the NCSC staff would lose their jobs as a result of the Government's outsourcing policy. The NCSC staff would face difficulty in finding jobs as most of them were middle aged workers. Mr LEE pointed out that the Government had undertaken that the outsourcing policy would not

affect civil servants. As the NCSC staff had worked in government bureaux and departments for many years, they should be regarded as civil service staff and should not be affected by the outsourcing policy. The Government should not treat the NCSC staff as "second class" staff and should allow the existing NCSC staff to work in the Government until retirement.

29. DD/FEHD reiterated that FEHD would review its outsourcing arrangements every year, including the employment situation of NCSC staff, based on the service needs of the department and market situation, etc.

30. Mr WONG Kwok-hing said that when the CE met the labour associations in an open forum held in 2005, he had said that if there was a long-term need of the jobs and if the NCSC staff had worked in these jobs for a long time, the NCSC staff should be employed on a long term basis. Mr WONG asked whether FEHD would honour CE's words; otherwise the department would do injustice to the CE.

31. DD/FEHD said that the Secretary for the Civil Service (SCS) had replied to a similar question raised by Mr WONG in previous meetings of the Panel. She reiterated that the HKSAR Government, led by the CE, aimed to provide the best services to the public through the most cost-effective means, based on the "big market, small government" principle. FEHD followed the Government's laid down policy in the outsourcing of its services.

Hongkong Post

32. Mr LEE Cheuk-yan doubted whether the business of Hongkong Post was so fluctuating that it had to maintain about 2 000 NCSC staff to facilitate non-renewal/termination of employment contracts of NCSC staff at any time. He opined that it was most unreasonable that none of the 2 000 odd NCSC positions in the HongkongPost was suitable for conversion into civil service posts.

33. Ms LI Fung-ying shared Mr LEE's concern and asked whether the business of Hongkong Post was so seasonal and fluctuating that none of the 2 000 odd NCSC staff could be converted into civil servants. Both Mr LEE and Ms LI asked comments from the representative of UPOE.

34. 鄔瑞強先生 said that the duties undertaken by him were core duties which had previously been performed by a civil servant, i.e. a Postman.

Motion proposed by Mr WONG Kwok-hing

35. Mr WONG Kwok-hing put forward the following motion, which was seconded by Ms LI Fung-ying, for the Panel's consideration, a copy of which was tabled at the meeting:

"(本事務委員會)促請政府部門公開招聘長俸公務員時，將已身為非公務員 合約僱員的相關工作經驗作為優先聘用條件。"

(Translation)

"That this Panel urges government departments to accord priority to non-civil service contract staff with relevant working experience in conducting open recruitment for pensionable civil servants."

- Admin 36. 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 supported the motion. The Chairman declared the motion passed.

(Post-meeting Note: The Administration was requested on 15 March 2007 to provide the Panel with a written response to the motion. A copy of the motion was circulated to members vide LC Paper No. CB(1)1162/06-07.)

Containing the size of the civil service

37. Mr LEUNG Kwok-hung said that the recruitment freeze of the civil service was implemented when Hong Kong's economy was hard hit during the Asian economic crisis. He opined that with the recent recovery of Hong Kong's economy, the Government should review its policy on containing the size of the civil service. As a result of natural wastage and the recruitment freeze, the number of civil servants had reduced which might affect the services provided to the public. Mr LEUNG said that if the Government dismissed the NCSC staff, the unemployment rate would rise again, and the average wages of unskilled workers would further drop. The Government expenditure would increase as more people had to apply for assistance under the Comprehensive Social Security Assistance Scheme. He pointed out that the NCSC staff were very worried about losing their jobs.

38. DGG reiterated that the Government's policy was to ensure that the best value was obtained for the public money spent, and that the most cost-effective modes of delivery of service would be adopted. He said that the purpose of outsourcing was to provide efficient and quality services to the public under the "big market, small government" principle, and to enable the private sector to participate in the provision of public services, which would result in creation of job opportunities in the private sector.

IV Civil service-related issues featuring in the 2007 Budget Speech

(LC Paper No. CB(1)1091/06-07(03) — Information paper provided by the Administration)

Briefing by the Administration

39. SCS briefed members on the civil service-related issues featuring in the 2007-2008 Budget Speech, by highlighting the salient points in the paper. With regard

to civil service pay adjustment, SCS stated that the Government's pay policy was to offer adequate remuneration to attract, retain and motivate staff of suitable caliber to provide the public with quality service. The Government also ensured that the civil service remuneration was considered fair by both civil servants and the public, by adhering to the principle of broad comparability between civil service and private sector pay. In this connection, CSB was developing, in close consultation with staff representatives, an improved civil service pay adjustment mechanism. The key elements of this mechanism included the periodic conduct of Pay Level Surveys (PLS) and an improved annual pay adjustment mechanism. A PLS had recently been completed and CSB was discussing with staff representatives on how to apply the findings to the civil service. The Financial Secretary had stated in the 2007-2008 Budget Speech that "should a decision be made on a civil service pay adjustment, it was estimated that the 2007-08 Budget could meet this need". On 13 March 2007, the CE-in-Council endorsed the proposed improvements to the Pay Trend Survey (PTS) methodology and the conduct of the 2007 PTS based on the improved methodology. The improved PTS methodology had been drawn up after extensive staff consultation and was supported by the staff sides and the Standing Commission on Civil Service Salaries and Conditions of Service (the Standing Commission). To improve the credibility of the PTS, smaller companies with 50 to 99 employees would also be included in future PTSs. As a general guideline, around 20% to 30% of the PTS survey field would be taken up by these smaller companies, and around 70% to 80% by larger companies (i.e. those employing 100 staff or more). This arrangement was an improvement over the past practice of only including companies with at least 100 employees in a PTS. In the past, data collected in a PTS were consolidated using the weighted average approach, resulting in companies with large employment size dominating the survey results. Under the improved methodology, a modified weighted average approach would be adopted to consolidate the data obtained from the surveyed companies and to work out the gross Pay Trend Indicators (PTIs). In addition, regard would also be given to selecting private sector companies in economic sectors which were under-represented in past PTSs, in order to reflect the spread of the private sector workforce in different economic sectors. Save for the aforesaid improvements, the other existing features of the PTS methodology would be maintained. The improved methodology would more accurately gauge the pay trend in the private sector, and would be used for the conduct of the 2007 PTS, covering the period from 2 April 2006 to 1 April 2007. The Administration would take into consideration the resultant PTIs from the PTS, and all relevant factors including the state of the economy of Hong Kong, budgetary considerations, changes in the cost of living, the staff sides' pay claims and civil service morale, in determining the civil service pay adjustment rates for 2007-2008, which would be applied to the civil service pay scales with effect from 1 April 2006. Meanwhile, CSB was discussing with staff associations on how to apply the findings of the PLS to the civil service, and would consult the Standing Commission on the issue. The Administration would continue to keep members informed of the progress on the development of an improved civil service pay adjustment mechanism.

Discussion

40. Miss TAM Heung-man asked whether there was a time-table for consultation with the staff sides on the improved methodology of the PTS, and when the Administration would report to the Panel on the pay adjustment for the civil service which should take effect from 1 April 2007.

41. SCS responded that consultation with the staff sides on the improved methodology of the PTS had been completed, and the CE-in-Council had approved the implementation of the improved methodology for the PTS. A Legislative Council Brief detailing the improved methodology was issued to members on 13 March 2007. The staff sides would be consulted on the findings of the PTS upon completion of the survey.

42. Mr WONG Kwok-hing said that with the approval for conducting the PTS based on the improved methodology, and given the improved economy, the civil servants had a legitimate expectation that their salaries would be increased. However, if such an expectation could not materialize, the impact on the civil service's morale would be formidable.

43. SCS said that she understood that her colleagues in the civil service, like all employees in the private sector, hoped that there would be a salary increase. SCS however pointed out that the conduct of a PTS did not necessarily lead to an increase in salaries for civil servants. For instance, the findings of the last PTS conducted in 2002 showed that there was a decrease in the salary levels in the private sector. As a result of the 2002 PTS, civil service salaries had been adjusted downwards. SCS stressed that apart from the PTIs from the PTS, the Administration would take into account other relevant factors, e.g. civil service morale, in determining the rate of pay adjustment for the civil service.

44. Mr LEE Cheuk-yan opined that all other relevant factors were in favour of a pay increase for civil servants. For instance, the GDP growth rate for the year would reach more than 6%; the consumer price index was rising, and the impact of a pay increase on the morale of civil servants would be enormous. Mr LEE enquired about the relationship between the PLS and the PTS, as some low-ranking civil servants might not have a pay increase if the PLS showed that the wages for the low-income group in the private sector were far below that of civil servants in comparable ranks.

45. SCS responded that the PLS and the PTS were related. Based on the findings of the PLS and the agreement with the staff sides on how the PLS results should be applied to the civil service, the salary scales of the relevant grades and/or ranks in the civil service would be adjusted accordingly. The revised salary scales would be used as the basis for any pay adjustments approved under the PTS. SCS reiterated that the Administration was still discussing with the staff sides on how to apply the findings of the PLS to the civil service.

46. Ms LI Fung-ying opined that when the Financial Secretary stated in the Budget Speech that "should a decision be made on a civil service pay adjustment, it was estimated that the 2007-2008 Budget could meet this need", he had given a clear message to civil servants that there would be a pay increase this year for civil servants.

47. SCS responded that the Financial Secretary's statement in the Budget should not give rise to a legitimate expectation for pay increase as he was making a statement based on assumption only. For budgetary purpose, provisions had to be made available for possible civil service adjustment. SCS said that the results of the PTS were envisaged to be available in the second or third quarter of this year, and the Government should be able to make a decision in September or October this year on whether there should be any pay adjustment for the civil service in 2007-08.

48. Mr KWONG Chi-kin enquired as to how the Administration would consult the staff sides on conducting the PTS.

49. SCS responded that the Pay Trend Survey Committee (PTSC) was responsible for commissioning the PTS. The PTSC was chaired by a member of the Standing Commission, and comprised representatives from the Standing Commission, the Standing Committee on Disciplined Services Salaries and Conditions of Service (the Disciplined Services Committee), the staff sides of the four central consultative councils and the Administration. The staff representatives on the PTSC participated in planning and steering the conduct of the PTS, e.g. which companies should be surveyed, the design of the questionnaires. Upon the availability of the PTS findings, the staff sides of the four central consultative councils would be invited to give their views prior to the Administration considering the rate of pay adjustment, if any, for the civil service.

50. In response to Mr LEUNG Kwok-hung's enquiry on the terms of reference of the three advisory bodies and the selection criteria for their membership, SCS said that the Standing Commission advised the Government on matters relating to the employment terms and conditions for about 100 000 non-directorate civil servants in the civilian grades. The Disciplined Services Committee, and the Standing Committee on Directorate Salaries and Conditions of Service advised the Government on the employment terms and conditions for civil servants in the disciplined grades (about 60 000 in number) and directorate grades (about 1 500 officers) respectively. The members of the three advisory committees were appointed by the CE.

V Civil service establishment and related matters

(LC Paper No. CB(1)1091/06-07(04) — Information paper provided by the Administration)

51. Noting that many bureaux and departments had proposed an increase in staff in the 2007-2008 Budget, Miss TAM Heung-man asked about the criteria for determining the number of new posts to be created in individual bureaux/departments.

52. SCS explained that not every bureau/department had proposed creation of new posts in the 2007-2008 Budget. The establishment of some bureaux/departments would be reduced in the new financial year. New posts would be created in a bureau/department based on actual service and operational need, taking into account the manpower requirement arising from the implementation of new policy initiatives, the possibility of alternative means of service delivery, and so on. The Chairman remarked that a series of special Finance Committee meetings would be held in the following week to examine the 2007-2008 Budget in detail, and members could ask the Controlling Officers of individual bureaux/departments about the justifications for creation of new posts at these meetings.

53. Ms Margaret NG said that it was of paramount importance to maintain an efficient, clean and devoted civil service to provide quality services to the public. She was concerned about the way the Administration had implemented the policy on containing the civil service establishment to about 160 000. She opined that the Government should aim to save its manpower by improving efficiency, through reviewing and streamlining operation procedures, re-structuring and computerization etc. With regard to the entry requirements for civil servants, Ms NG was of the view that the Government should adopt a more flexible approach in its recruitment policy, e.g. candidates from minority ethnic groups who failed in the Chinese language examinations, should not be denied of the opportunity for appointment.

54. SCS said that she shared Ms NG's view regarding the importance of the quality of civil servants. She pointed out that CSB had carried out a series of public sector reform since 1998-1999. Individual bureaux/departments regularly reviewed their operation procedures and modes of delivery of services, with a view to enhancing efficiency and improving the quality of services. When proposals were made for creation of new posts in the civil service, CSB and the bureau/department concerned would take into consideration whether it was appropriate for the work to be undertaken by civil servants or private agencies, whether the procedures could be streamlined so that the work could be handled by existing staff, and so on. Recruitment of civil servants was usually conducted at the basic rank of the relevant grade. As Chinese and English were the official languages of the HKSAR Government, and as most civil servants had to use Chinese and English in their work, it was necessary to set a minimum standard for the two languages in recruiting civil servants. In view of the fact that the fluency requirement for the two languages might vary in different posts, HoDs had been requested to review the language proficiency requirements for individual grades/ranks, and were given the discretion to more flexibly lay down the minimum language standard required for each grade/rank. In cases where recruitment difficulty had been encountered, HoDs might suitably vary the language requirements.

55. Mr WONG Kwok-hing asked whether the 1 100 new posts to be created in 2007-2008 were to replace the 4 004 NCSC positions whose duties should more appropriately be taken up by civil servants.

56. Permanent Secretary for the Civil Service (PSCS) said that part of the 1 100 new posts would be created to replace the NCSC positions which were considered more suitable to be replaced by civil service posts. The other NCSC positions would be replaced by filling and/or re-grading existing and anticipated vacant civil service posts.

57. Mr KWONG Chi-kin asked whether, after the special review of the employment situation of NCSC staff in 2006, the Administration would continue to conduct regular reviews of the NCSC staff situation, taking into account members' dissatisfaction that only a relatively small number of NCSC positions, i.e. 4 004 out of 16 488 NCSC positions as at 31 March 2006, were to be replaced by civil service posts, and in some bureaux/departments like the Hongkong Post, none of the NCSC positions was considered suitable for replacement by civil service posts.

58. SCS responded that the special review conducted by the CSB in association with HoDs in 2006 was a comprehensive review of the employment situation of NCSC staff in the Government. HoDs had the responsibility of regularly reviewing the employment situation of NCSC staff in their respective bureaux/departments to ensure that all NCSC staff were employed for purposes within the ambit of the NCSC Staff Scheme. HoDs always had to keep in view changes in operational need and adjust their manpower arrangements as appropriate. For instance, when a time-limited job in a particular department had become long-term in nature because of changes in circumstances, and was considered appropriate to be undertaken by civil servants, the HoD concerned should make the necessary manpower arrangements. SCS pointed out that the NCSC positions in Hongkong Post were not earmarked for replacement by civil service posts because the NCSC staff were employed to meet seasonal increases in workload, undertake duties which were subject to business fluctuation and fill positions the working hours of which were less than the conditioned hours required for civil servants.

59. Mr LEE Cheuk-yan opined that the NCSC staff in Hongkong Post were performing core duties which were not subject to business fluctuation, and it was most unreasonable that none of the NCSC positions were to be replaced by civil service posts. Noting that out of the 5 658 vacancies listed in Annex A to the paper, most of them came from the disciplined services departments (around 5 000 posts), he was concerned about the problem of staff shortage in other bureaux and departments and the resultant impact on service delivery. Mr LEE opined that the HoDs should be given a clear signal that the Government would adopt a more flexible approach in controlling the size of the civil service, and civil service posts should be created if the service need was justified.

60. PSCS responded that as stated in the Financial Secretary's 2007-2008 Budget Speech (paragraph 61 therein), to complement the creation of new posts and to pre-empt possible succession problems arising in the civil service in the long run, the Government would resume open recruitment of civil servants from 1 April 2007, save for those grades included in the VR II Scheme. After 1 April 2007, HoDs might resume open recruitment to fill existing and new posts in their bureaux/departments, except for those belonging to grades included in the VR II Scheme. CSB would issue a circular to HoDs on the resumption of open recruitment for non-VR grades. He clarified that the 5 660

vacancies listed in Annex A to the paper were existing vacancies. In view of the increasing demand on public service, CSB considered it justified to allow a moderate increase of about 1 100 posts in the civil service establishment in 2007-2008. Individual bureaux and departments would also conduct recruitment exercises to fill existing and anticipated vacant posts arising from natural wastage in non-VR grades. SCS supplemented that the total number of civil servants to be recruited by bureaux and departments in 2007-2008 would exceed 1 100.

61. Ms LI Fung-ying was concerned that if the Government were to maintain a strict control on the size of the civil service to 160 000, the manpower shortage problem and the succession problem in the civil service could not be resolved. She pointed out that as a result of natural wastage, the civil service grades included in the VR II Scheme would also face manpower and succession problems. She asked whether consideration would be given to lifting the recruitment freeze on VR II grades.

62. With reference to Annex B of LC Paper No. CB(1)1091/06-07(04), SCS said that the Government had been flexible in implementing the recruitment freeze in the civil service. If there was a justified operation or service need, bureaux and departments might apply to the Panel co-chaired by the Chief Secretary and the Financial Secretary (CS/FS Panel) to conduct open recruitment, including the grades included in the VR II Scheme. In fact, the CS/FS Panel had so far approved the open recruitment of 688 posts in the VR II grades. The open recruitment freeze on the VR II grades would also expire in March 2008. To pre-empt possible succession problems in the civil service in the long run, 1 100 new posts would be created in 2007-2008 which also included posts in the some VR II grades.

63. Mr LEE Cheuk-yan reiterated that NCSC staff should be allowed to participate in in-service recruitment exercises in the civil service as they were also employed by the Government. He opined that the rule, which restricted the participation in the in-service recruitment exercises to civil servants, was set before there was a NCSC Staff Scheme, and should therefore be relaxed to include NCSC staff.

VI Any other business

64. There being no other business, the meeting ended at 1:00 pm.