

立法會
Legislative Council

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**Report of the Panel on Public Service
for submission to the Legislative Council**

Purpose

This report gives an account of the work of the Panel on Public Service from October 2006 to June 2007. It will be tabled at the meeting of the Legislative Council (LegCo) on 11 July 2007 in accordance with Rule 77(14) of the Rules of Procedure of LegCo.

The Panel

2. The Panel was formed by a resolution passed by LegCo on 8 July 1998 and as amended on 20 December 2000 for the purpose of monitoring and examining government policies and issues of public concern relating to civil service and government-funded public bodies, and other public service matters. The terms of reference of the Panel are in **Appendix I**.

3. For the 2006-07 session, the Panel comprises 10 members. Hon Howard YOUNG and Hon LI Fung-ying were elected Chairman and Deputy Chairman of the Panel respectively. The membership list of the Panel is in **Appendix II**.

Major Work

4. The Panel closely monitored the policy issues pertaining to the management of the civil service, including civil service pay, recruitment and training of civil servants, implementation of a five-day week in the Government, integrity management in the civil service as well as disciplinary mechanism and procedures for civil service. Employment of non-civil service contract (NCSC) staff was also high on the agenda of the Panel. Apart from meeting with the concerned staff associations, the Panel also reviewed with the Administration the NCSC staff situation on a department-by-department basis.

Development of an improved civil service pay adjustment mechanism

5. The Panel continued to monitor the progress of the development of an improved civil service pay adjustment mechanism, which comprised the conduct of periodic pay level surveys (PLSs) to compare civil service pay levels with those in the private sector, the conduct of periodic starting salaries survey (SSS) to ascertain whether the starting pay specified for different entry ranks in the civil service requiring different qualifications was comparable with private sector jobs requiring similar qualifications, the conduct of annual pay trend surveys (PTSs) based on an improved methodology to ascertain the average year-on-year movements in private sector pay, and an effective means for implementing both upward and downward pay adjustments.

Pay Level Surveys

6. In reviewing the progress of the PLS in November 2006, the Panel noted that the survey consultant had already embarked on the survey field work. The job inspection process which aimed at collecting up-to-date information (including job content, work nature, level of responsibility and typical requirements on qualification and experience) on the civil service benchmark jobs included in the survey field was completed in September 2006. On the basis of the detailed information collected, the consultant started to match civil service jobs with broadly comparable private sector jobs and collected relevant private sector pay data. The job matching and data collection work was expected to be completed in end 2006. Thereafter, the consultant would then consolidate and analyze the data collected in accordance with the pre-determined survey methodology.

7. The Panel was particularly concerned about the selection of private sector organizations which would take part in the PLS. The Panel noted from the Administration that the private organizations invited to join the PLS covered all major economic sectors in Hong Kong. The objective was to make available about 10 private organizations which had jobs with similar job nature and level of responsibilities for comparison with each benchmark civil service post. Based on the information collected from the private organizations, the consultant would assess the nature and contents of the jobs and report to the Civil Service Bureau (CSB) whether the private sector jobs were suitable for comparison with civil service posts for the purpose of the PLS. The CSB would consult the staff sides regarding the findings. In the selection of the 208 private organizations for the PLS, the Government had consulted the Consultative Group on Civil Service Pay Adjustment Mechanism which was an established forum for the Administration and staff side representatives to exchange views and discuss issues relating to the development of an improved pay adjustment mechanism for the civil service. The staff sides fully understood that under the

adopted methodology, it was acceptable for about 70 to 100 private organizations, each having more than 100 staff, to join the PLS.

8. On 24 April 2007, the Chief Executive-in-Council endorsed the regular conduct of PLSs at six-yearly intervals, the general framework for the conduct of these surveys, and the general framework for the application of survey findings to the civil service. The Panel held a meeting on 21 May 2007 to receive a briefing by the Administration on the results of the 2006 PLS and the Government's decision regarding the application of PLS results to the civil service. The Panel noted that all the civil service pay scales should remain unchanged since, according to the PLS results, the difference between the civil service and private sector pay indicators for all job levels was within the acceptable range of plus/minus 5%. In the course of deliberation, some members pointed out that while the salaries for some civil service jobs were apparently higher than those in the private sector, the PLS did not reveal such disparity, and hence the methodology of the PLS might need to be refined to enable more precise comparison of the pay levels of comparable jobs in the public and private sectors.

Starting Salaries Survey

9. The last two starting salaries review were conducted by the Standing Commission on Civil Service Salaries and Conditions of Service (Standing Commission) in 1989 and 1999. In light of the long interval since the last starting salaries review, the Administration commissioned a consultant to conduct a SSS, using 1 April 2006 as the reference date.

10. On 15 May 2007, the Chief Executive-in-Council endorsed the findings of the 2006 SSS and the application of its results to the civil service. The Panel held a meeting on 21 May 2007 to discuss the application of the 2006 SSS findings to the civil service. The Panel generally welcomed the application of the findings to new appointees to the civil service, i.e. of the 12 existing qualification groups (QGs) in the civil service, the new starting salaries for nine QGs would be increased by one to five pay points while the new starting salaries for the remaining three QGs would remain unchanged.

11. The Panel noted that some members were of grave concern about the adoption of the normal conversion arrangement for adjusting the salaries of civil servants and teachers in government aided schools appointed to entry ranks on or after 1 April 2000 and were still serving in entry ranks, as these civil servants and teachers would have their salaries revised to a level equivalent to or only one pay point higher than the revised starting salaries for new appointees. These members held the view that the proposed conversion arrangement failed to duly recognize the fact that the serving officers had already accumulated some years of service in their posts.

12. Another concern raised by members was that for new appointees of certain professional grades such as Government Counsel and Engineers, they would be awarded additional pay points according to the duration of post qualification experience they possessed when joining the professional grades in the civil service. As such, these new appointees would receive a higher salary than those serving civil servants appointed on or after 1 April 2000 with the same years of post qualification experience. Under such circumstances, members were worried that the disparity in salaries so created between new appointees and serving civil servants would seriously undermine staff morale and even the stability of the civil service.

13. After deliberation, the Panel passed the following motion at the meeting-

『本委員會建議進一步完善 12 個資歷組別新基準，同時認為政府對於 2000 年 4 月 1 日或之後受聘的公務員及資助學校教師的換算安排既不公平又不合理，並促請政府以充份尊重舊入職公務員的年資經驗為原則重新檢討以上安排。』

(Translation)

"That this Panel proposes that the new benchmarks for the 12 qualification groups should be further improved, and considering that the conversion arrangements for the civil servants and teachers of aided schools employed on or after 1 April 2000 are neither fair nor reasonable, this Panel urges the Government to review the above arrangements afresh on the basis of the principle that full regard should be given to the length of service and experience of the existing civil servants."

14. In response to the motion passed by the Panel, the Administration reiterated that the recommendation to revise the benchmark pay of only nine of the 12 QGs was made in strict accordance with the findings of the 2006 SSS. As the existing benchmark pay of the other three QGs remained comparable with the prevailing market entry pay as revealed by the 2006 SSS, the Administration did not consider it appropriate to recommend any change. The Administration also carefully reviewed the recommended conversion arrangement for the affected serving civil servants and teachers/non-teaching staff in the aided schools. It considered that the recommendation had struck a good balance between protecting the concerned serving staff against the risk of downward adjustment in starting salaries arising from a future SSS on the one hand, and their expectation for a full conversion of their salaries when starting salaries were adjusted upwards as a result of the 2006 SSS on the other hand. Given that a SSS would be conducted every three years, the Administration concurred with the Standing Commission that ensuring even-handedness in

treatment for both upward and downward revision in starting salaries was necessary.

2007-08 Civil Service Pay Adjustment

15. The Panel was very concerned about the civil service pay adjustment exercise and had been keeping a close eye on the Administration's work in this respect. Under the established annual civil service pay adjustment mechanism, the Government decided on the size of the annual adjustment having regard to the following factors: net pay trend indicators derived from an independent private sector PTS, the state of the economy, budgetary considerations, changes in the cost of living, the Staff Sides' pay claims and civil service morale. The Panel noted that the purpose of the private sector PTS was to track pay movements in the private sector. The survey produced the gross pay trend indicators, which represented the movements in private sector pay for different salary bands during the period from 2 April of the previous year to 1 April of the survey year. The payroll cost of civil service increments was then deducted from the gross pay trend indicators (which took into account additional payments such as year-end bonuses) to produce the net pay trend indicators. Based on the findings of the 2007 PTS, the net PTI in respect of the upper, middle and lower salary band were 4.96%, 4.62% and 3.91% respectively.

16. On 12 June 2007, the Chief Executive in Council ordered that the pay adjustment offer, i.e. a pay increase of 4.96% for the directorate and civil servants in the upper salary band and 4.62% for civil servants in the middle and the lower salary band with effect from 1 April 2007, should be adopted. The Panel held a meeting on 25 June 2007 to discuss the 2007-08 Civil Service pay adjustment proposal from the Administration. Some members welcomed the Administration's proposal, as civil servants could rightly share the fruits of the improved economy. Some members however relayed the concern raised in the community that the proposed rates of pay increase might be too high when compared with the private sector and that the annual pay adjustment mechanism for civil servants lacked the flexibility to allow differential pay adjustment based on the performance of individual civil servants. The Panel noted that the finalized proposal would be put to the Finance Committee for consideration.

17. During the discussion, some members raised concerns on whether the same pay increase rates would apply to NCSC staff and staff of subvented organizations. The Panel noted the Administration's advice that the pay increase offer and the final pay increase decision for civil servants would not be applied automatically to NCSC staff. Instead, bureaux and departments were authorized to determine the pay of NCSC staff under their employment having regard to the state of the employment market, the work the staff would

be required to do, the recruitment and retention position, etc. The only provision was they could not pay a NCSC staff more than the notional mid-point salary of a civil servant doing similar work. As regards subvented sector staff, the Panel noted that with the exception of those in the aided school sector who were paid according to the civil service pay scales, the Government was generally not involved in the determination of the pay or pay adjustment of staff working in subvented organizations. The pay and other appointment matters of staff working in those organizations were matters between the organizations as employers and their employees. However, it had been the Government's established practice that following a civil service pay adjustment, the Government would adjust generally the subventions for those organizations with funding price-adjusted on the basis of the formulae including a factor of civil service pay adjustment. Some members expressed the view that equitable treatment in pay adjustment among civil servants, NCSC staff and subvented staff was important for maintaining the stability of the entire public service sector and social harmony. It was therefore incumbent upon the Government to put in place appropriate control mechanism in respect of the pay adjustment matters of NCSC staff and subvented staff.

Implementation of five-day week in the Government

18. Following the phase one implementation of five-day week in the Government on 1 July 2006, the Panel had reviewed the impacts of the five-day week operation on members of the public, including changes in service utilization and operational efficiency as well as impact on performance pledge compliance. Whilst the Panel welcomed the five-day week initiative taken forward by the Government, the Panel urged the Administration to ensure that the overall level and efficiency of government services would be maintained and that emergency and essential services would not be affected.

19. In May 2007, the Administration briefed the Panel on the implementation plan for the final phase of the scheme which would start on 1 July 2007. As in Phase One and Phase Two, the Panel noted that participating government offices would be closed on Saturdays. However, opening hours during weekdays would be extended and alternative means of service provision, including drop-in boxes and enhanced enquiry service would be introduced where necessary. Upon full implementation, it was estimated that a total of 94 300 civil servants would be on a five-day week work mode (including those on a "five-day-week, two-day-off" duty pattern) by July 2007. As some 51 200 civil servants might still have to continue with their current work patterns after the implementation of the final phase, the Panel asked the Administration to continue to liaise with the staff side with a view to allowing more frontline staff to work according to a "five-day-work, two-day-off" schedule, provided that public service interface remained unaffected.

Employment of non-civil service contract staff

20. The Panel continued to monitor the employment position of NCSC staff falling within the ambit of the NCSC Staff Scheme in bureaux/departments/offices (hereafter referred to as B/Ds), particularly the eight main NCSC staff user B/Ds, namely Leisure and Cultural Services Department, Hongkong Post, Education and Manpower Bureau, Department of Health, Electrical and Mechanical Services Department, Food and Environmental Hygiene Department, Social Welfare Department and Buildings Department.

21. In December 2006, the Administration briefed the Panel on the findings of the special review on the employment of NCSC staff. The Panel noted that as at 31 March 2006, there were 16 488 full-time NCSC staff employed in 68 B/Ds. But the Administration only intended to convert some 4 000 NCSC positions to civil service posts, having regard to the findings of the special review. Some members were disappointed with the outcome of the special review and took the view that the reasons given by the Administration for not converting more NCSC positions to civil service posts were untenable. The Panel reexamined the criteria adopted in the special review in deciding whether a specific NCSC position was suitable for conversion to a civil service post. Some members held the view that as some NCSC staff had already worked in the Government for three years or more, it should sufficiently prove that there was a continued need for their services. In order to strike 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.

22. The Panel also passed a motion, expressing its dissatisfaction that the findings of the review of the employment of NCSC staff conducted on a department-by-department basis had failed to treat fairly the NCSC staff who had been employed for a long period of time, and requested 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".

23. The Panel also met with the management of the eight main NCSC staff user B/Ds in turn and received views from the concerned staff associations so

as to better understand the employment situation of NCSC staff in these B/Ds. Further, the Panel had taken the opportunity to review the guiding principles and basic framework for the employment of NCSC staff as well as the employment package for NCSC staff.

24. In discussing the civil service recruitment policy, some members expressed a strong view 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, on the other hand, NCSC staff were not eligible for the internal recruitment exercises even if they had worked in the Government for many years. 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.

25. At the meeting on 15 March 2007, the Panel passed another motion, urging government departments to accord priority to NCSC staff with relevant working experience in conducting open recruitment for pensionable civil servants.

Control of the civil service establishment

26. In his 2003 Policy Address, the Chief Executive announced the target to reduce the civil service establishment to around 160 000 by 2006-07. The Panel noted that the Administration had broadly met this target by the end of March 2007 when the civil service establishment stood at around 161,800. This represented a reduction of over 18% as compared with the civil service establishment of around 198 000 in early 2000. Whilst the Panel saw a need to maintain control on the size of the civil service, it was also of paramount importance to maintain an efficient, clean and devoted civil service to provide quality service to the general public. To this end, the Panel welcomed B/Ds to consider filling existing vacancies or creating and filling new posts upon critically reviewing their manpower situation and exploring the feasibility of other options for service delivery. The Panel had also reviewed the criteria for determining the number of new posts to be created in individual B/Ds and noted that in view of the increasing demand on public service, the Administration considered it justified to allow a moderate increase of about 0.7% (1 100 posts) in the civil service establishment in 2007-08, i.e. from about 161 800 in end-March 2007 to about 162 900 in end-March 2008. To complement the filling of vacancies and new posts to be created and to pre-empt possible succession problems arising in the civil service, the Administration would resume open recruitment of civil servants from 1 April

2007. However, the recruitment freeze would continue to apply to the Second Voluntary Retirement (VR II) grades, unless otherwise approved.

27. The Panel noted that the VR II Scheme was introduced in 2003 which covered a total of 229 grades. The Administration had imposed a 5-year open recruitment freeze (from March 2003 to March 2008) on all the ranks in the VR II grades. To meet new service needs that were not foreseen when the VR II Scheme was launched and to alleviate the manpower shortage problem in certain VR grades arising from unexpected wastage, the Administration had allowed, since April 2006, a very limited number of VR grades to resume open recruitment before the expiry of the five-year recruitment freeze if approved by a Panel co-chaired by the Chief Secretary and the Financial Secretary with the Secretary for the Civil Service as member.

28. In reviewing the lifting of recruitment freeze of some VR II grades, some members considered that the Government's policy had been contradictory, as it first introduced the VR Scheme, and then resumed recruitment to some of the VR grades. To prevent the future recurrence of such an unsatisfactory state of affairs, they considered 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.

Training and Development for Civil Servants

29. During the session, the Administration also briefed the Panel on the provision of training and development opportunities for civil servants. The Panel noted that since 2005, the Administration had offered two training sponsorship schemes to civil servants who wished to pursue learning through external courses to enhance their knowledge, personal effectiveness and qualifications. The first scheme was targeted at junior to middle managers, which aimed at enhancing their management capacity. The Administration encouraged them to pursue recognized management courses outside office hours. It would reimburse 75% of the course fee up to a ceiling of HK\$22,500 per year. The second scheme was for front-line staff. Those who attended work-related courses or courses that raised their qualification to Form-5 level could obtain reimbursement of up to 75% of the course fee or a ceiling of \$6,000. The Panel had examined measures to boost the participation rate of the two training sponsorship schemes. Some members opined that officers who faced a heavy workload and family commitment would not have the time to pursue further studies. The Government should set a good example to the private sector and allow more time and flexibility for civil servants to attend training courses.

Management of misconduct and under-performance in the civil service

30. In February 2007, the Panel was briefed on the disciplinary proceedings and outcome on a civil servant involved in the Harbour Fest event. Some members were very disappointed with the Government's report on the outcome of the disciplinary actions on officers involved in the Harbour Fest as the report had only focused on the disciplinary proceedings and outcome of a civil servant involved in the Harbour Fest event, and had not comprehensively and fairly dealt with the accountability issues of those Principal Officials involved in the event, including the Financial Secretary, the Secretary for Commerce, Industry and Technology, the Secretary for Economic Development and Labour, and the Secretary for Financial Services and the Treasury. The Panel took the opportunity to review the civil service disciplinary mechanism, the need for setting a time limit for the Administration to handle civil service disciplinary cases, and the criteria for determining the punishment level.

31. In June 2007, the Administration presented to the Panel an updated overview of the management of misconduct and under-performance in the civil service. Members emphasized the utmost importance of ensuring fairness and justice in civil service disciplinary matters. Noting that under the streamlined disciplinary procedures, heads of department were delegated the power to take disciplinary actions, members urged the Administration to ensure that there were clear and comprehensive guidelines for heads of department.

Arrangements for making acting appointments in the civil service

32. During the session, the Panel reviewed the arrangements for acting appointments in the civil service. Members were particularly concerned about the mechanism for administering long-term acting appointments. The Panel noted that there were a total of 2 083 civil servants who had taken acting appointments for an aggregate of 24 months or more in the past three years ending 31 March 2007. Out of these civil servants, a majority had taken such long-term acting appointments for the reasons of insufficient suitable civil servants ready for substantive appointment and testing civil servants' ability before substantive appointment. Taking note of these figures and having regard to the grievances among some civil servants as conveyed by relevant staff associations and the relevant criticisms made by the Public Service Commission in its latest annual report, some members considered that there was room for improvement in the management of long-term acting appointments within the civil service and the Civil Service Bureau should exercise vigilant monitoring to ensure that proper procedures were followed in making long-term acting appointments to ensure fairness to the staff concerned.

Other issues

33. In the current session, the Panel also examined some other issues including the work of the CSB in the promotion of integrity in the civil service, the commendation schemes for civil servants, and measures taken by CSB to enhance civil servants' understanding of and exposure to the systems and developments in the Mainland. The Panel also discussed the criteria for selecting officers for the Civil Service Exchange Programme with the Mainland and reviewed the content of selected programme.

34. During the period from October 2006 to June 2007, the Panel held a total of 10 meetings.

Council Business Division 1
Legislative Council Secretariat
9 July 2007

**Legislative Council
Panel on Public Service**

Terms of Reference

1. To monitor and examine Government policies and issues of public concern relating to the civil service and Government-funded public bodies, and other public service matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

**Legislative Council
Panel on Public Service**

Membership list for 2006 – 2007 session

Chairman	Hon Howard YOUNG, SBS, JP
Deputy Chairman	Hon LI Fung-ying, BBS, JP
Members	Hon LEE Cheuk-yan Hon Margaret NG Hon James TO Kun-sun Hon CHEUNG Man-kwong Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP Hon TAM Yiu-chung, GBS, JP Hon WONG Kwok-hing, MH Hon KWONG Chi-kin (Total : 10 members)
Clerk	Mr Andy LAU
Legal Adviser	Mr KAU Kin-wah
Date	3 July 2007