

立法會
Legislative Council

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Panel on Public Service

**Minutes of meeting held on
Monday, 16 April 2012, at 10:45 am
in Conference Room 1 of the Legislative Council Complex**

Members present : Hon Mrs Regina IP LAU Suk-ye, GBS, JP (Chairman)
Dr Hon PAN Pey-chyou (Deputy Chairman)
Hon LEE Cheuk-yan
Dr Hon Margaret NG
Hon CHEUNG Man-kwong
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, SBS, JP
Dr Hon LEUNG Ka-lau
Hon WONG Sing-chi
Hon IP Wai-ming, MH
Hon LEUNG Kwok-hung

Members attending : Hon WONG Kwok-hing, MH

Public officers attending : **Agenda items II and III**
Miss Denise YUE, GBS, JP
Secretary for the Civil Service

Mr Raymond H C WONG, JP
Permanent Secretary for the Civil Service

Mrs Ingrid YEUNG, JP
Deputy Secretary for the Civil Service 1

Agenda item IV

Miss Denise YUE, GBS, JP
Secretary for the Civil Service

Mr Raymond WONG H C, JP
Permanent Secretary for the Civil Service

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

Agenda item V

Miss Denise YUE, GBS, JP
Secretary for the Civil Service

Professor Gabriel LEUNG, JP
Director, Chief Executive's Office

Mr Raymond WONG H C, JP
Permanent Secretary for the Civil Service

Mr Kenneth MAK, JP
Permanent Secretary, Chief Executive's Office

Ms Shirley LAM, JP
Deputy Secretary for the Civil Service 3

Miss Shirley YUNG
Deputy Secretary for Security 2

Clerk in attendance : Mr Arthur LEUNG
Chief Council Secretary (1)7

Staff in attendance : Mr Simon CHEUNG
Senior Council Secretary (1)9

Miss Iris CHEUNG
Legislative Assistant (1)7

Action

I. Papers issued since last meeting

Members noted that no paper had been issued since the last meeting on 19 March 2012.

II. Date of next meeting and items for discussion

(LC Paper No. CB(1)1498/11-12(01) -- List of outstanding items for discussion

LC Paper No. CB(1)1498/11-12(02) -- List of follow-up actions)

2. Members noted that the next regular Panel meeting would be held on 21 May 2012 to discuss the following items:

- (a) overview of civil service disciplinary matters; and
- (b) conditioned hours of work of the civil service.

III. Updated overview of the civil service establishment, strength, retirement and age profile

(LC Paper No. CB(1)1498/11-12(03) -- Administration's paper on an overview of the civil service establishment, strength, retirement, resignation and age profile

LC Paper No. CB(1)1498/11-12(04) -- Paper on updated overview of the civil service establishment, strength, retirement and age profile prepared by the Legislative Council Secretariat (updated background brief))

3. Secretary for the Civil Service ("SCS") briefed members on an overview of the civil service establishment, strength, retirement, resignation and age profile.

Succession problem

4. Dr Margaret NG commented that while the Administration's paper (LC Paper No. CB(1)1498/11-12(03)) gave plenty of figures relating to the establishment and strength of the civil service, it did not provide an in-depth analysis of implication of those figures. In saying that the age profile of the civil service had continued to mirror that of the community and the working population as a whole, the paper might give readers the impression that succession was not a serious problem. Yet, she opined that there was indeed a succession problem as it could be seen from the diagram in Annex J of the paper that in the coming decade, a relatively large proportion of the directorate civil servants would come from the age group of 50-59 and they would be retiring within the next decade.

5. SCS responded that Annex J of the paper showed that the percentages of directorate civil servants who came from the age groups of 40-49 and 50-59 were quite steady in the years from 1986-87 to 1997-1998. Since 1997, the percentage of directorate civil servants from the age group of 50-59 had risen steadily, matched by a corresponding decrease in the percentage for the age group of 40-49. She said that this phenomenon could be attributed mainly to two factors namely, the localisation policy in the decade before 1997, when more young local officers had advanced to the directorate, and the extension of retirement age from 55 to 60 upon the introduction of the New Pension Scheme. Dr NG enquired whether, in addition to percentages, the actual numbers of directorate civil servants from various age groups could be provided. SCS undertook to provide the information after the meeting.

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6. Dr Margaret NG enquired if the Civil Service Bureau ("CSB") had conducted, in collaboration with the Efficiency Unit, an in-depth review to find out the causes and solutions (e.g. rationalization of work procedures, training) of the succession problem. In response, SCS said that the widespread use of modern technology and the need to keep in pace with the rising expectation of the community had certainly impacted on the way civil servants performed their duties. For example, it had become increasingly common for civil servants to engage in direct dialogue with members of the public or their representatives in connection with the implementation of government policies. In this regard, CSB had stepped up training for civil servants on skills in communicating with the public. Through regular liaison with the management of bureaux and departments ("B/Ds"), departmental staff consultative committees and civil

service unions, CSB had a full grasp of the major challenges faced by civil servants.

7. Dr Margaret NG said that the diagram in Annex I of the Administration's paper showed that a relatively small proportion of the civil servants recruited in recent years were from the age group of 30-39. She considered that this fact would aggravate the succession problem. SCS noted that as fresh graduates made up a significant proportion of the newly recruited civil servants, the majority of the new recruits actually came from the age group of 20-29.

8. Mr LEE Cheuk-yan considered that there was a serious succession problem in the civil service. As it could be seen from the diagram in Annex F of the paper, almost 35 000 civil servants, i.e. over 20% of all civil servants, would be retiring in the five-year period ending 2020-2021. He doubted if sufficient civil servants with suitable experience and calibre could be found to fill the posts vacated by retiring civil servants and the consequential vacancies. He queried if CSB was facing up to the succession problem as training was the only means it had put forward to address it. He urged the Administration to reconsider his previous proposal, although contentious as it might be, of allowing civil servants to opt to work beyond the retirement age of 60.

9. SCS said that CSB had been monitoring closely succession plans of various grades and ranks. Notwithstanding that about 7 000 civil servants, or 4% to 5% of all civil servants, would be retiring annually in the five-year period ending 2020-2021, it did not mean that there was a succession problem in the civil service. Indeed, she had received feedback from some civil service unions that many competent staff members had been waiting too long for promotion because of the limited number of openings in promotion ranks. She said that posts vacated by retirees would be taken over by other colleagues in the B/Ds. Over the past several years, there were only a few cases where the posts vacated by retirees could not be filled by promotion. In such cases, either the posts were filled by direct recruitment from outside the civil service or the retiring civil servants were invited to extend their service beyond retirement for one or two years. Drawing from the experience in recruiting over 14 000 civil servants through some 1 000 recruitment exercises conducted since 2007, SCS did not consider that there were difficulties in recruiting civil servants. Concerning the proposal to extend the retirement age, SCS said that views on the proposal were divided among civil servants due to reasons such as its impact on promotion. At this stage, she did not see a strong justification for extending the retirement age.

10. Mr LEE expressed disappointment at SCS's refusal to admit the presence of a succession problem. SCS responded that CSB had not taken the succession issue lightly. As a matter of fact, the Administration had taken the initiative

about a few years ago to report to the Panel the retirement situation and age profile of the civil service on a regular basis.

11. The Chairman also considered that there was a succession problem. As an example, tree management remained a problem after the creation of a tree management office under the Development Bureau as too many departments were involved in tree management. Frontline staff had expressed dissatisfaction about the lack of support for their work and experienced staff members were re-deployed to other work. SCS said that she would convey the Chairman's view on tree management to the relevant departments.

12. The Chairman expressed concern about the bunching of retirement in the civil service brought by the periodic freeze and resumption of civil service open recruitment in response to fluctuations in fiscal conditions. She considered that the succession problem was more acute for small departments such as the Hong Kong Observatory. SCS responded that although there was a general open recruitment freeze in 1999-2000 to 2000-2001 and 2003-2004 to 2006-2007, recruitment had not been suspended for disciplined services grades. In addition, approval had been granted by a Panel, co-chaired by the Chief Secretary for Administration and the Financial Secretary and with SCS as member, for relevant B/Ds to conduct open recruitment exercises for a limited number of grades with strong operational needs. During those years, some 5 000 posts in the disciplined services departments and over 1 000 posts of non-disciplined services grades were filled, and there had not been a year in which there was a complete freeze on open recruitment. SCS stressed that the Administration was aware of the bunching retirement situation and had taken various measures to cope with it.

Transfer of knowledge and skills

13. Noting that the number of retirees would be rising until 2020-2021 and about 6 900 civil servants would be retiring annually in the five-year period ending then, Mr WONG Kwok-hing expressed concern about the effective transfer of knowledge and skills from retiring civil servants to their successors. Mr WONG enquired about what concrete measures the Administration had put in place to facilitate the transfer of knowledge and skills.

14. SCS responded that the Administration was well aware of the retirement situation in the civil service in the next decade, which was attributed mainly to the expansion of the civil service in the 1980s. B/Ds had put in place succession plans and provided suitable training as well as development opportunities for civil servants at all levels to broaden their exposure and to prepare them for higher responsibilities.

15. Mr WONG Kwok-hing considered that in the last decade or so, there was a trend of outsourcing services which used to be rendered by civil servants as well as the engagement of non-civil service contract ("NCSC") staff to provide such services. He considered that as the staff hired by contractors for the outsourced services and as the NCSC staff were not employed on a long-term basis, it had become more difficult for the B/Ds concerned to accumulate and retain knowledge and skills. In this regard, civil service unions had expressed to him strong dissatisfaction about the situation. Mr WONG urged the Administration to adopt measures to address the problem.

16. SCS disagreed that there was a trend in recent years for B/Ds to outsource services provided by civil servants and to engage more NCSC staff to provide services that should be provided by civil servants. She pointed out that on the contrary, the establishment of the civil service had increased steadily in the past few years (which would reach almost 170 000 posts by the end of March 2013 as shown in the 2012-13 Estimates), whereas the number of NCSC staff had decreased from about 16 000 in mid-2009 to 14 000 at the end of 2011. The number of agency workers engaged by B/Ds had also been on the decline. She added that civil service posts would be created where the work involved should more appropriately be performed by civil servants.

17. Dr Margaret NG pointed out that while some civil servants might consider themselves qualified for promotion, it might not be the case actually. While those civil servants might be conversant with the rules and regulations relating to their work, they might not have enough experience which enabled them to exercise discretions judiciously. Dr NG pointed out that public administration required specialised knowledge and skills. She enquired how the experience was passed on from senior officers to junior officers. As the public record management system in the Administration was, in her view, on the verge of collapsing, she enquired if this had created problem of accumulation and retention of knowledge and skills in B/Ds.

18. SCS said that civil servants were used to keeping detailed records of their work and these records served as useful reference for officers to handle similar cases in future. There were, however, criticisms that some civil servants had rigidly followed precedents without taking into account changing circumstances when making decision. She said that in discharging their duties, civil servants should, while making reference to past records on similar cases, exercise discretion having regard to changing circumstances. They needed not be apprehensive of criticisms that they had departed from past practice if they considered the decision justified in the light of the new circumstances. In this connection, CSB had stepped up training for civil servants on how to exercise

discretion, having regard to the fact that the political dimension had become more and more important in public administration nowadays.

19. The Chairman shared with members her experience in the civil service about the retention and transfer of knowledge. When a major project, e.g. trade negotiations, was completed, the project leader would prepare a detailed report. On transfer out of a district, a District Officer of the Home Affairs Department would write an in-depth district report for reference by his or her successor. She urged the Administration to encourage such work which would help to build up the corporate memory.

20. Dr Margaret NG pointed out that when Legislative Council ("LegCo") Members asked for records on certain matters, they were often told that no record could be found. The Director of Audit had pointed out the problem that many public records could not be located. She hoped that the Administration would not be oblivious to the problem. The Chairman said that public administration had become more politicized which discouraged civil servants from keeping detailed records lest they might be leaked. Dr NG added that there might be a need for the Administration to review the current practice with regard to the new political environment. SCS replied that there were regulations on how departmental records should be kept and the regulations had not been relaxed notwithstanding the new political environment.

21. Mr LEUNG Kwok-hung said that in the colonial era, the Administration attached great importance to the keeping of records. He expressed doubt on whether politically appointed officials ("PAOs") had a practice of keeping detailed records of their decisions. He considered that civil servants were unconvinced that they had been treated fairly as they had been subject to salary reduction and they had been asked to take the blame for PAOs. He enquired if the Administration had studied the impact of political appointments on the civil service.

22. SCS responded that the whole team of PAOs and the civil service were serving the community wholeheartedly. The Civil Service Code promulgated in 2009 set out the working relationship between PAOs and civil servants. The respective roles and responsibilities of PAOs and civil servants under a political appointment system were delineated clearly in the Code. According to her observation, there had not been problems in the cooperation between civil servants and PAOs. Mr LEUNG expressed doubts that civil servants would dare to remonstrate with the PAOs.

Speeding up the recruitment process

23. Ms LI Fung-ying noted from Annex A of the paper that over the past 25 years, there was consistently a gap of 5 000 to 6 000 between the establishment and strength of the civil service. She enquired what the measures the Administration would adopt to speed up recruitment and promotion exercises in order to reduce the gap.

24. SCS responded that the gap between the establishment and strength of the civil service was largely unavoidable as there was a lead time for conducting recruitment exercises to fill vacancies. To maintain an open and fair system, considerable time and efforts had to be spent in processing applications. To speed up the recruitment process, CSB and the Public Service Commission had put in place measures to streamline the recruitment procedures while upholding the principle of openness and fairness. For instance, candidates holding academic qualifications which required further assessment would be invited to go through the various stages of the recruitment process while their qualifications were being verified. Other measures included the drawing up of waiting lists of suitable candidates to fill further vacancies, and processing of applications and making of appointment offers in batches. SCS said that CSB would continue to work together with B/Ds to speed up the recruitment process.

Resignations

25. Mr TAM Yiu-chung enquired if a breakdown by age of the number of resignations and reasons for resignations could be provided. He was particularly interested to know the reasons for leaving the civil service for those resignees below 39 years of age. He also enquired which B/Ds encountered the most serious succession problem.

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26. SCS undertook to provide after the meeting a breakdown by age of civil servants who resigned in the past few years. Referring to a paper submitted to the Panel on 17 October 2011 (LC Paper No. CB(1)25/11-12(04)), SCS pointed out that among the civil servants who resigned during the period from April to November 2010, over half of them had a Bachelor degree or above. The major reason for resignation given by the resignees was the taking up of a job in the private sector. As regards Mr TAM's question on which departments were facing more acute succession problem, SCS said that in general no particular department had an acute succession problem. There were less than 20 applications for extension of service of the officers beyond retirement age from various departments over the past few years. These cases included directorate officers from the Department of Justice, and a few officers from the Civil Aviation Department who were responsible for licensing work for commercial aircrafts.

27. Dr Margaret NG said that according to her knowledge, the major attraction of civil service jobs was salary and civil servants were likely to resign when they found a job which offered a higher salary. SCS responded that the percentage of civil servants resigning in recent years had been very low. She considered that the present remuneration package offered to civil servants competitive. She did not agree that many civil servants had resigned because of higher pay in the private sector.

Admin 28. The Chairman enquired about the wastage of middle level Administrative Officers. SCS replied that the number of resignations tendered by Administrative Officers did not reveal any obvious trend. She undertook to provide detailed figures after the meeting.

IV. Use of agency workers

(LC Paper No. CB(1)1498/11-12(05) -- Administration's paper on use of agency workers

LC Paper No. CB(1)1498/11-12(06) -- Paper on use of agency workers prepared by the Legislative Council Secretariat (background brief))

29. Mr WONG Kwok-hing noted that there had been a reduced use of agency workers in the past two years, in terms of both the number of B/Ds involved (55 in 2010 vs 45 in 2011) and the total number of agency workers (2 260 in 2010 vs 1 687 in 2011). He praised SCS for her effort and achievement in this respect. Yet, Mr WONG noticed that a few B/Ds, namely Buildings Department, Department of Health, Education Bureau, Leisure and Cultural Services Department ("LCSD") and Water Supplies Department, still engaged quite a number of agency workers. He enquired whether CSB had explored the reason for that and whether there was room for further reduction.

Admin 30. SCS affirmed members that the B/Ds mentioned by Mr WONG had complied with the criteria for using agency workers as set out in paragraph 5 of the Administration's paper (LC Paper No. CB(1)1498/11-12(05)). She undertook to provide after the meeting more information on the deployment of agency workers by these B/Ds.

31. Ms LI Fung-ying commented that for a decade or so, CSB had turned a blind eye to the situation of B/Ds engaging various types of personnel to replace civil servants. She enquired if the Administration would review the relevant

policy to address the morale problem caused by different pay for the same job. SCS replied that it was prudent use of public resources to engage different types of staff to deliver government services. Civil servants were engaged for work which was long-term in nature. NCSC staff and agency workers were engaged to meet short-term, urgent and unforeseen service needs or to tide over short-term manpower gap. The use of civil servants for filling short-term manpower gap might end up in surplus staff and this would also affect staff morale. Ms LI was not convinced by SCS's explanation. She commented that civil servants were often left to tidy up the mess when NCSC and agency workers suddenly quit their job. She urged the Administration to listen to views of civil servants carefully.

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32. Ms LI enquired about the reason for the ten-fold increase in the number of agency workers engaged by the Immigration Department last year. SCS undertook to provide a reply after the meeting.

33. Mr LEUNG Kwok-hung said that the Administration had been oblivious to the middle-man exploitation involved in the use of agency workers. He said that although B/Ds were allowed to use agency workers only to meet short-term service demands which last for no more than nine months, B/Ds could renew contracts every nine months. As B/Ds used resources to manage the contracts for supply of agency workers, civil servants needed to work under pressure. Mr LEUNG pointed out that before the use of agency workers was introduced, a pool of reserve manpower was maintained in the civil service to deal with short-term service demands. He believed that the policy of "marketization" was the primary driving force behind the Administration's engagement of staff members other than civil servants.

34. SCS responded that the Administration had not adopted such policy as mentioned by Mr LEUNG. Referring to paragraph 11 of the Administration's paper, SCS pointed out that among 1 687 agency workers working in B/Ds as at 30 September 2011, over 70% were sourced from service contracts lasting nine months or less. The Administration had put in place a stringent mechanism to monitor the performance of employment agencies. For example, if an employment agency failed to fulfill its contractual obligations, the procuring department would impose sanctions on the employment agency, such as termination of contract.

35. Mr LEE Cheuk-yan commented that the presence of four types of staff in B/Ds, namely civil servants, NCSC staff, agency workers and staff of contractors for outsourced services, was divisive and affected the morale of all staff. Noting that 17% of the 1 687 agency workers as at 30 September 2011 were deployed to meet service needs that entailed an irregular work pattern or where the nature of work involved rendered it difficult to recruit and retain staff, Mr LEE invited SCS

to illustrate what types of work were involved. SCS replied that an example would be the agency workers engaged as and when required by LCSD to provide stage management and support services for performances.

36. Noting that 471 contracts were involved for the use of the 1 687 agency workers as at 30 September 2011 and 80% of them were limited to the provision of one to three workers on a per contract basis, Mr LEE considered that managing such contracts involved a lot of administrative costs and it might be more cost-effective for the B/Ds concerned to recruit civil servants to meet the service demands. SCS responded that civil servants appointed on a permanent basis were deployed to meet long-term service demands. On the other hand, agency workers were engaged to meet specific short-term operational needs of individual B/Ds under different circumstances. SCS hoped members would understand that there were operational needs for B/Ds to use agency workers to meet short-term, urgent or unforeseen service needs from time to time. Administrative costs incurred in administering contracts were inevitable as the procurement of all agency workers service contracts had to comply with the stipulations in the Store and Procurement Regulations in order to ensure the integrity and impartiality of the Government's procurement process.

Wage level of agency workers

37. Mr LEE enquired if contractors were required to pay agency workers the relevant average monthly wages as published in the latest Census & Statistics Quarterly Report of Wage and Payroll Statistics ("C&S Report") after the Minimum Wage Ordinance ("MWO") had come into operation since May 2011.

38. SCS replied that as a minimum, government contractors were required to pay agency workers either the wages calculated at the prevailing statutory minimum wage ("SMW") rate or the relevant average monthly wages as published in the C&S Report for December 2010, whichever was the higher. This was to ensure that no agency workers employed in government service contracts would be worse off upon the implementation of SMW.

V. Mechanism and regulations on preventing unauthorized disclosures of confidential information in the Government

(LC Paper No. CB(1)1498/11-12(07) -- Administration's paper on mechanism and regulations on preventing unauthorized disclosures of confidential information by civil servants

LC Paper No. CB(1)1570/11-12(01) -- Administration's paper on mechanism and regulations on obliging politically appointed officials and members of the Executive Council to protect confidential information)

Regulation on unauthorized disclosures by members of statutory and consultative bodies

39. The Chairman said that cases of unauthorized disclosure of confidential information by civil servants were rare. She enquired whether members appointed to various statutory and consultative bodies, e.g. Town Planning Board, were bound by any mechanism and regulations against unauthorized disclosure of confidential information. SCS replied that according to her understanding, each statutory and consultative committee had formulated its own mechanism to protect confidential information.

Unauthorized disclosure of confidential information by PAOs and Executive Council members

40. Mr LEE Cheuk-yan enquired about the number of PAOs and Executive Council ("ExCo") members who had been sanctioned for unauthorized disclosure of confidential information. He also enquired (i) if follow-up action had been taken on the alleged disclosure of confidential information by Mr Henry TANG, the former Chief Secretary for Administration and ExCo member, (ii) the criteria for deciding whether follow-up action should be taken, and (iii) whether a person making unauthorized disclosure of confidential information of the ExCo might deploy public interest as a defence.

41. Director of the Chief Executive Office ("DCEO"), said that the confidentiality principle ensured that ExCo members could, without any pressure, speak freely and honestly in giving advice to the Chief Executive. He advised members that in response to public concern about the confidentiality of ExCo proceedings, ExCo had issued a public statement on 20 March 2012 after thorough discussion on that day.

42. Mr LEUNG Kwok-hung enquired (i) whether it was a warning letter or advisory letter that Mr LEUNG Chun-ying received from the ExCo Secretariat, (ii) whether confidential information of ExCo could be revealed at a meeting of the LegCo, and (iii) whether the Oaths and Declarations Ordinance (Cap. 11) would forbid an officer from revealing confidential information who was

summonsed to appear before a committee of the LegCo under the Legislative Council (Powers and Privileges) Ordinance. DCEO said that pursuant to the long-established principle of confidentiality, the Administration would not comment on any matter relating to the agenda of and discussion at ExCo meetings as well as on the follow-up action taken in respect of confidentiality matters of ExCo. As regards the second and third questions, DCEO said that he had explained the relevant legal provisions on the confidentiality of ExCo proceedings.

43. In reply to a further question of Mr LEUNG, DCEO said that not all provisions in the Official Secrets Ordinance (Cap. 521) were applicable to ExCo Members. Whether an alleged case of disclosure of confidential information would be caught by the Official Secrets Ordinance or the common law offence of Misconduct in Public Office would depend on the particular circumstances of the case.

44. Ms LI Fung-ying enquired how a balance should be struck between the public's right to know and the need to maintain confidentiality for effective governance. She also enquired about the mechanism and procedure to be followed concerning the declassification of confidential documents. SCS replied that there was no hard and fast rule on how such a balance should be struck as each case had to be considered on its own merits. Also, a mechanism had been put in place to declassify documents which were no longer confidential. Civil servants were required to acquaint themselves with the confidentiality requirements set out in various Government Regulations, including the Security Regulations. Disciplinary proceedings might be initiated against civil servants who had committed a criminal offence or a misconduct by disclosing confidential information without authority. For example, the Administration had in the past taken disciplinary action against civil servants who were found to have divulged examination scripts without authority.

45. Dr PAN Pey-chyou enquired whether ex-civil servants would cease to be bound by statutory rules on confidentiality after a certain period of time from leaving the service. SCS replied that ex-civil servants would continue to be bound by the statutory rules on confidentiality after their departure from Government. DCEO added that the Code for Officials under the Political Appointment System stipulated that the relevant provisions of the Official Secrets Ordinance continued to apply to PAOs after they had stepped down from office.

VI. Any other business

46. There being no other business, the meeting ended at 12:58 pm.

Council Business Division 1
Legislative Council Secretariat
25 June 2012