

立法會

Legislative Council

LC Paper No. CB(4)316/13-14

(These minutes have been
seen by the Administration)

Ref : CB4/PL/PS

Panel on Public Service

**Minutes of meeting held on
Thursday, 16 December 2013, at 10:45 am
in Conference Room 3 of the Legislative Council Complex**

Members present : Hon Mrs Regina IP LAU Suk-ye, GBS, JP (Chairman)
Hon POON Siu-ping, BBS, MH (Deputy Chairman)
Hon LEE Cheuk-yan
Hon Emily LAU Wai-hing, JP
Hon TAM Yiu-chung, GBS, JP
Dr Hon LEUNG Ka-lau
Hon LEUNG Kwok-hung
Hon Claudia MO
Hon LEUNG Che-cheung, BBS, MH, JP
Hon KWOK Wai-keung
Hon SIN Chung-kai, SBS, JP
Hon IP Kin-yuen
Hon Martin LIAO Cheung-kong, JP
Hon TANG Ka-piu
Hon Tony TSE Wai-chuen

Members attending : Hon WONG Kwok-hing, BBS, MH

**Public Officers
attending** : **Agenda item IV**

Mr Paul TANG, JP
Secretary for the Civil Service

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

Mr Peter CHAN, JP
Director of General Grades
Civil Service Bureau

Agenda item V

Mr Paul TANG, JP
Secretary for the Civil Service

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

Mr Peter CHAN, JP
Director of General Grades
Civil Service Bureau

Miss Kathy CHAN Nap-sze,
Principal Assistant Secretary for Commerce &
Economic Development
(Commerce & Industry)

Mrs Jessie TING YIP Yin-mei, JP
Postmaster General

Miss Amy NG Mei-har,
Assistant Postmaster General
(Corporate Development)

Mr Leo YAN Kwok-yuen,
Director (Operations), Post Office

Clerk in attendance : Ms Anita SIT
Chief Council Secretary (4)1

Staff in attendance : Ms Shirley CHAN
Senior Council Secretary (4)1

Ms Angela CHU
Council Secretary (4)1

Ms Linda MA
Legislative Assistant (4)1

Action

I. Confirmation of minutes

LC Paper No. CB(4)228/13-14 -- Minutes of meeting on
18 November 2013

The minutes of the meeting held on 18 November 2013 were confirmed.

II. Information paper issued since the last meeting

LC Paper Nos. CB(4)212/13-14(01) -- Administration's responses
& (02) on implementation of
paternity leave in the
Government-funded public
bodies

2 Members noted that the above paper had been issued since the last meeting.

III. Date of next meeting and items for discussion

LC Paper No. CB(4)222/13-14(01) -- List of outstanding items for
discussion

LC Paper No. CB(4)222/13-14(02) -- List of follow-up actions

Regular meeting on 20 January 2014

3 Members agreed to discuss the following items proposed by the Administration at the next regular Panel meeting to be held on 20 January 2014 –

- (a) Briefing by the Secretary for Civil Service on the policy initiatives of Civil Service Bureau featuring in the 2014 Policy Address; and
- (b) Employment of ethnic minorities in the civil service.

4 In respect of item (b) above, Ms Emily LAU requested the Administration to provide the following information for the Panel's reference –

- (a) The Administration's solutions to the various problems relayed by ethnic minority groups regarding the difficulties they encountered in applying for civil service jobs;
- (b) statistics on ethnic minorities appointed to the civil service in the past 10 years; and
- (c) the Administration's initiatives in promoting the employment of ethnic minorities in the civil service.

5 To facilitate the Panel's discussion, Mr LEE Cheuk-yan requested the Administration to provide detailed information on the civil service posts which could be applied by people who were less proficient in spoken/written Chinese language. Furthermore, Mr LEE suggested that the Hong Kong Police Force and the Correctional Services Department, which were the two departments with the largest numbers of ethnic minority civil servants, should be invited to send representatives to the meeting to brief members on the issue.

6 The Secretary for the Civil Service ("SCS") agreed to include, as far as possible, relevant information in the Administration's discussion paper as requested by members, and to liaise with the Hong Kong Police Force and the Correctional Services Department regarding their attendance for discussion of item (b) above.

Special meeting on 10 January 2014

7 The Chairman reported that pursuant to the decision made at the Panel meeting on 18 November 2013, a special meeting had been scheduled for 10 January 2014 to receive views from relevant civil service associations/unions and the public on "Manpower situation of the civil service and retirement age of civil servants".

8 In response to Mr LEE Cheuk-yan's enquiry on the progress of the Administration's study on the retirement situation in the civil service, SCS said that the study was expected to be completed by early 2014 and the Administration would brief members on the outcome of the study in due course.

IV. Employment situation of non-civil service contract staff

LC Paper No. CB(4)222/13-14(03) -- Paper provided by the Administration

LC Paper No. CB(4)222/13-14(04) -- Updated background brief prepared by the Legislative Council Secretariat

9 Members noted the following papers tabled at the meeting –

- (a) submission from the Government Frontline Employees Union;
- (b) submission from the Union of Food and Environmental Hygiene Department Market Assistant; and
- (c) submission from a member of the public

(Post-meeting note: The above papers were issued to members on 17 December 2013 after the meeting via LC Paper No. CB(4)256/13-14.)

Replacement of non-civil service contract positions by civil service posts

10 Mr WONG Kwok-hing said that he was opposed to the employment of non-civil service contract ("NCSC") staff. The NCSC terms of employment could be summarized as "five unfair treatments" viz. lack of promotion prospects, fringe benefits, salary increments, job security and career development. He expressed dissatisfaction that there were still 4 746 NCSC staff who had been on continuous service for five or more years in the Government, and enquired about the number of NCSC positions that could be replaced by civil service posts in the 2014-15 Budget.

11 Pointing out that the number of NCSC staff in different bureaux/departments/offices ("B/Ds") had only reduced from 16 488 in March 2006 to 12 900 in June 2013, Mr LEE Cheuk-yan opined that very

little improvement had been made in the past years to convert the NCSC positions to civil service posts. He urged the Administration to speed up the pace of conversion.

12 Compared to the civil service establishment which stood at around 160 000 to 170 000 in total, Mr LEUNG Che-cheung was of the view that the current number of NCSC staff was not too large. However, he was concerned that certain B/Ds had a relatively high ratio of NCSC staff and urged the Administration to review whether these B/Ds had genuine needs to employ such a large number of NCSC staff. He opined that the use of NCSC staff, which would give rise to the problem of "different pay for the same job", should be avoided as far as possible.

13 SCS explained that given the unique operational needs of some B/Ds, the employment of NCSC staff was necessary to provide B/Ds with the flexibility in manpower deployment to cope with service needs which might be seasonal, time-limited, or subject to market fluctuations; or which required tapping the latest expertise in a particular area; or where the mode of service delivery was under review or likely to be changed; or which required staff to work less than the conditioned hours; or where there were no civil service grades performing the required tasks. NCSC positions created for these purposes were not suitable for conversion to civil service posts. SCS further pointed out that the number of NCSC staff varied from time to time according to the operational requirements of individual B/Ds. For example, the Customs and Excise Department had recently employed a large number of retired civil servants as NCSC staff to enforce the export control of powdered milk. SCS said that the number of NCSC positions proposed to be converted to civil service posts in 2014-15 could be provided after the publication of the Budget Estimates.

14 The Permanent Secretary for the Civil Service ("PSCS") advised that the figures on the length of continuous service of NCSC staff included those who had served in the same NCSC position as well as those who served in different NCSC positions in the same B/D without a break in service. It was necessary to employ NCSC staff for a relatively long period of time to cope with certain time-limited work, as in the case of the Continuing Education Fund for which the service need could last for 10 years but would lapse upon the depletion of the Fund. The Director of General Grades ("DGG") supplemented that of the 4 746 NCSC staff who had worked for five or more years, about 1 400 of them had served in different NCSC positions.

15 The Deputy Chairman noted with concern that about 48% of the NCSC staff had worked for three or more years in the Government and some of these staff had actually served in different NCSC positions in the same B/D without a break in service. In order to have an overall view of the length of continuous service of NCSC staff in individual B/Ds and the promotion opportunities of these staff, he requested the
Admin Administration to provide a breakdown of the NCSC staff with continuous service of three years or more by B/Ds, reasons of employment and information on the number and details of these staff who had been granted promotion during their years of service.

16 Mr KWOK Wai-keung observed that although the total number of NCSC had reduced from 14 535 to 12 900 over the period from June 2012 to June 2013, the number of NCSC staff who had worked for five or more years still stood high at around 4 700 and had only reduced moderately over the period. Furthermore, he noted that the Administration had in the past identified about 6 000 NCSC positions which could be replaced by civil service posts and yet there were still several hundreds of these positions not phased out as at June 2013.

17 SCS explained that the Administration had in the past years identified 6 280 NCSC positions which could gradually be replaced by civil service posts. As at 30 June 2013, about 5 895 of such positions had been phased out upon expiry of the employment contracts of the concerned NCSC staff and the recruitment of replacement civil servants. The review of NCSC staff scheme was an on-going process and the replacement had been carried out progressively. For NCSC positions with established long-term service needs, B/Ds would seek to replace them by civil service posts subject to the availability of resources. In phasing out NCSC positions, B/Ds would also take into account the expiry of contracts of the concerned NCSC staff.

18 Mr Martin LIAO said that the need to provide flexibility for B/Ds to recruit NCSC staff to meet changing operational needs was understandable. In fact, it was also the practice in the business sector to employ temporary staff to meet short-term market changes. However, it was unacceptable that over 4 000 NCSC staff had worked for five years or more in the Government. Such situation would adversely affect the staff morale, development of sense of belonging in B/Ds and quality of public services. He was concerned that the civil service establishment was not kept abreast of the times. He urged the Administration to review afresh the existing manpower establishment of the civil service to

ascertain whether the long-term tasks being performed by NCSC staff should be replaced by new civil service grades or posts.

19 SCS advised that the duration of NCSC positions was not the most important consideration for conversion to civil service posts. The Administration needed to consider other factors such as the stability and long-term need of the services concerned. Nevertheless, the Civil Service Bureau ("CSB") would continue to review with individual B/Ds and seek to replace NCSC positions with civil service posts where appropriate.

20 Mr Tony TSE was worried that the complicated procedures to create civil service posts might encourage B/Ds to take an easy way out by creating NCSC positions to solve the problem of manpower shortage. In reply, SCS explained that in order to ensure the proper operation of the NCSC staff scheme, a ceiling had been set for the employment of NCSC staff for each B/D, except the trading fund departments, and approval for employment of NCSC staff over and above the prescribed ceiling would only be granted to well-justified cases.

21 Noting that one of the justifications for not converting NCSC positions to civil service posts was that the NCSC staff concerned worked less than the conditioned hours required of civil servants, Mr KWOK Wai-keung suggested that B/Ds should consider combining two or several NCSC positions for conversion into a civil service post. SCS replied that Mr KWOK's proposed arrangement might not be viable as some B/Ds only required additional staff at peak hours to meet seasonal service needs.

22 On Mr TANG Ka-piu's enquiry about the target number of NCSC staff as perceived by the Administration, SCS said the Administration did not have such target. NCSC appointments were made according to the specific operational needs of B/Ds. The Administration did not impose any prescribed ratio of NCSC staff to civil servants across B/Ds, although a ceiling had been set for the employment of NCSC staff for each B/D in the light of their specific operational and service needs.

Direct conversion of NCSC staff

23 Mr WONG Kwok-hing suggested that the Administration should offer civil service posts to those NCSC staff who had been working for the Government for more than five years as their capability for taking up civil service posts had already been proven.

24 Ms Emily LAU remarked that as members had reached a consensus on offering civil service posts to those NCSC staff who had worked in B/Ds for a long period of time, the Administration should seriously consider such request.

25 SCS responded that since the Government's recruitment was based on fair competition and meritocracy, NCSC staff would need to make application and compete with other applicants (including the civil servants who wished to apply for other civil service posts) if they wished to be considered for civil service posts. In general, those NCSC staff with suitable working experience in the Government would have advantage over other applicants in applying for the civil service posts. The success rate of former NCSC staff in applying for civil service posts was around 15%, whereas the success rate for other applicants was only about 2%.

Terms and conditions of service for NCSC staff

Salary levels

26 Mr LEE Cheuk-yan considered it unfair that the terms and conditions of service for NCSC staff were less favourable than civil servants in comparable ranks. He urged the Administration to improve the remuneration package for NCSC staff.

27 Mr KWOK Wai-keung pointed out that in the private sector, due to the lack of employment benefits and promotion prospects, the salaries of part-time or temporary employees were usually higher than those of their full-time or permanent counterparts. Furthermore, he observed that over 60% NCSC staff were receiving monthly salaries of only \$5,000 to \$15,999. He thus requested the Administration to raise the salary level of NCSC staff.

28 SCS explained that as the civil service and NCSC appointments were two different types of employment, it was inappropriate to make direct comparison between them. Overall speaking, the terms and conditions of employment for NCSC staff should be no less favourable than those prescribed under the Employment Ordinance (Cap. 57) and no more favourable than those applicable to civil servants in comparable civil service ranks. Apart from complying with the Employment Ordinance and the guiding principles for employing NCSC staff, B/Ds were also required to ensure the competitiveness and attractiveness of the

terms and conditions of employment of the NCSC positions, so as to be able to recruit adequate persons of suitable calibre from the labour market and retain the NCSC staff. The vast majority of NCSC staff had a pay rise over the past years. B/Ds, having considered all relevant factors, might adjust the pay for their NCSC staff at a level identical to, higher or lower than the civil service pay adjustment.

Severance payment, long service payment and end-of-contract gratuities

29 Mr TANG Ka-piu expressed dissatisfaction that under the current arrangement, the employer's contributions made by B/Ds to the Mandatory Provident Fund ("MPF") schemes of their NCSC staff were used for offsetting the severance and long service payments to NCSC staff. He urged the Administration to take the lead in abolishing the offsetting arrangement of the severance and long service payments against the employer's MPF contributions to set a good example for other employers.

30 SCS replied that the offsetting arrangement in the Government aligned with the provisions of the Employment Ordinance. As the issue of offsetting arrangement of long service and severance payments under MPF would have wide policy and resource implications, it should be considered in a wider context. The Panel on Manpower or the Panel on Financial Affairs should be a more appropriate forum for deliberation of the matter, as the offsetting arrangement of long service and severance payments under MPF and the MPF were under the policy purview of the Labour and Welfare Bureau and the Financial Services and the Treasury Bureau.

31 Mr TANG Ka-piu opined that all NCSC staff should be offered end-of-contract gratuities equal to 15% of the total amount of their basic salaries. SCS explained that under the NCSC staff scheme, B/Ds had the full discretion to determine the appropriate employment package of their NCSC staff, having regard to factors such as the recruitment situation and employment market, and to decide whether to offer end-of-contract gratuity and the percentage rate of gratuity. In accordance with the prevailing guidelines, the end-of-contract gratuities plus the Government's MPF contributions in respect of the NCSC staff should not be more than 15% of the total basic salaries drawn during the contract period if the staff were required to perform skilled jobs. If the staff were required to perform non-skilled jobs, the percentage rate should not be more than 10%.

32 Mr TANG Ka-piu maintained the view that the Government should set an example of a good employer rather than merely complying with the existing statutory requirements. He requested the Administration to provide information after the meeting on the respective amounts of employer's contributions made by B/Ds to MPF in respect of their NCSC staff which were used for offsetting the severance and long service payments. Furthermore, he also requested the Administration to provide the respective numbers of NCSC contracts with different percentage rates of end-of-contract gratuity (i.e. 15%, 10% and 0% of the total basic salary drawn during the contract period), broken down by B/Ds. SCS responded that CSB did not have the figures relating to the offsetting arrangement of the MPF contributions against severance and long service payments but would look into the request after the meeting.

Admin

33 Mr LEUNG Kwok-hung said that the Government was mean to NCSC staff. He commented that the Administration should not merely focus on the cost effectiveness in reviewing the NCSC staff scheme, but should put more weight on the Government's policy objective and quality of services provided to the public.

34 SCS clarified that the Government had not exploited NCSC staff. In determining the pay level of NCSC staff, B/Ds were required to comply with the Employment Ordinance and ensure the competitiveness and attractiveness of the terms and conditions of service of the NCSC positions, so as to be able to recruit persons of suitable calibre from the labour market and retain the NCSC staff.

Employment situation of NCSC staff in certain B/Ds

Three departments with the largest number of NCSC staff

35 Noting that the Hongkong Post ("HKP"), Leisure and Cultural Services Department ("LCSD") and Electrical and Mechanical Services Department ("EMSD") were the three departments which had the largest numbers of NCSC staff, Mr WONG Kwok-hing enquired about the Administration's plans to reduce the number of NCSC staff in these departments, and urged the Administration to look into the staff morale problem arising from "different pay for the same job" in these departments.

36 In reply, SCS said that the manpower situation of HKP would be discussed in detail under the next agenda item of the current meeting. As to the case of LCSD, it had a relatively high proportion of NCSC staff

due to the nature of the services provided by the Department. Around 67% of the NCSC staff were employed by LCSD mainly to meet service needs which were time-limited or seasonal in nature. For some grades such as lifeguards, problems might arise from recruiting civil servants to meet service needs that were seasonal in nature because the number of lifeguards required during the summer season far exceeded that during winter. The remaining NCSC staff were mainly employed to provide services where the mode of service delivery was, at the time when the employment contracts were entered into, under review or likely to be changed, such as public libraries and public museums. With the recent completion of the reviews on the mode of service delivery of public libraries and public museums, LCSD had been gradually replacing the relevant NCSC positions in public libraries and public museums by civil service posts.

37 In respect of EMSD, SCS said that around 78% of its NCSC staff were employed to deliver services under the Department's trading fund arm which fluctuated according to changes in market demand. Such services were ad hoc or time-limited in nature. The remaining NCSC staff were employed mainly as apprentices for training purposes on a time-limited basis in collaboration with the Vocational Training Council.

38 In response to the Deputy Chairman's enquiry on the number of NCSC staff recruited by EMSD following the North Point lift incident, DGG advised that the number of NCSC staff employed by EMSD under the trading fund arm would vary according to business fluctuations. Nevertheless, EMSD would review its manpower situation from time to time to ensure that sufficient resources were available to carry out inspection of lifts.

Education Bureau

39 Mr IP Kin-yuen welcomed that the total number of NCSC employed by the Education Bureau ("EDB") had reduced from 1 234 to 1 190 over the period from June 2012 to June 2013. However, he noted with concern that there was a total of 909 NCSC staff employed by EDB to meet the unique operational needs in government schools under the school-based management ("SBM") initiative. He queried whether such reason of employment fit the four ambits for employing NCSC staff stated in paragraph 2(a) to (d) of the Administration's paper. He further said that it was unsatisfactory to employ NCSC staff to perform duties outside the scope of the four ambits. Mr LEE Cheuk-yan echoed Mr IP's concern.

40 SCS explained that CSB had regularly reviewed with EDB its engagement and management of NCSC staff. Under the SBM initiative, government schools were provided with greater flexibility and autonomy in managing their operations and resources according to their actual circumstances to develop quality education with characteristics unique to the schools. NCSC staff were therefore engaged by schools to provide support to various education initiatives on a short-term or time-limited basis, depending on the duration of projects and nature of work required. CSB would continue to discuss with EDB to explore the feasibility of converting some of the long-term NCSC positions to civil service posts.

41 On the composition of the NCSC staff employed by EDB under the SBM initiative, DGG advised that of these 909 staff, around 290 were general workers, 280 were teaching assistants, 130 were general clerks, 90 provided general support services in laboratories, 50 were IT staff and 70 were other staff. In response to Hon IP Kin-yuen's further enquiry on the tasks performed by the general workers, DGG advised that they were manual workers who provided support for various school activities.

Admin 42 Mr IP Kin-yuen and Mr LEE Cheuk-yan did not subscribe to the Administration's explanation. Mr LEE opined that developing unique characteristics was a long term goal of all schools, such duties should not be performed by NCSC staff. He queried whether CSB had effectively monitored the employment of NCSC staff in individual B/Ds to prevent abuse. To further examine whether the engagement of NCSC staff in EDB fit the four ambits in employing NCSC, Mr IP and Mr LEE requested the Administration to provide a detailed breakdown of the 909 full-time NCSC staff working in the government schools under the SBM initiative, together with information on the functions or work types of the said 909 NCSC staff as well as the justifications for their employment as NCSC staff.

43 PSCS reiterated that under the SBM initiative, government schools could formulate their own education support services in accordance with the needs of their students. Such measures might be time-limited or subject to changes from time to time. It was essential to provide flexibility to government schools in employing NCSC staff to implement the SBM initiative.

Buildings Department, Lands Department and Housing Department

44 Mr Tony TSE pointed out that there was a high ratio of NCSC staff to civil servants in some professional departments such as the Buildings Department and Lands Department. He understood that a lot of professional civil servants objected to the use of NCSC staff to perform professional tasks as the arrangement gave rise to problems of service continuity and quality. In anticipation of the increasingly great demand for professional services provided by these departments, he urged the Administration to increase the number of professional staff on civil service terms in these departments.

45 In reply, SCS explained that civil service posts should only be created to perform tasks which were permanent in nature. Due to the fact that some of the safety inspection measures performed by these departments were expected to be completed in a few years' time, it might not be appropriate to create civil service posts to perform such tasks.

46 In reply to Mr Tony TSE's enquiry on the number of NCSC staff in the Housing Department ("HD"), DGG explained that HD was the executive arm of the Hong Kong Housing Authority which was a statutory organization with financial autonomy. HD employed contract staff under its own contract terms. Over the years, HD had maintained its number of contract staff at a reasonable level and sought to convert its contract staff positions to civil service posts as appropriate.

Home Affairs Department

47 Quoting the example of the Home Affairs Department ("HAD") which had employed NCSC staff to provide support (e.g. manning the community halls) to District Councils ("DCs"), Mr LEUNG Che-cheung considered this situation unacceptable and urged CSB to look into the manpower situation of HAD.

48 SCS said that the NCSC staff mentioned by Mr LEUNG might be recruited under the DC funds to support services which might not be permanent in nature. PSCS explained that at the moment, HAD provided secretariat support to DCs and their committees through the provision of civil service posts in the District Offices. The Department employed NCSC staff on behalf of the DCs with DC funds to assist in organizing community involvement activities. As DCs changed term every four years and the allocation of DC funds was determined by individual DCs taking into account the needs of the districts, the employment of NCSC staff provided DCs with the flexibility to hire the appropriate mix of NCSC staff to meet the needs of DC at different times.

49 Mr LEUNG Che-cheung and Mr TANG Ka-piu were of the view that DC funds should not be used for employing NCSC staff. Mr TANG said that DC funds should only be used for funding the community related activities/services. The Administration should provide sufficient manpower support for DCs to discharge their functions, including the organization of various district activities.

Department of Health

50 Referring to the submission from the Government Frontline Employees Union, Mr LEE Cheuk-yan said that as the health check conducted by Health Surveillance Assistants ("HSAs") for travellers at boundary control points was a health measure adopted on the recommendation of the World Health Organization, such task should be regarded as long-term task. He could not understand why the Administration did not accede to the deputation's request for converting the HSAs positions to civil service posts. Furthermore, he understood that the Department of Health ("DH") had a plan to gradually outsource the health surveillance service provided at various boundary control points, and he considered that the outsourcing arrangement would make the situation even worse.

51 SCS responded that the health check measures at all boundary control points were not long-term measures. These measures were provided on a need basis and subject to review with risk assessment. It was therefore not appropriate to convert the HSAs positions to civil service posts. DH was reviewing the manpower requirement of health surveillance services at various boundary control points, with a view to deciding the best service delivery mode.

V. Manpower situation of the Hongkong Post

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| LC Paper No. CB(4)522/12-13(01)
(<i>Chinese version only</i>) | -- Letter from Hon TANG
Ka-piu and Hon KWOK
Wai-keung |
| LC Paper No. CB(4)222/13-14(05) | -- Paper provided by the
Administration |
| LC Paper No. CB(4)222/13-14(06) | -- Background brief prepared by
the Legislative Council |

Secretariat

Briefing by the Administration

52 At the invitation of the Deputy Chairman, Postmaster General ("PMG") of HKP briefed members on the manpower situation of HKP, details of which were set out in the Administration's paper (LC Paper No. CB(4)222/13-14(05)).

Discussion

Review on the modus operandi of HKP as a trading fund

53 Mr WONG Kwok-hing said that the postal industry in Hong Kong had undergone significant changes in recent years, including the growing popularity in the use of electronic means of communication and the consequential shrinkage of mail volume, as well as the emergence of alternative service providers in the conveyance of local mail. He opined that HKP, which operated as a trading fund in a labour-intensive industry, had to keep pace with the intense competition and while doing so, it had treated its employees harshly for maintaining productivity and reducing cost. He expressed concern over the mode of operation of HKP as a trading fund and called on the Administration to conduct a comprehensive review on its operation.

54 Mr TANG Ka-piu said that according to the information provided by the Administration at a recent meeting of the Subcommittee on Post Office (Amendment) Regulation 2013, the reserves of the Post Office Trading Fund would be depleted completely after 2015-16 if no timely adjustments were made to the postages and postal fees. He also noticed from the annual reports of HKP that an operating loss had been incurred by HKP in the past two consecutive years. He expressed concern on the financial sustainability of HKP in the longer-term, pointing out that it was impracticable for HKP to make frequent adjustments to the postages. Sharing similar concern, Mr KWOK Wai-keung said that it might be difficult for HKP to open up new avenues for generating income, and thus HKP could only resort to cost-saving measures, such as squeezing its manpower, to achieve a breakeven of its account and meet its designated financial targets, which were mandatory under the Trading Fund Ordinance (Cap. 430). Mr TANG and Mr KWOK urged the Administration to review the operation of HKP as a trading fund expeditiously and accord priority consideration in the review to the

protection of the interests of HKP's employees, while ensuring sustainable and reliable postal services for the public.

55 PMG responded that despite being a trading fund, HKP remained a government department and was thus obliged to comply with the regulations, rules and guidelines promulgated by CSB with regard to manpower management. HKP was conscious of the need to maintain adequate manpower with an appropriate mix of civil servants and NCSC staff to cope with its heavy workload, meet performance pledges and respond flexibly to the fluctuating mail volume and volatile business environment. She assured members that HKP would not pursue the goals of operational efficiency and productivity at the expense of the well-being of its employees. Instead, HKP had all along sought to relieve the work pressure of its staff and enhance productivity through various measures, such as automation and re-engineering of work processes.

56 On the suggestion of reviewing the mode of operation of HKP as a trading fund, Principal Assistant Secretary for Commerce and Economic Development Bureau (Commerce & Industry) ("PAS/CEDB") said that HKP, being a trading fund as opposed to an ordinary government department, enjoyed greater flexibility both operationally and financially as HKP could introduce new services to promptly capture emerging business opportunities, and retain income from its more profitable products/services to subsidise those loss-making products/services, so that the pressure for price increases of those loss-making postal services could be alleviated. PAS/CEDB added that the effect of adjustments in principal postages, which were effective from October 2013, on improving the financial performance of HKP was yet to be seen. The Administration considered it not necessary to conduct a review on the trading fund mode of operation of HKP.

57 Mr WONG Kwok-hing expressed dissatisfaction with the Administration's refusal to review the trading fund mode of operation of HKP.

58 Mr LEUNG Kwok-hung said that he held a different view from other members on the issue. He commented that in an open and competitive market, it would be inevitable for HKP to compete vigorously with other market players for survival. He criticised that private postal delivery companies were treating their staff even more harshly in order to maximize profits.

59 Mr LEE Cheuk-yan enquired whether the performance of HKP could be improved if it were to operate as an ordinary government department. PAS/CEDB replied that should HKP be reverted to an ordinary government department, the flexibility it had as a trading fund would be greatly reduced. For instance, it would need to follow the established procedures to bid for resources for launching new products or services, the process of which could be lengthy. HKP would thus be less responsive and efficient in an industry which was rapidly changing.

Staff Morale in HKP

60 Mr KWOK Wai-keung said that he had met with representatives of HKP's staff unions. They reflected that staff in HKP were facing ever-increasing work pressure; while they were required to provide new and value-added services to the public, there had been no increase in manpower in HKP to cope with the additional workload. Mr WONG Kwok-hing said that many staff in HKP had to work long hours and yet had no promotion prospects. Noting from the Administration's paper that the Standing Commission on Civil Service Salaries and Conditions of Service ("Standing Commission") took the view in 1989 after a review that there were no grounds to introduce long service increments to civilian grades, Mr WONG commented that since the review was made more than two decades ago, its conclusions might be outdated and obsolete in the current context. He asked whether the Administration would re-consider granting long service increments for those long-serving officers with few prospects of further advancement in the Postman grade.

61 SCS replied that the Administration considered that the stance of the Standing Commission that there were no grounds to introduce "long-service increments" to civilian grades remained valid in present-day circumstances. He said that civil service pay was job-based, and promotion prospects and length of service per se were irrelevant factors. It would be difficult to justify providing civil servants with an additional pay merely for the reason that they have been servicing in a rank/post for many years, and such grant of long service increments to the Postman grade would have an across-grades implication in the civil service. PMG added that the introduction of new and enhanced postal services by HKP whilst maintaining the size of its manpower had been made possible by the implementation of various automation and productivity improvement measures.

62 Mr Tony TSE commented that manpower was an invaluable asset for HKP to pursue its operational goals and deliver efficient postal services for the public. He noted from the Administration's paper (LC Paper No. CB(4)222/13-14(05)) that in the last open recruitment exercise conducted for the post of Postman, of the 142 Postmen recruited, only 70 were serving NCSC staff in HKP. He said that the ratio appeared to be rather low and enquired about the reasons. He also asked why, as mentioned in the Administration's paper, some staff were unwilling to take up acting appointments in the next higher rank, which in his view, was unusual.

Admin 63 PMG replied that HKP had all along been encouraging serving NCSC staff to apply for civil service posts when such opportunities arose. The ratio of civil service vacancies in HKP taken up by serving NCSC staff in HKP depended on a number of factors, such as the number of serving NCSC staff applying for the posts, whether they had attained the stipulated entry requirements of the posts, their performance during selection interviews as compared to other candidates, etc. That said, serving NCSC staff who met the basic entry requirements of the posts concerned should generally enjoy a competitive edge over other applicants because of their relevant working experience. At the request of Mr TSE, PMG agreed to provide after the meeting details of the open recruitment exercises conducted by HKP in filling civil service vacancies in the past year, including the number of applications received from serving NCSC staff and their respective success rates in each exercise.

Admin 64 With regard to the unwillingness of some staff in HKP to take up acting appointments at the next higher rank, PMG explained that owing to the different job nature and working environment of an acting appointment at the next higher rank, some of the staff might not have enough confidence in discharging the duties concerned and were therefore reluctant to take up acting appointments. Nevertheless, HKP had taken a number of measures in resolving the situation, such as the introduction of a mentorship scheme and enhanced provision of training. In reply to Mr TSE's enquiry, PMG undertook to provide after the meeting information on the take-up rates for acting appointments in the Postal Officer and Postman grades prior to as well as after the implementation of the measures, and how those measures helped to improve the take-up rates.

Engagement of NCSC staff in HKP

65 Mr LEE Cheuk-yan said that staff in HKP were constantly required to work overtime, which evidenced that there were operational

needs to create more civil service posts. He criticized that HKP was making use of the flexibility that offered to a trading fund on the employment of NCSC staff to save cost, and urged the Administration to expedite the conversion of those NCSC positions with a continuous duration of five years or more into civil service posts.

Admin 66 PMG replied that HKP reviewed its engagement of NCSC staff regularly to ensure that the engagement complied with the ambit of the NCSC staff scheme. In determining whether it was operationally justifiable to convert NCSC positions to civil service posts, HKP would need to ascertain whether the service demands were long-term and sustainable, bearing in mind the volatile business environment and the uncertainty in the future development of the postal industry. HKP had converted about 20 NCSC positions to civil service posts in the current year and would continue to convert more NCSC positions to civil service posts where justified. At the request of Mr LEE, PMG agreed to provide after the meeting details on those NCSC positions that had been converted to civil service posts.

VI. Any other business

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