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From : Clerk to the Finance Committee

To : Members of the Finance Committee

Finance Committee

Follow-up to meeting on 16 April 1999

At the Finance Committee meeting on 16 April 1999 when members discussed issues related to the Social Welfare Department's hiring of 63 new recruits at 70% of the existing starting salary of the relevant civil service rank, the Administration undertook to provide information on the qualifications of the 63 recruits, the discretion of departments to determine the level of pay for non-civil service contract staff and the authority for redeployment of funds in the next year's Estimates of Expenditure. The information provided by the Administration is now attached for members' reference.

(Miss Polly YEUNG)
Clerk to the Finance Committee

Encl.

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5 May 1999

Clerk to the Finance Committee

(Attn.: Ms Leung Siu-kum)

Legislative Council Building,

8 Jackson Road,

Central, Hong Kong.

Dear Ms Leung,

Finance Committee

Follow-up to briefing on 16 April 1999

I write to provide the following information in response to Members' questions raised at the meeting on 16 April 1999.

(a) A breakdown of the qualifications of the 63 candidates being offered appointment as Social Security Assistants in the Social Welfare Department on non-civil service contract terms

University Degree or above : 27 (43%)
(incl. 1 with Master Degree)

Diploma : 15 (24%)

Matriculation : 12 (19%)

School Certificate : 9 (14%)

Total : 63 (100%)

The basic entry requirement is F.5 plus two years' working experience. The recruits are offered one-year contract at a monthly salary of \$9,785.

(b) Position on recruitment of non-civil service contract staff after the review on the terms and conditions of the civil service

The employment of non-civil service contract staff is meant to provide Heads of Departments/Grades with greater flexibility and autonomy to better deploy their resources and to respond quicker to their service and operational needs. It is a means to meet service needs which are short-term or does not require keeping staff on a long-term basis. Under the current arrangements, Heads of Department are given the full authority and discretion on the employment of non-civil service contract staff and related matters, including employment package and terms, recruitment, deployment, discipline and dismissal.

Such needs and employment will therefore continue to exist on implementation of any new terms and conditions of the civil service or changes as a result of the civil service reform. The discretion to determine the level of pay for non-civil service contract staff and the redeployment of funds from Personal Emoluments (PE) to Departmental Expenses (DE) are two separate issues. However, Members may rest assured that virement of funds from PE to DE for this and other purposes requires the approval of Finance Committee or approval under authority delegated.

(c) Next year's Estimates of Expenditure

In preparing next year's Estimates of Expenditure, Controlling Officers can seek additional provision under DE subheads by a corresponding reduction in PE subheads, reflected in reduction in the NAMS value and establishment if they see a need for employing non-civil service staff to meet short-term staffing needs instead of having permanent civil service posts for the same purpose. The difference will be fully reflected in the draft Estimates for Members' scrutiny.

(d) Recruitment freeze

The general freeze on hiring into the permanent civil service, including hiring to fill new posts or vacancies, is meant to control the strength of the civil service in view of the wide- ranging reforms being considered. The freeze is applicable to recruitment to fill posts on the permanent establishment, including recruitment on civil service agreement terms which also occupies posts on the permanent establishment.

If departments have to meet additional service needs, they can consider alternative means including redeployment of resources, contracting out, hiring of service, or employment of non-civil service contract staff. Exception to the recruitment freeze may also be considered on a case-by-case basis where there are very justified circumstances.

(e) Re-deployment of resources

The total resources available for redeployment from PE to DE is calculated at notional annual mid-point **salary**. Controlling Officers are required to meet the **full cost** of non-civil service contract staff including salary, contract gratuity and other benefits as appropriate. If redeployment from PE to DE is calculated at minimum point or the actual cost of non-civil service contract staff engaged, there will be little incentive for Controlling Officer to make the best use of resources under their control through flexible deployment. The usage of funds by Departments is subject to ambit and financial control as laid down in the Public Finance Ordinance. There is no question of loopholes or misuse of funds.

(f) Criteria for employing non-civil service staff

In view of the general freeze on civil service recruitment, Departments/Grades are not allowed to recruit civil servants save with exceptional approval. However, they may meet their service needs in the interim through alternative means that will not create long-term commitment for the Government, such as redeployment of resources, contracting out, hiring of service, or employment of non-civil service contract staff.

The recruitment freeze is a temporary measure pending the wide-ranging civil service reform. Heads of Departments/ Grades have the full authority and discretion to exercise the flexibility to employ non-civil service contract staff to meet service needs during this period.

(g) Authority for re-deployment of funds

The Director of Social Welfare has only offered appointment to 63 persons as Social Security Assistants at a monthly salary of \$9,785 without gratuity i.e. with a maximum total commitment of \$7.4 million for 1999-2000. We will seek Finance Committee's agreement in principle at its meeting on 7 May for supplementary provision exceeding \$10 million arising from non-civil service appointments in six departments including SWD for employing more non-civil service staff in the course of the year. Prior to Finance Committee's agreement, SWD will make no further offer of appointment on non-civil service terms.

Yours sincerely,

(K.K. Lam)
for Secretary for the Treasury