

立法會
Legislative Council

LC Paper No. CB(1) 350/98-99

(These minutes have been
seen by the Administration)

Ref : CB1/PL/PS/1

Legislative Council
Panel on Public Service

Minutes of meeting
held on Thursday, 22 July 1999 at 10:45 am
in Conference Room A of the Legislative Council Building

Members present : Hon TAM Yiu-chung, GBS, JP (Chairman)
Hon Mrs Sophie LEUNG LAU Yau-fun, JP (Deputy Chairman)
Hon LEE Cheuk-yan
Hon LEE Kai-ming, SBS, JP
Hon CHEUNG Man-kwong
Hon CHAN Wing-chan
Hon Howard YOUNG, JP

Members absent : Hon CHAN Kwok-keung
Hon Andrew WONG Wang-fat, JP
Hon Ambrose LAU Hon-chuen, JP

Public officers : **For item III**
attending

Mr LAM Woon-kwong
Secretary for the Civil Service

Mrs Lucia LI
Principal Assistant Secretary for the Treasury (A)

Mrs LAM LI-shuet
Assistant Director of Social Welfare (Subventions) (Atg)

Miss Nancy THAM
Assistant Director of Education (Finance) (Atg)

Ms Cecilia YEN
Principal Assistant Secretary for the Civil Service (Special Duties)

For item IV

Mr LAM Woon-kwong
Secretary for the Civil Service

Ms Cecilia YEN
Principal Assistant Secretary for the Civil Service (Special Duties)

Mr Paul TANG
Secretary General
Standing Commission on Civil Service Salaries and Conditions of
Service

Mr Rupert CHEUNG
Controller
Pay Survey and Research Unit

Clerk in attendance : Miss Salumi CHAN
Chief Assistant Secretary (1)5

Staff in attendance : Ms Pauline NG
Assistant Secretary General 1

Mr Matthew LOO
Senior Assistant Secretary (1)7

Action

I. Confirmation of minutes of meeting
(LC Paper No. CB(1) 1735/98-99)

The minutes of the special meeting on 29 April 1999 were confirmed.

II. Date of next meeting and items for discussion

(LC Paper No. CB(1) 1736/98-99(01) — List of outstanding items for discussion)

2. The Chairman reminded members that the meeting was the last regular meeting of the Panel for the 1998-99 legislative session. The remaining items on the "List of outstanding items for discussion" would be dealt with by the Panel in the next session to be commenced in October 1999. However, special meetings might be held before then if necessary.

(Post-meeting note : A special meeting was held on 20 August 1999 to follow up the case of Mr WONG Ho-sang, Commissioner of Inland Revenue.)

3. On one of the outstanding items, "Consultative machinery of the civil service", Mr LEE Cheuk-yan suggested to discuss the subject in the following two aspects in due course:

- (a) consultative machinery at the central level of the civil service; and
- (b) consultative machinery at the departmental level, with particular reference to the case of corporatization of the Housing Department.

4. Mr LEE Cheuk-yan also suggested the Panel to monitor closely the developments of the Civil Service Reform and the Civil Service Starting Salaries Review 1999. Members shared his view and agreed that the Administration be requested to keep the Panel informed of any developments of the two subjects and outcome of staff consultation. As suggested by Assistant Secretary General 1, the Panel agreed to invite submissions from major civil service unions and academics on the Civil Service Starting Salaries Review 1999. The Clerk would summarize the submissions received for members' reference.

(Post-meeting notes: A letter was issued to the Administration on 23 July 1999 conveying members' request. Letters to invite submissions were issued to major civil service unions and academics on 30 July 1999. A summary of the submissions was issued to members vide LC Paper No CB(1)288/99-00 on 10 November 1999.)

III. Fringe benefits for staff employed by subvented organizations

(LC Paper No. CB(1) 1736/98-99(02) — Information paper provided by the Administration

LC Paper No. CB(1) 1736/98-99(03) — Letter dated 29 May 1999 from the Joint Council on Salary and Fringe Benefits in Subvented Organizations (JCSSO)

LC Paper No. CB(1) 1736/98-99(04) — Further information provided by JCSSO)

5. The Chairman advised that the issue involved in this agenda item was referred to the Panel by the Duty Roster Members after their meeting with the representatives of JCSSO in the Complaints Division of the Secretariat on 29 May 1999. In essence, JCSSO requested that the total interest subsidy under the Mortgage Interest Subsidy Scheme (MISS) be provided to the recipients in a lump sum as down payment subsidy. The Panel would look into the policy aspect of the issue.

6. Principal Assistant Secretary for the Treasury (A) (PAS for Tsy (A)) briefed members on the main principles of Government's subvention policy as follows:

- (a) the pay and conditions of service for staff of the subvented sector should be no better than their counterparts in the civil service; and
- (b) there was no automatic extension of civil service terms and conditions of service to staff in the subvented sector.

7. PAS for Tsy (A) said that from time to time, staff of subvented organizations had requested for improvements in their fringe benefits. In considering improvements to be made in this regard, the Administration needed to balance the aspirations of the staff concerned against competing priorities for improvements to direct services which would benefit the community as a whole. Given the size of staff in the subvented sector, any real improvements in fringe benefits would be very expensive. In fact, the proposal of JCSSO would involve a very substantial amount of cash. It would also depart from the original intention behind MISS, which was to provide relief towards monthly mortgage interest payment.

8. Mr CHEUNG Man-kwong pointed out that MISS had been introduced in 1993 when the Administration saw the need to adopt a policy to narrow the gap between the fringe benefits of civil servants and those for staff in the subvented sector. However, there had been no further measures introduced since then. Mr CHEUNG therefore queried whether the policy was still in existence. PAS for Tsy (A) advised that the policy was still in existence but further measures could only be introduced where overall budgetary conditions permitted and priority for resources could be justified on policy grounds. She also pointed out that as the economy of Hong Kong contracted by 5.1% in 1998/99, it was necessary for the Administration to control its expenditures prudently.

9. Mr CHEUNG Man-kwong was not satisfied with the Administration's response. He pointed out that even when the economy was prosperous, say, in 1996 and 1997, the Administration had not introduced any further measures to narrow the gap between the fringe benefits of civil servants and those for staff in the subvented sector. He asked whether the Administration had any plans or timetable for introducing such further measures. PAS for Tsy (A) responded that although the Administration had no such plans, the total Government recurrent expenditure on subventions in 1998/99 exceeded that in 1997/98. Mr CHEUNG considered that in fact, the Administration's policy to narrow the gap between the fringe benefits of civil servants and those for staff in the subvented sector was in name only. PAS for Tsy (A) did not agree and pointed out that the introduction of MISS in 1993 demonstrated that the Administration had made efforts to narrow the gap between the two.

10. Mr LEE Kai-ming was disappointed to note the Administration's replies. He considered that if the Administration had no plans to introduce further measures to narrow the gap, it should at least not introduce any measures which might widen it. He was therefore of the view that the recommendations on the lowering of starting salaries of civil servants should not apply to staff in the subvented sector. In response, Secretary for the Civil Service (SCS) pointed out the need to observe the main principle of Government's subvention policy mentioned in paragraph 6(a) above, i.e. the pay and conditions of service for staff of the subvented sector should be no better than their counterparts in the civil service. If the starting salaries of civil servants were to be lowered, the starting salaries of staff in the subvented sector should be adjusted accordingly.

11. Responding to Mr LEE Kai-ming, PAS for Tsy (A) advised that the Administration had no plans to adjust downward the interest subsidy offered under MISS.

IV. Briefing by the Administration on the result of the Civil Service Starting Salaries Review 1999

(Legislative Council Brief issued by Civil Service Bureau on 20 July 1999 (Ref: CSBCR/PG/4-085-001/2/99) with Standing Commission on Civil Service Salaries and Conditions of Service Report No. 36)

Briefing by the Administration

12. SCS advised that the last overall review of civil service salaries had been conducted in 1989. With a lapse of 10 years, the Administration considered it appropriate to conduct a review of civil service starting salaries and had therefore invited the Standing Commission on Civil Service Salaries and Conditions of Service (the Standing Commission) to undertake the review. The findings and recommendations of the Standing Commission were accepted in principle by the Executive Council on 20 July 1999. The Standing Commission's report had then been released for consultation

with the Staff Sides and departmental management. It had also been passed to the Standing Commission on Disciplined Services Salaries and Conditions of Service and the Judiciary Administrator for them to consider whether and how the starting salaries of the disciplined services and the Judiciary should be adjusted in line with the civil service. After the consultation, the Administration would revert to the Executive Council on the revised starting salaries and recommendations on further reviews for final approval. The Administration aimed to implement the revised starting salaries when the current freeze in civil service recruitment was lifted.

Scope of the Review

13. Responding to Mr LEE Kai-ming, SCS advised that since the Civil Service Starting Salaries Review 1999 (the Review) was confined to starting salaries, the Standing Commission was precluded from undertaking any review of civil service salaries beyond the entry level. The salaries of directorate posts were therefore not covered by the Review.

14. Mr LEE Cheuk-yan considered that the Review was targetted at the lower ranks but not the senior ones. SCS clarified that that was not the case. He pointed out that in fact, 99% of the posts which the civil service had been competing with the private sector for suitable candidates were at entry ranks. Hence, the Administration considered it appropriate to focus the Review on starting salaries for various entry ranks in the civil service. Mr LEE queried why the starting salaries for those directorate officers directly recruited from outside the civil service were not covered by the Review. In response, SCS pointed out that those directorate officers were not recruited to fill posts at entry ranks.

Pay Comparison Survey

15. Mr Howard YOUNG noted that a total of 133 companies had taken part in the Pay Comparison Survey (PCS) and asked how these companies were selected. Secretary General of the Standing Commission (SG/SC) advised that the objective of PCS was to collect data on the entry pay level of jobs in the private sector which were comparable to those in the civil service for similar qualifications. In selecting companies to take part in PCS, the Standing Commission aimed at those typical employers which could represent their respective sectors and are generally known as good and steady employers with rational and systematic salary and wage administration. Of the 133 companies, 63 had also been involved in the 1998/99 Pay Trend Survey.

Proposed benchmark for Qualification Group 10: Matriculation Grades

16. Mr CHAN Wing-chan noted the Standing Commission's recommendation that the benchmark for Qualification Group (QG) 10 be lowered by 6 points from Master Pay Scale (MPS) 10 (\$15,160) to MPS 4 (\$10,420). He considered the reduction in pay substantial and asked for justifications for this proposal. SG/SC explained that

according to the findings of PCS, the third quartile level of the starting salaries of comparable private sector jobs was \$10,292. As the nearest point on MPS was MPS 4 (\$10,420), the proposed benchmark for QG 10 was set at this level.

Proposed benchmark for Qualification Group 14: Model Scale 1 Grades

17. Mr LEE Cheuk-yan noted the Standing Commission's recommendation that the benchmark for QG 14 be lowed from Model Scale 1 Pay Scale (MS)1 (\$9,785) and re-numbered as the new MS 0 (\$8,615). Mr LEE considered it odd to have a "0" point on the pay scale. SG/SC advised that as the findings of PCS indicated a benchmark salary of \$8,561 which was below the existing MS 1, it was necessary to either re-number the entire MS or add a new point MS 0. The latter was recommended by the Standing Commission as it was simple and involved less changes. SCS added that the Administration might consider other alternatives to replace "MS 0".

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Proposed benchmark for Qualification Group 15: Education Grades

18. Mr CHEUNG Man-kwong expressed grave concern about the Standing Commission's recommendation that the starting salaries for two graduate grades (Assistant Education Officer and Assistant Primary School Master) and one non-graduate grade (Certificated Master) within the Education Grades be set at the same level at MPS 12. He considered this recommendation unreasonable as the graduate grades required higher entry qualifications. Moreover, it was not in line with the Administration's policy of encouraging non-graduate teachers to obtain a university degree.

19. SCS pointed out that in fact no external analogues were available for useful comparison for graduate and non-graduate grades in QG 15. The Standing Commission had therefore recommended to adjust the pay scales for this Group by reference to internal relativities, i.e. graduate officers would have their existing benchmark lowered having regard to the magnitude of decrease of QG 13 (Degree and Related Grades) and non-graduate officers to that of QG 4 (Higher Diploma I). This approach would result in a situation where the starting salaries for the two graduate grades and one non-graduate grade mentioned in paragraph 18 above be set out at the same level at MPS 12. The Administration had accepted in principle the Standing Commission's recommendation because:

- (a) it was the established practice to set the starting pay of the Education Grades having regard to their relativities with the Degree and Higher Diplomas Grades;
- (b) the maximum points of graduate grades were much higher than those for non-graduate grades; and

- (c) the promotion prospect for the graduate grades were better than that for non-graduate grades.

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20. Mr CHEUNG Man-kwong did not agree with the Administration that no external analogues were available for useful comparison. He considered that the Administration should have made reference to private secondary schools where graduate teachers were paid at a higher level than non-graduate teachers. Mr CHEUNG reiterated his view that the starting salaries for graduates grades and non-graduate grades should not be the same. SCS undertook to take his views into consideration before a final decision was made.

Implications on serving civil servants

21. Responding to Mr CHAN Wing-chan, SCS advised that any recommendations on the new benchmarks and starting salaries arising from the Review would apply only to new recruits and the entitlements of existing staff would not be affected. In fact, the existing MPS and the maximum points of various ranks would be maintained. In response to Mr CHAN's further question, SCS advised that the Administration could not undertake not to lower the salaries of serving civil servants in future as their salaries were adjusted annually in accordance with the findings of the Pay Trend Survey and other factors.

Implications on the civil service as a whole

22. Mr LEE Kai-ming and Mr LEE Cheuk-yan were concerned that the proposed reduction in starting salaries of the new recruits at entry ranks would result in a substantial difference in salaries between serving civil servants and new recruits of the same rank. This would give rise to a situation where civil servants performing the same duties were paid on a different remuneration package, thus affecting staff morale. SCS advised that the difference in salaries would only exist in the short term, as the new recruits might make up the difference either by promotion or by reaching the maximum pay point of his rank.

23. Mr LEE Cheuk-yan was not convinced by SCS's response. He pointed out that the Standing Commission had recommended that benchmark pay points should be updated annually. New recruits would be remunerated at the new benchmark pay point on appointment to the civil service. In other words, civil servants appointed to the same rank in different years would enter at a different benchmark pay point, and the time they needed to reach the maximum pay point would vary. In this connection, the Chairman asked whether civil servants would still have annual increments in future. SCS advised that in accordance with Civil Service Regulation 451, an officer might be granted an increment only if conduct and diligence in the year under review had been satisfactory. The Administration would request Heads of Department (HoDs) to enforce the regulation more vigilantly in future, as it was not justified to grant an increment to an officer whose performance had been unsatisfactory.

24. Responding to the Chairman's further question, SCS confirmed that the Administration had no intention to restrict the number of officers who would be granted annual increments. However, SCS pointed out that under the Civil Service Reform, the Administration was considering the proposal to set an indicative benchmark for distribution of the top ratings e.g. "outstanding", "very good", "good", etc. as guidance to departmental management in performance appraisal.

Implications on non-civil service contract staff

25. Responding to Mr Howard YOUNG, SCS advised that the recommendations of the Standing Commission would not affect non-civil service contract staff. HoDs were not required to adopt the starting salaries recommended by the Standing Commission in the appointments of these staff. But their salaries would have to follow the guiding principle that the terms and conditions had to be no less favourable than those provided for under the Employment Ordinance and Employees' Compensation Ordinance but should not be more favourable than those offered to civil servants in comparable ranks. In determining the level of pay, HoDs might take into account the employment market and recruitment situation of the particular grade.

Implications on private sector

26. Mr CHAN Wing-chan and Mr LEE Cheuk-yan were concerned that a reduction in civil service starting salaries would set an example for the private sector to follow. In response, SCS disagreed and pointed out that the purpose of PCS was to ensure that the benchmark was in line with the private sector pay. In conducting the PCS, the Administration had in fact used the third quartile level of private sector pay data as reference in determining the new benchmarks and entry pays. Hence, the starting salaries recommended by the Standing Commission were more favourable than the market rate.

Staff consultation

27. Responding to Mr LEE Kai-ming, SCS advised that the Administration had briefed the civil service unions on the outcome of the Review and the Standing Commission's recommendations on 20 July 1999 and would further discuss with them in August.

28. Responding to the Deputy Chairman, SCS recognized the importance of satisfying the aspirations of civil servants not only by offering an attractive remuneration package, but also by providing good promotion prospects, and opportunities for them to develop and contribute themselves.

Way forward

- Admin 29. Responding to Mr LEE Kai-ming, SCS advised that the Administration would proceed with the consultation with the Staff Sides and departmental management in the next few months, and then brief the Panel on the result of the consultation by the end of December 1999.

(Post-meeting note : The Administration subsequently advised that it would be ready to brief the Panel on the result of staff consultation at the panel meeting to be held on 15 November 1999.)

V. Any other business

30. The Chairman thanked members for supporting the work of the Panel in the session.
31. The meeting ended at 12:35 pm.

Legislative Council Secretariat
10 November 1999