

立法會
Legislative Council

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Legislative Council
Panel on Public Service

Minutes of special meeting
held on Monday, 31 May 1999 at 10:45 am
in the Chamber of the Legislative Council Building

Members present : Hon TAM Yiu-chung, JP (Chairman)
Hon Mrs Sophie LEUNG LAU Yau-fun, JP (Deputy Chairman)
Hon LEE Cheuk-yan
Hon LEE Kai-ming, JP
Hon CHEUNG Man-kwong
Hon CHAN Kwok-keung
Hon CHAN Wing-chan
Hon Andrew WONG Wang-fat, JP
Hon Howard YOUNG, JP
Hon Ambrose LAU Hon-chuen, JP

Members attending : Hon NG Leung-sing
Hon CHAN Yuen-han
Dr Hon Philip WONG Yu-hong
Hon Emily LAU Wai-hing, JP

Public officers attending : **Civil Service Bureau**

Mr D W PESCOD
Deputy Secretary for the Civil Service 2

Mrs Philomena LEUNG
Principal Assistant Secretary for the Civil Service

Attendance by invitation : City University of Hong Kong

Dr Anthony CHEUNG Bing-leung
Head, Department of Public & Social Administration

Dr James SUNG Lap-kung
Part-time Lecturer, Department of Public & Social
Administration

Prof Joseph CHENG Yu-shek
Professor of Political Science

Dr CHAN Yan-chong
Associate Professor, Department of Management Sciences

The University of Hong Kong

Dr James T H TANG
Head and Associate Professor, Department of Politics and
Public Administration

Prof John P BURNS
Professor, Department of Politics and Public Administration

Dr LO Shiu-hing
Associate Professor, Department of Politics and Public
Administration

The Chinese University of Hong Kong

Prof TSAO King-kwun
Associate Professor, Department of Government and Public
Administration

Prof Wilson WONG Wai-ho
Assistant Professor, Department of Government and Public
Administration

Prof KWONG Kai-sun
Associate Professor, Department of Economics

The Hong Kong Polytechnic University

Dr HO Kwok-leung
Assistant Professor, Department of Applied Social Studies

Lingnan College

Prof HO Lok-sang
Professor, Director of Centre for Public Policy Studies

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

Staff in attendance : Mr Matthew LOO
Senior Assistant Secretary (1)7

Action

I. Meeting with academics on the “Consultation Document on Civil Service Reform”

Purpose of the special meeting

The Chairman advised that the special meeting was held for the Panel to exchange views with the academics on the “Consultation Document on Civil Service Reform” (Consultation Document). A total of twelve academics attended the meeting and eleven of them had already provided the Panel with written submissions. The Chairman also pointed out that the following academics had provided the Panel with written submissions but were not available to attend the meeting:

- (a) Mr Jack LO Man-keung, Visiting Fellow, Department of Management, The Hong Kong Polytechnic University (*LC Paper No. CB(1) 1387/98-99(10)*);
- (b) Mr CHEUNG Chor-yung, Senior Lecturer, Division of Social Studies, City University of Hong Kong (*LC Paper No. CB(1) 1387/98-99(13)*);
and
- (c) Prof James PERRY, Chancellors' Professor of Public and Environmental Affairs, Indian University, USA (*LC Paper No. CB(1) 1387/98-99(14)*).

Presentation by academics

2. The Chairman welcomed the 12 academics to the meeting. He reminded the academics that when addressing the Panel, they were not covered by the protection and immunity provided under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382). Their written submissions were also not covered by the Ordinance.

3. The Chairman also welcomed representatives of the Administration to the meeting.

*Dr CHEUNG Bing-leung, Head, Department of Public & Social Administration, City University of Hong Kong
(LC Paper No. CB(1) 1387/98-99(01))*

4. Dr CHEUNG Bing-leung considered the existing civil service system inflexible and lack of mobility. Its risk-averse and innovation-averse culture prevented it from effectively responding to an increasingly competitive and challenging environment. Whilst Dr CHEUNG recognized the need for Civil Service Reform, he had reservations on some proposals in the Consultation Document. For example, he supported the idea of employing more civil servants on agreement terms, so as to achieve a more flexible appointment structure. However, he considered it unjustified to employ all basic rank civil servants, i.e. two-thirds of the entire civil service workforce, on agreement terms. On civil service pay, Dr CHEUNG supported the idea of linking performance to pay but cautioned that the cognitive and technical difficulties in measuring performance to pay should not be underestimated. In this connection, he suggested the Administration to try out a bonus system in trading fund departments.

5. Dr CHEUNG also pointed out that civil servants' support and consensus were pertinent to the success of the Reform. It should be a reform of every level of the civil service, but not just targeting at the lower levels.

*Dr James SUNG Lap-kung, Part-time Lecturer, Department of Public & Social Administration, City University of Hong Kong
(LC Paper No. CB(1) 1387/98-99(02))*

6. Dr James SUNG Lap-kung recognized the need for Civil Service Reform but considered that the reform proposals in the Consultation Document would bring about a revolution in the civil service, in particular the proposal of employing all basic rank civil servants on agreement terms. He was of the view that the proposal was unfair to basic rank civil servants and would undermine the stability of the civil service. The implications of the proposal could be far-reaching, unless the Government intended to adopt the role of "a small government" by privatization of public services. He requested the Administration to clarify its intention.

7. Dr SUNG also pointed out that in conducting the Reform, the Administration should start with improving the performance management systems so that the performance of individual civil servants would be truly reflected in appraisal reports. More training should be provided for the reporting officers in this aspect.

*Prof Joseph CHENG Yu-shek, Professor of Political Science, City University of Hong Kong
(LC Paper No. CB(1) 1387/98-99(03))*

8. Prof Joseph CHENG Yu-shek supported the spirit of the Civil Service Reform and considered that the Reform should have been conducted earlier. However, he pointed out that the current environment was not favourable for the Reform and that it was inappropriate to implement all the reform proposals at the same time. He suggested the Administration to set a priority among the reform proposals and to deal with those relating to the entry and exit mechanisms first. Other proposals such as improving the performance management systems which would involve changes in the management culture of the civil service might be pursued at a later stage.

9. Prof CHENG also pointed out that most of the reform proposals gave the public the impression that civil servants at senior ranks were not affected by the Reform. He urged the Administration to consider how to improve the accountability of civil servants at senior ranks.

Dr CHAN Yan-chong, Associate Professor, Department of Management Sciences, City University of Hong Kong

10. Dr CHAN Yan-chong supported the principles of the Civil Service Reform. However, in view of the economic turmoil, he considered it not the right time to implement the reform proposals. He proposed to postpone the implementation of the Reform for two years.

11. Dr CHAN also pointed out the importance of the accountability of civil servants at senior ranks as the policy decisions made by them had significant implications on the community. He considered it more appropriate to employ civil servants at senior ranks, but not those at basic ranks, on agreement terms.

12. Dr CHAN was of the view that the freeze of civil service pay should continue for a further period of three to five years in order to narrow the gap between the pay levels of public and private sectors. Subject to availability of funds, civil servants with outstanding performance should be granted bonus so as to retain them in the civil service.

13. Dr CHAN considered the size of the civil service too enormous and that the problem could be solved by not filling the posts vacated by retired civil servants and privatization of public services.

*Dr James T H TANG, Head and Associate Professor, Department of Politics and Public Administration, The University of Hong Kong
(LC Paper No. CB(1)1387/98-99(04))*

14. Dr James T H TANG stated that he supported the Civil Service Reform, but not without reservations. He considered that if the purpose of the Reform was to meet new demands arising from the changing economic, political and social environment, it should be linked up with the Government's macro policy of development of Hong Kong. For example, if Hong Kong aimed to be more pro-active in industrial development and more competitive internationally, it might call for a different institutional strategy and changes in the civil service system.

15. Dr TANG also considered that in the course of the Reform, the political neutrality of the civil service should not be compromised. He also suggested that proper monitoring mechanisms should be set up to ensure effective implementation of the Reform. In addition to internal evaluations, outside expertise might also be involved in monitoring the progress of the Reform.

*Prof John P BURNS, Professor, Department of Politics and Public Administration, The University of Hong Kong
(LC Paper No. CB(1)1387/98-99(05))*

16. Prof John P BURNS supported the Civil Service Reform and considered it the right time to implement the reform measures. However, he was of the view that the reform proposals were limited. To improve the effectiveness of the civil service, constitutional and political system changes were also necessary. For example, the Government should review its role and only carry out those functions which could not be provided by the private sector. It should also enhance the political accountability of the civil service by ministerial control, and to improve the policy making capacity of the Government by reforming the Administrative Officer grade.

17. On the reform proposals, Prof BURNS considered it appropriate to adopt the "easy in - easy out" entry and exit mechanism with portable retirement benefits. He also considered it appropriate to maintain the current policy that civil service pay should be sufficient to attract, retain, and motivate staff of a suitable calibre. As regards the proposed adoption of performance-based pay system in the civil service, Prof BURNS pointed out that the proposal was highly controversial. He suggested the Administration to try out the proposal in some of the trading fund departments where performance could be easily measured. On performance management, he supported the proposal to improve the performance appraisal process.

*Dr LO Shiu-hing, Associate Professor, Department of Politics and Public Administration, The University of Hong Kong
(LC Paper No. CB(1)1387/98-99(06))*

18. Dr LO Shiu-hing tabled his submission at the meeting and pointed out that he supported the idea of Civil Service Reform but not the reform proposals contained in the Consultation Document. He considered that the Reform should be directed at the top level of the civil service and a mechanism should be introduced to enhance the accountability of senior civil servants. He also considered that appeal or complaint channels should be provided in the reform proposals.

19. Dr LO was dissatisfied with the way in which the Administration had conducted consultation on the Reform. He pointed out the importance of staff participation in the Reform and urged the Administration to conduct further consultation. In the circumstances, the consultation period should be extended.

20. Dr LO also requested the Administration to clarify whether the Reform was its tool to exert political control upon civil servants.

(Post-meeting note : The Chinese translation of Dr LO Shiu-hing's submission was circulated to members vide LC Paper No. CB(1) 1413/98-99 on 2 June 1999.)

*Prof TSAO King-kwun, Associate Professor, Department of Government and Public Administration, The Chinese University of Hong Kong
(LC Paper No. CB(1)1387/98-99(07))*

21. Prof TSAO King-kwun was of the view that civil service reform was a worldwide trend and that there was a need for the Reform in Hong Kong. On performance management, an assessment of the current system should be made with a view to setting up a new system with clear guidelines on measuring performance objectively. However, various technical problems needed to be addressed. He therefore proposed that the new system be tried out in some departments before its adoption in the entire civil service.

22. On accountability, Prof TSAO considered that the Government should enhance its external accountability to the public and the Legislative Council. The Reform should be targeted at the senior levels so as to ensure that civil servants at senior ranks were competent in policy making and crisis management.

*Prof Wilson WONG Wai-ho, Assistant Professor, Department of Government and Public Administration, The Chinese University of Hong Kong
(LC Paper No. CB(1)1387/98-99(08))*

23. Prof Wilson WONG Wai-ho supported the principles of the Reform but expressed strong reservations about the reform proposals contained in the Consultation Document. He also pointed out that the adoption of the market model or the private sector model by the Government without consideration of their differences would lead to more problems.

24. Prof WONG noted that most of the reform proposals related to the performance of civil servants, for example, performance-based pay system, directing civil servants with persistent sub-standard performance to retire in the public interest, etc. He considered that in the absence of a clear definition of "good performance", it would be difficult to implement the reform proposals effectively.

25. Prof WONG also considered the scope of the Reform too limited. The system of policy making of the Government, and public corporations providing services to the public, such as the Airport Authority (AA) and Hospital Authority (HA), should also be covered. In this connection, Prof WONG pointed out that in a recent survey conducted by the Chinese University of Hong Kong, 78.6% of the respondents "agree or very agree" with the statement that "in the operation of government and public corporations, public participation and accountability are more important than efficiency".

26. Prof WONG further commented that the Government should not aim at cost saving by introducing the Reform. Instead, more resources might be required to ensure its success.

*Prof KWONG Kai-sun, Associate Professor, Department of Economics, The Chinese University of Hong Kong
(LC Paper No. CB(1)1387/98-99(09))*

27. Prof KWONG Kai-sun was of the view that the Government's objectives in introducing the Reform were well justified. However, he pointed out a number of pitfalls of the reform proposals. First, the proposed new entry terms would result in uncertainty of the civil service career and hence, lower the appeal of a civil service job. More attractive remuneration packages were required to attract new recruits of good calibre. Otherwise, the quality of new recruits would deteriorate. The uncertainty of the civil service career would also reduce the incentive of civil servants to familiarize themselves with the rules, regulations and convention of operations of the civil service. These were however valuable in ensuring the smooth functioning of the Government.

28. Secondly, Prof KWONG pointed out that under the existing system, civil servants were paid higher than their productivity as a reward for their good conduct. He considered that the proposed performance-based pay system would reduce the incentive of civil servants to maintain their good conduct. More check and control measures had to be laid down to avoid abuse of power, resulting in higher administrative costs. Prof KWONG also considered that performance of civil servants was hard to measure and that the connection between performance and pay was hard to make transparent. In the

circumstances, it would be difficult to convince civil servants that they were fairly treated. Furthermore, civil servants might tend to perform the tasks where performance was easy to measure, at the expense of other tasks.

*Dr HO Kwok-leung, Assistant Professor, Department of Applied Social Studies, The Hong Kong Polytechnic University
(LC Paper No. CB(1)1387/98-99(11))*

29. Dr HO Kwok-leung considered the objectives of the Reform not clear. He was of the view that with the approach of the 21st Century, the Government should assess the political, economical and social changes in Hong Kong and implement reforms in the civil service to suit the need of the society. It should aim at enhancing flexibility in Government departments while maintaining stability.

30. Dr HO considered that the Government should reform its management in a wider perspective to cover the division of work among departments, and internal and external communications of the Government. He also pointed out that the experiences of frontline civil servants should be treasured and that it was inappropriate to employ basic rank civil servants on agreement terms.

31. Dr HO further pointed out that it was difficult to have a fair and transparent mechanism to measure the performance of civil servants. The Government should conduct further internal consultation and listen to the views of civil servants on the reform proposals.

*Prof HO Lok-sang, Director of Centre for Public Policy Studies, Lingnan College
(LC Paper No. CB(1)1387/98-99(12))*

32. Prof HO Lok-sang supported the objectives of the Reform. He considered that public corporations such as HA and AA should be covered by the Reform.

33. On civil service pay, Prof HO considered that the remuneration package should be attractive to draw talents into the civil service but it should not be overly attractive. He also considered that permanent terms of employment was an appropriate reward for those civil servants who continued to be productive. A mechanism was required to fire those who were not productive. The performance of civil servants could be assessed through a periodic survey of the degree of satisfaction among their clients.

Discussion with academics

Timing of the Reform

34. Mr CHEUNG Man-kwong sought academics' views on Dr CHAN Yan-chong's proposal to postpone the implementation of the Reform for two years. Dr CHEUNG Bing-leung, Dr James SUNG Lap-kung, Prof Joseph CHENG Yu-shek, Dr James T H TANG, Prof John BURNS and Prof TSAO King-kwun did not support Dr CHAN's

proposal. Dr CHEUNG Bing-leung, Prof Joseph CHENG Yu-shek and Prof John BURNS considered that the Government should set priority among the reform proposals and proceed with those non-controversial ones. Dr James SUNG Lap-kung suggested the Administration to consider setting up an independent committee on Civil Service Reform, comprising Government officials, Members of the Legislative Council and academics.

35. Dr CHAN Yan-chong clarified that his proposal to postpone the Reform did not mean that the Administration should do nothing about it in the coming two years. In fact, the Administration should extend the consultation period so that civil servants and the public could have more time to express their views on the reform proposals.

36. Miss CHAN Yuen-han expressed concern about whether it was the right time to implement the Reform, having regard to the fact that civil servants had no bargaining power in the current poor state of economy.

Terms of employment

37. In response to members' questions on the proposal of employing basic rank civil servants on agreement terms, Dr CHEUNG Bing-leung considered that civil servants should be basically employed on permanent terms but to allow flexibility, it was acceptable to employ some of them, but not all those at basic ranks, on agreement terms. Dr LO Shiu-hing did not support the reform proposal as it would result in politicization of the civil service. Prof HO Lok-sang advised that the terms of employment of a civil servant should be determined by the nature of the duties of his post. If only general skills were required, the post-holder could be employed on agreement terms. Dr James SUNG Lap-kung considered that the proposed employment on agreement terms should apply to civil servants at senior ranks, not basic ranks.

38. Mr Andrew WONG was of the view that permanent terms of employment were essential for maintaining political neutrality of civil servants. Civil servants employed on agreement terms might not aim at serving the public and might abuse their power for their own interests. The problem would be much more serious if senior rank civil servants were employed on agreement terms. Prof Wilson WONG Wai-ho considered that the Administration could address the problem by formulating rules forbidding senior civil servants from joining private companies within three years after completion of agreement or resignation.

39. Dr HO Kwok-leung considered it inappropriate for the Administration to target the reform proposals at the civil servants at senior ranks or basic ranks.

Privatization of government services

40. Mr LEE Cheuk-yan considered that the Administration had a hidden agenda of the Reform and that it was paving the way for privatization by streamlining the existing

procedures for redundancy of staff. Mr LEE Kai-ming also pointed out that civil servants were very concerned about the Administration's plan for privatization. He was of the view that as the trading fund operations in the Electrical and Mechanical Services Department and the Post Office were successful, the Administration might consider establishing more trading funds, rather than pursuing privatization.

41. Dr James SUNG Lap-kung considered that the Administration should make public its plan for privatization as it was estimated that the number of civil servants to be affected would be around 120 000.

42. Prof Wilson WONG Wai-ho and Prof John P BURNS considered that privatization was a desirable option for those services which could be provided by the private sector more effectively than the Government. Prof WONG pointed out the need for monitoring the quality of services after privatization.

43. Dr HO Kwok-leung pointed out that privatization was not covered by the Consultation Document and therefore should be discussed on a separate occasion.

44. The Chairman thanked the academics for attending the meeting and sharing their views with members.

Brief response by the Administration

45. Deputy Secretary for the Civil Service 2 (DSCS2) clarified that the Administration did not have any hidden agenda of the reform proposals. There was no question of 120 000 staff to be affected by privatization as claimed by one of the academics. He also pointed out that the Reform would mainly impact on new recruits and would have little effect on serving civil servants.

46. DSCS2 thanked members and academics for their views. He advised that the Administration would work out detailed packages of proposals for more in-depth consultation and gradual implementation over the next 18 months. He assured members and academics that the Administration would take their views into consideration.

II. Any other business

47. There being no other business, the meeting ended at 1:20 pm.