

**For discussion
on 23 February 2000**

EC(1999-2000)39

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

**HEAD 143 - GOVERNMENT SECRETARIAT :
CIVIL SERVICE BUREAU
Subhead 001 Salaries**

Members are invited to recommend to Finance Committee the creation of the following supernumerary post in the Civil Service Bureau for a period of 24 months with effect from 1 April 2000 -

1 Administrative Officer Staff Grade "C"
(D2) (\$116,650 - \$123,850)

PROBLEM

The Secretary for the Civil Service (SCS) needs additional staffing support at the directorate level to co-ordinate the implementation of the Mandatory Provident Fund (MPF) system for government employees subject to the system, and to take forward the Civil Service Reform proposal relating to the study of a Civil Service Provident Fund (CSPF) scheme as the retirement benefits system for new recruits to the civil service.

PROPOSAL

2. The SCS proposes to create one supernumerary post of Administrative Officer Staff Grade "C" (AOSGC) (D2) for 24 months with effect from 1 April 2000 in the Civil Service Bureau (CSB) to head a special duties team to

/co-ordinate

co-ordinate the implementation of a MPF scheme for government employees and other related tasks and to take forward the proposal relating to the establishment of a CSPF scheme as a new retirement benefits system for new recruits to the civil service.

JUSTIFICATION

3. The proposed AOSGC will attend to the full range of preparatory work required for setting up the MPF Scheme for government employees not covered by the civil service pension schemes in compliance with the Mandatory Provident Fund Schemes Ordinance, Chapter 485. It is estimated that about 29 000 employees of the Government will be covered by the MPF Scheme in accordance with the Ordinance.

4. In addition, the AOSGC will be responsible for taking forward the proposal to explore the introduction of a CSPF scheme as a new retirement benefit system, in place of the existing civil service pension schemes, for new recruits to the civil service, involving a consultancy study on the civil service retirement benefits system and its feasibility, and design of a CSPF scheme. The officer will monitor the consultancy study, co-ordinate with relevant bureaux and departments to provide the necessary policy input and organise service-wide consultation with all interested parties.

Mandatory Provident Fund (MPF) Scheme

5. The territory-wide MPF system will come into operation by December 2000. Government, as an employer, will be required under the MPF Schemes Ordinance to arrange for its employees not covered by the civil service pension schemes to join a MPF scheme registered with the MPF Schemes Authority before December 2000. A special duties team is needed to undertake preparatory work for setting up a MPF scheme in compliance with the law for government employees. This will include exploring the appropriate means of setting up the scheme, examining and aligning existing government human resource management practices where necessary and appropriate to ensure compliance with the MPF requirements, acquiring MPF services from approved service providers, publicising the MPF arrangements to government employees concerned, and co-ordinating the implementation of administrative and accounting arrangements in connection with the MPF scheme.

Civil Service Provident Fund (CSPF) Scheme

6. We proposed in the Civil Service Reform Consultation Document issued on 8 March 1999 to enlist the expertise of consultants to work out proposals on the setting-up of a CSPF scheme in place of the existing pension schemes as the retirement protection system for new recruits to the civil service. The majority of comments support the idea of exploring the development of a CSPF scheme provided that any switch of the serving officers to the scheme if developed will be on a voluntary basis. To this end, CSB has commissioned a consultancy study on the design and implementation of a CSPF scheme. The consultancy study will be undertaken in two stages. We aim to complete Stage One of the study by mid 2000 and to start consultation with the staff sides, other stakeholders and interested parties. We hope to be able to commence the Stage Two implementation study after consultation with a view to completing the study within 2001.

7. The CSB will be responsible for overseeing and steering the work of the consultants, including providing directives and steers on the direction of research and study, providing policy input to the study and formulation of proposals, options and recommendations, co-ordinating the provision of necessary information and data to enable the research and study, monitoring the progress of the consultants and ensuring the quality of their output and deliverables. In addition, CSB will be responsible for the interface between the consultants and relevant government policy bureaux, departments, grades and other relevant parties including the MPF Schemes Authority and the staff sides, to co-ordinate their input to the study as well as to keep them posted of progress and key issues relevant to them.

8. CSB will also need to co-ordinate deliberations of the recommendations and options arising from Stage One of the consultancy study, including the parameters and design of the proposed CSPF scheme, within the Administration, as well as the consultation with the staff sides, advisory bodies, other stakeholders and interested parties. To this end, a working group with involvement of the staff sides will be formed to discuss matters relating to the proposed CSPF scheme and the consultancy. After consultation, the proposals will be refined and Stage Two of the consultancy study will be commissioned to study various implementation-related issues. CSB will also be responsible for co-ordination of the implementation of the finalised recommendations and proposals.

9. Given the complexity and quantity of additional work involved in these tasks, we consider it necessary to have a dedicated D2 officer, to be supported by a special duties team, to lead the project. The proposed AOSGC will report to Deputy Secretary (Civil Service)1 (DS(CS)1). At present, DS(CS)1 has the support of two Principal Assistant Secretaries (PASs) ranked at the level of AOSGC and a Principal Executive Officer (PEO). The two PASs and PEO are responsible for policies on appointments policy, pensions, management of the Administrative Officer grade and administrative matters in CSB. They are already fully committed to their existing schedules and it would be impossible for them to absorb the duties of the proposed AOSGC post. The long term staff resources required for administering the CSPF scheme, after its implementation, will be considered separately.

Encl. 1 10. The proposed duty list of the AOSGC is at Enclosure 1. The
 Encls.2&3 organisation charts of the special duties team and its relationship with other divisions in CSB are at Enclosures 2 and 3 respectively.

FINANCIAL IMPLICATIONS

11. The additional notional annual salary cost at mid-point and the full annual average staff cost of the proposal, including salaries and staff on-cost, are -

	Notional Annual Salary Cost at mid-point \$	Full Annual Average Staff Cost \$	No. of Post
Supernumerary post AOSGC	1,443,000	2,471,000	1

12. We have created three non-directorate general grade posts (one Chief Executive Officer, one Senior Executive Officer and one Clerical Officer) to form a special duties team to provide support to the proposed AOSGC through the departmental establishment committee machinery. The total notional annual mid-point salary cost and the full annual average staff cost of these three non-directorate posts are \$1,999,380 and \$3,141,000 respectively.

13. We have included sufficient provision in the 2000-01 draft Estimates to meet the cost of the proposal.

/BACKGROUND

BACKGROUND INFORMATION

14. On 14 January 1999, the Chief Executive announced an overall review and reform of the Hong Kong Civil Service management system with a view to achieving greater openness and enhanced efficiency in the system. In March 1999, CSB published the Civil Service Reform Consultation Document, setting out the scope of the reform which covers several major policy areas in staff management, including, inter alia, the review of the retirement benefits system.

15. The current trend in the private sector and other governments is to set up contributory provident funds in place of pension schemes as the retirement protection system. Some of the features of a provident fund scheme such as portability of benefits may also be conducive to modernising the civil service appointment system and facilitate the interflow of expertise and experience between the civil service and the private sector. To ensure that the retirement protection of the civil service is in step with present day circumstances and the future needs of the civil service, it would be desirable to explore the setting up of a new retirement benefits system, based on a CSPF scheme.

ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

16. As the AOSGC post is proposed on a supernumerary basis, its creation, if approved, will be reported to the Standing Committee on Directorate Salaries and Conditions of Service in accordance with the agreed procedure.

Civil Service Bureau
February 2000

**Job Description of the Proposed Post of
Principal Assistant Secretary (Civil Service) (Special Duties)2**

Post Title : Principal Assistant Secretary (Civil Service)
(Special Duties)2

Rank : Administrative Officer Staff Grade “C” (D2)

Responsible to : Deputy Secretary (Civil Service)1

Main duties and responsibilities :

As head of the Special Duties Team, the AOSG“C” is responsible for -

1. co-ordinating and overseeing the setting up of a Mandatory Provident Fund (MPF) scheme for government employees not covered by the civil service pensions schemes;
2. overseeing the commissioning and conduct of a consultancy study on the new civil service retirement benefits system, including monitoring and managing the consultants and supporting the steering group in guiding the consultancy study;
3. co-ordinating with policy bureaux, departments, grades and other relevant parties including the MPF Schemes Authority on matters relating to the development, formulation and implementation of a Civil Service Provident Fund (CSPF) scheme;
4. co-ordinating the staff sides’ involvement in the process of studying and devising the proposed CSPF scheme and supporting the consultation with the staff sides on proposals and options for the CSPF scheme;
5. overseeing and co-ordinating the implementation of the CSPF scheme including implementation strategies, institutional arrangements for day-to-day administration, and other necessary administrative or legislative changes; and
6. overall co-ordination of matters relating to the proposal to establish a CSPF scheme as a new retirement benefits system for the civil service and supporting the formulation of a policy for establishing the CSPF scheme.

**Proposed Organisation Chart of
the Special Duties Team**

AOSGC

PAS(CS)SD2

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CEO

- Review of civil service retirement protection system
- Commissioning and monitoring of consultancy study on CSPF scheme
- Strategy for consultation with staff sides and interested parties on the design of CSPF scheme
- Strategy and guidelines for implementing the CSPF scheme
- Strategy and guidelines for setting up a Mandatory Provident Fund scheme

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SEO

- Research in civil service retirement protection system
- Support services for commissioning and monitoring of consultancy study on CSPF scheme
- Support services for conducting consultation with the staff sides and interested parties on the design of CSPF scheme
- Support services for implementing the CSPF scheme
- Support services for setting up a Mandatory Provident Fund scheme

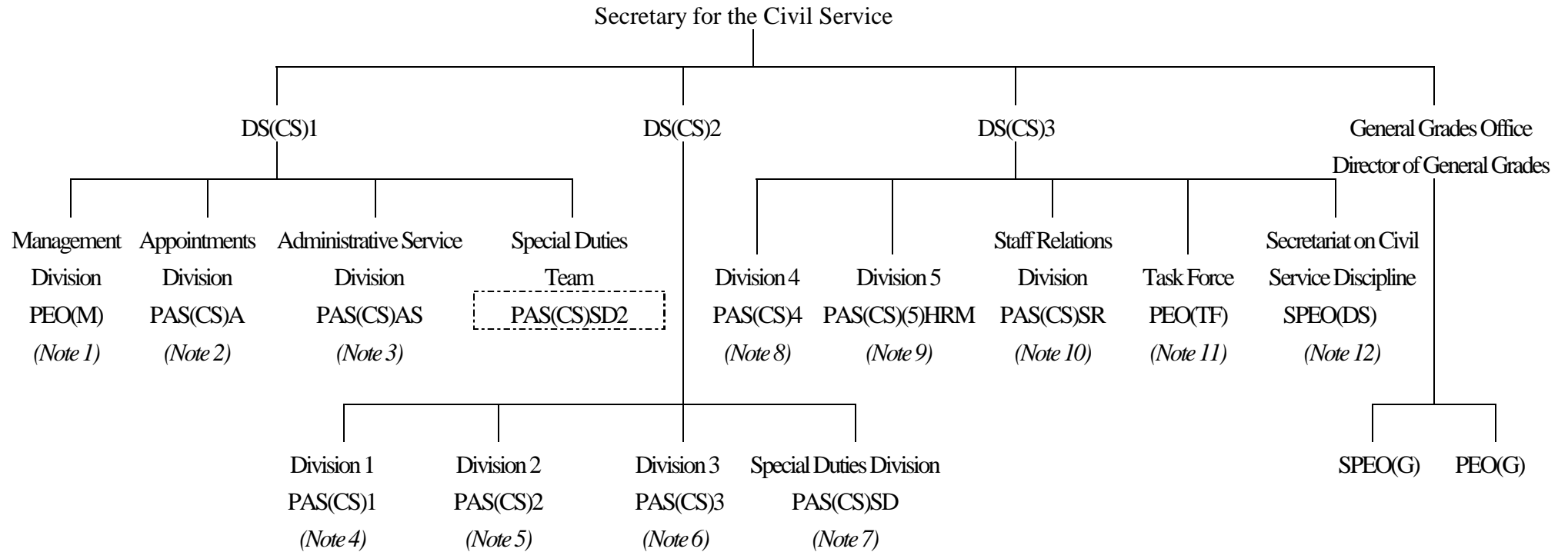
General Registry

1 CO

Legend:

AOSGC	Administrative Officer Staff Grade C
PAS	Principal Assistant Secretary
CEO	Chief Executive Officer
SEO	Senior Executive Officer
CO	Clerical Officer

Organisation Chart of Civil Service Bureau



 The supernumerary post proposed for creation

- DS Deputy Secretary
- PAS Principal Assistant Secretary
- SPEO Senior Principal Executive Officer
- PEO Principal Executive Officer

Footnote

- Note 1* Management Division is the subject division responsible for general administration and resource management.
- Note 2* Appointments Division is the subject division responsible mainly for policies on appointments, qualification assessment and examinations, common terms, pensions, retirement and post-retirement employment.
- Note 3* Administrative Service Division is responsible for the management of Administrative Officer Grade.
- Note 4* Division 1 is the subject division mainly for policies on housing and quartering. It also provides Bureau advice to 11 departments.
- Note 5* Division 2 is the subject division for policies on leave and passage, and travelling expenses. It also provides Bureau advice to 16 departments.
- Note 6* Division 3 is the subject division mainly for policies on education/job-related allowances, medical & dental benefits, conditions of service. It also provides Bureau advice to 25 departments.
- Note 7* Special Duties Division is the subject division for policies relating to Civil Service pay adjustment and performance-related pay. It is also responsible for the overall co-ordination of the Administration's input on the Starting Salaries Review and the Civil Service Reform.
- Note 8* Division 4 is the subject division mainly for policies on conduct and discipline and industrial actions. It also provides Bureau advice to 16 departments.
- Note 9* Division 5 is the subject division mainly for policies on Human Resource Management, training, privatisation/corporatisation and trading funds. It also provides Bureau advice to 21 departments.
- Note 10* Staff Relations Division looks after mainly matters on staff relations and welfare, the central consultative councils and departmental consultative committees.
- Note 11* Task Force is the team to implement the CSB/ICAC Civil Service Integrity Programme in reviewing central guidelines on conduct and discipline and assisting departments in drawing up supplementary guidelines on avoidance of conflict of interest situations specific to departmental operations.
- Note 12* Secretariat on Civil Service Discipline is responsible to process disciplinary cases under the Public Service (Administration) Order 1997. The proposal to create the SPEO post of the Secretariat will also be considered by Members at the same meeting under EC(1999-2000)38.

