

立法會
Legislative Council

LC Paper No. CB(1)1348/99-00
(These minutes have been seen
by the Administration)

Ref : CB1/PL/PS/1

Legislative Council
Panel on Public Service

Minutes of meeting
held on Monday, 20 March 2000 at 10:45 am
in the Chamber 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 Kwok-keung
Hon CHAN Wing-chan
Hon Howard YOUNG, JP
Hon Ambrose LAU Hon-chuen, JP

Members attending : Hon NG Leung-sing
Hon CHAN Yuen-han
Hon Emily LAU Wai-hing, JP

Members absent : Hon Michael HO Mun-ka
Hon Andrew WONG Wang-fat, JP

Public officers attending : Mr LAM Woon-kwong
Secretary for the Civil Service

Ms Anissa WONG
Deputy Secretary for the Civil Service (1)

Mr D W PESCOD
Deputy Secretary for the Civil Service (2)

Mrs Susan MAK
Deputy Secretary for the Civil Service (3)

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)1173/99-00)

The minutes of the meeting held on 21 February 2000 were confirmed.

II. Date of next meeting and items for discussion

(LC Paper No. CB(1)1174/99-00(01) — List of outstanding items for discussion

LC Paper No. CB(1)1174/99-00(02) — List of follow-up actions)

2. The Panel agreed to discuss the following items at the next regular meeting to be held on 17 April 2000:

- (a) Civil service entry system and fringe benefits package for new recruits;
- (b) Review of declaration system of investments by civil servants; and
- (c) Consultative machinery of the civil service
 - Briefing by the Administration on the position/outcome of the review of the criteria for admission to the Senior Civil Service Council.

III. Update on Civil Service Reform

(LC Paper No. CB(1)1174/99-00(03) — Paper provided by the Administration

LC Paper No. CB(1)1174/99-00(07) — Submission from the Senior Civil Service Council (Staff Side))

3. The Chairman referred members to the paper provided by the Administration and the submission dated 18 March 2000 from the Senior Civil Service Council (SCSC) (Staff Side).

Briefing by the Administration

4. Secretary for the Civil Service (SCS) advised that since the issue of the Consultation Document on Civil Service Reform (Consultation Document) on 8 March 1999, the Administration had conducted extensive consultation on the reform proposals, in particular consultation of the Staff Sides. However, the paper on "Update on Civil Service Reform" provided by the Administration represented the views of the Administration, not those of the Staff Sides. SCS highlighted the progress of the reform as follows:

- (a) The new civil service starting salaries and the new disciplinary mechanism would be implemented in April 2000;
- (b) The application of the relevant Civil Service Regulations on granting of increments would be tightened up;
- (c) The proposed civil service entry system and fringe benefits for new recruits would be finalized shortly;
- (d) The proposed Voluntary Retirement scheme and Management-initiated Retirement scheme would be submitted to the Finance Committee for approval in due course; and
- (e) The Administration needed more time to finalize the details of the proposed Civil Service Provident Fund scheme and performance-based reward system.

Scope and pace of reform

5. Mr CHEUNG Man-kwong noted that the reform covered 10 major areas and that some of the reform proposals were controversial. He was concerned whether the civil service could stand all the reform proposals within such a short period of time. SCS advised that the Administration was fully aware of the importance of this point. In order to minimize the impact of the reform on serving civil servants, most of the

reform proposals would apply to new recruits only. Indeed, job security and pay and conditions of service of a great majority of the serving civil servants would not be affected. Moreover, the Administration had taken the views of the Staff Sides and slowed down the pace of the reform in some aspects. For example, the adoption of performance pay would be considered at a later stage, after improvements were made to the performance appraisal system.

6. Mr CHEUNG Man-kwong pointed out that apart from the reform conducted by the Civil Service Bureau (CSB), the civil service was also subject to the Enhanced Productivity Programme (EPP) and corporatization/privatization proposals put forward by the Finance Bureau (FB) and the Business and Services Promotion Unit (BSPU) respectively. The EPP and corporatization/privatization proposals had significant impact on serving civil servants. Miss CHAN Yuen-han shared his view. Mr CHEUNG urged the Administration to consider carefully the strategy for civil service and public sector reforms, and to maintain a proper balance between the interests of civil servants and public interests. SCS appreciated Mr CHEUNG's views. He pointed out that CSB had been liaising closely with FB, BSPU and the departments involved in corporatization/privatization. As pointed out by the Chief Executive in his Policy Address on 6 October 1999, the Administration would, in the process of reform, endeavour to make reasonable arrangements for serving staff and would avoid staff redundancies as far as possible through inter-departmental redeployment, secondment and staff retraining.

Proposed civil service entry system

7. Ms Emily LAU requested the Administration to respond to the submission from SCSC (Staff Side). SCS advised that the original proposal of the new entry system contained in the Consultation Document was to employ all basic rank civil servants on agreement terms. Those of proven ability and potential could be offered permanent terms only when appointed to supervisory ranks. Having considered the views of the Staff Sides and departmental management, the Administration had decided to revise the proposal to the effect that new recruits would normally be appointed on probationary terms for three years and those who had passed the probation would be appointed on agreement terms for three years (i.e. the "3 + 3" model). They could be considered for more permanent tenure after fully demonstrating in the agreement period their suitability and potential to advance in their chosen career. Under the revised proposal, it was estimated that about 20% of civil servants would be appointed on agreement terms. SCS stressed that the Administration had already taken the views of the Staff Sides into account in working out the revised proposal and that the proposal should be finalized by the Government, i.e. the employer, not by serving civil servants.

8. Some members objected to the proposed "3 + 3" model and considered it unjustified for the Administration to take 6 years to assess the suitability of an officer for appointment on permanent terms. Mr CHAN Wing-chan was concerned that the

proposal would affect the morale of civil servants and discourage people from joining the Government. Mr CHAN Kwok-keung considered the proposal unfair to the new recruits. Mr LEE Cheuk-yan and Miss CHAN Yuen-han were of the view that the proposal would set a bad example for the private sector and affect the stability of the labour market. Mr Howard YOUNG pointed out that in the private sector, a 3-year probationary period was required for some managerial posts but not for secretarial or clerical posts.

9. SCS responded that the proposed entry system aimed to provide greater flexibility in the civil service appointment system and to allow for better quality control of staff. The "3 + 3" model was not a revolutionary proposal. Indeed, there was a world-wide trend for civil servants to be employed on agreement terms. The Administration did not consider that the proposal would discourage people from joining the Government as the civil service still compared favourably with the private sector in terms of job security and development prospects. There was no question of unfairness as the new recruits should be well aware of the terms of employment before applying for civil service posts. Moreover, the proposal would not affect the stability of the labour market. In SCS's view, the labour market was in fact affected by the rapid changes in the economy and society due to technological advance and other factors.

10. Miss CHAN Yuen-han queried the need to introduce the "3 + 3" model, having regard to the fact that part of the civil service, for example, the disciplined services, was exempted from its application. SCS explained that in accordance with the principle of enhancing flexibility, the Administration would allow for variations to the "3 + 3" model for individual grades to cater for their management needs and operational circumstances. As new recruits to the disciplined services were required to undergo rigorous training during the probationary period, those who could pass the probation would be regarded as having proven ability and potential. For this reason and to reassure staff undertaking life-risking duties, the disciplined services would be allowed to appoint new recruits directly to long term tenure upon their completion of probation.

Civil service starting salaries

11. Miss CHAN Yuen-han pointed out that according to a survey conducted by the Hong Kong Federation of Trade Unions in January 2000, the number of female receiving a monthly income of \$3,000 or less was much larger than that of the previous year. She was concerned that the employers in the private sector would follow the Government in reducing starting salaries and therefore, further lower the level of income in the private sector. SCS did not consider that the reduction in civil service starting salaries would set an example for the private sector to follow. He pointed out that the new civil service starting salaries were at the upper level of market rates, as the Standing Commission on Civil Service Salaries and Conditions of Service had used the third quartile level of private sector pay data as a reference for

determining the new benchmarks. For example, the new starting salaries for a Workman II and a Personal Secretary II were \$8,615 and \$9,180 respectively.

Civil Service Provident Fund (CSPF) scheme

12. Responding to Ms Emily LAU's question on the submission from SCSC (Staff Side), SCS advised that the Administration had not accepted the Staff Side's proposal to modify the existing pension scheme as the retirement protection scheme for new recruits, because the Administration considered it more appropriate to develop a provident fund scheme which would be more transparent.

13. Mr Howard YOUNG noted that the Administration aimed to finalize the details of the CSPF scheme in 2001. He asked what arrangements would be available for the new recruits before then. SCS advised that the CSPF scheme would only be applied on new recruits employed on permanent terms. Staff on probation or on agreement terms would be subject to the Mandatory Provident Fund scheme for Government employees.

14. Mr LEE Cheuk-yan requested the Administration to provide the information on the amount of public moneys involved per month for the Government to maintain the existing pension scheme and the amount expected to be contributed to the CSPF scheme per month by the Government as the employer. SCS advised that the information was not available. He also pointed out that the nature of the two schemes was entirely different. Under the pension scheme, monthly pensions were issued only after the retirement of the staff concerned. As regards the CSPF scheme, the Government would make its monthly contributions to the scheme starting from the first month of employment of the staff concerned. The Administration would consult the Staff Sides on the details of the CSPF scheme and brief the Panel in due course.

Admin

15. Responding to a further question from Mr LEE Cheuk-yan, SCS advised that the contributions to be made by the subvented organizations to the Mandatory Provident Fund schemes should be covered by the lump-sum funding provided by the Government. It was expected that FB and other relevant bureaux would consult them on the detailed arrangements. Nevertheless, in the light of the experience in the Civil Service Starting Salaries Review 1999, the Administration would liaise more closely with the subvented organizations on any policies which might have impact on them.

Disciplinary mechanism

16. Responding to Ms Emily LAU, SCS advised that the Administration had accepted some views of the Staff Sides on the disciplinary mechanism and sought their agreement to the finalized proposal. The only problem was that the Administration had not promptly informed the Staff Sides of the details of the follow-up action taken. SCS said that the Administration would improve in this aspect in future.

Voluntary Retirement scheme

17. In response to Miss CHAN Yuen-han's enquiry, SCS advised that the Budget target of cutting of 10 000 posts over the next three years would be achieved by voluntary retirement, retraining and redeployment of civil servants. It would not be achieved by staff redundancy. SCS stressed that it was the number of posts, not staff, that was to be cut.

Management-initiated Retirement (MIR) scheme

18. Ms Emily LAU noted that the Staff Sides had raised strong objection to the introduction of the MIR scheme. Whilst supporting the removal of incompetent staff, Ms LAU was concerned whether a fair and open mechanism would be put in place to avoid abuse. SCS advised that the MIR scheme would be applied to directorate officers who played a key role in shaping policies and formulating development strategies. As most of the serving directorate officers were employed on permanent terms, they would remain in the civil service unless they had committed serious misconduct or resigned on their own. To enhance the quality of officers at the senior level and to provide promotion opportunities for meritorious officers at junior levels, the Administration saw the need to introduce the MIR scheme to allow the management to initiate early retirement of mediocre directorate officers. In fact, some overseas countries, such as the United Kingdom, Australia and New Zealand, had similar practices. SCS also pointed out that to avoid abuse of the scheme, all the relevant cases would be handed at the central level. The current thinking was that decisions on such cases would be made by a committee chaired by the Chief Secretary for Administration, on the advice of the Public Service Commission (PSC).

19. Ms Emily LAU considered that decisions on MIR cases should not be made by Government officials alone. She suggested the Administration to invite outsiders to join the committee so as to enhance its accountability. In this connection, the Chairman asked whether an appeal channel would be provided under the MIR scheme. SCS pointed out that all MIR cases would be monitored by PSC which was a statutory body comprising non-civil servants as its members. So far, there had not been one occasion in which the Administration had not accepted the PSC's advice.

Performance-based reward system

20. Responding to Mr NG Leung-sing, SCS advised that as performance-based reward systems had been controversial, the Administration needed to proceed cautiously and start with trials in selected departments. For example, different systems had been implemented in several trading fund departments to reward staff on a team basis. The experiences in the previous two years were positive. Moreover, CSB had introduced in 1999 a system under which the frontline staff who had outstanding performance were rewarded with a limited amount of cash. The

expenditure incurred was covered by savings achieved under the existing provisions for CSB.

IV. Civil service salary levels beyond entry level

(LC Paper No. CB(1)1174/99-00(04) — Paper provided by the Administration)

Briefing by the Administration

21. SCS referred members to the paper provided by the Administration and stressed that the Administration had no pre-determined position on whether to embark on a review of civil service salaries beyond entry level (the review). SCS also pointed out that the Staff Sides had been consulted on the subject. Whilst the major civil service unions did not object to the conduct of the review in principle, they had a strong view that it was not the right time to do so.

Discussion

22. Ms Emily LAU and Mr Howard YOUNG were in favour of conducting the review so as to address the public concern that the salary levels of the civil service were much higher than those of the private sector. In view of the complexity of the subject, Ms LAU suggested the Administration to consult all the relevant parties before embarking on the review. Ms LAU also noted that the last Civil Service Pay Level Survey (PLS) conducted in 1986 had lasted nearly three years and that the Administration's initial estimate of the time required to conduct a PLS at the present stage was around 27 months. She considered the result of such a survey meaningless and asked whether the length of time required could be shortened by simplifying the procedures involved. SCS pointed out that PLS would include a consultancy study for external comparison with the private sector and a comprehensive internal examination of special job factors for about 350 grades. In view of the different nature of jobs in public and private sectors, and in different grades of the civil service, it would take considerable time to conduct a fair and reasonable comparison. Ms LAU appreciated the difficulties involved but stressed the need to conduct the review in an efficient manner. She suggested the Administration to make reference to overseas experience.

Admin

23. Mr Howard YOUNG suggested the Administration to conduct a small-scale review to cover two or three grades which had comparable jobs in the private sector, for example, the Secretarial grade and the Professional grade. The Administration might, base on the result of the small-scale review, decide whether a full-scale review should be conducted. Deputy Secretary for the Civil Service (2) (DSCS2) advised that the Administration had considered the core grade approach proposed by Mr YOUNG but was faced with the difficulties of finding directly relevant comparatives in the private sector. Even though the job titles were the same, it could not be assumed that the actual job functions were the same. Moreover, it would be difficult to decide to

what extent the core grades reflected the rest of the civil service in terms of internal relativity. It would also be difficult to reach agreement with the Staff Sides on which grades should be selected as the core grades and how other grades should be linked to them. Nevertheless, the Administration would further explore the pros and cons of this approach.

24. The Deputy Chairman considered that the review should be conducted as soon as possible. The review should include the PLS and a comparison of the pay trend in the public and private sectors in the next few years. She noted that in the 1986 PLS, a method of job evaluation was used under which a representative sample of civil service jobs was compared with a similar representative sample of jobs in the private sector on three elements, namely, know-how, problem-solving ability and accountability. She considered that the present review should cover one more element, i.e. core competency. DSCS2 pointed out that the methodology of the 1986 PLS was one of the contentious issues arising from the survey. The Staff Sides had argued that the three elements were too broad and did not accurately reflect the diversity of the factors required for jobs in the civil service. If the Administration were to embark on a PLS, it would have to consider carefully the methodology to be adopted.

25. Mr LEE Kai-ming, Mr CHAN Wing-chan, Miss CHAN Yuen-han and Mr CHAN Kwok-keung objected to the conduct of the review at this point in time when the state of economy was poor. Responding to Mr LEE Kai-ming's enquiry, SCS advised that PLS was not conducted at regular intervals. As the last PLS had been conducted in 1986, the Administration saw the need to conduct another PLS to ensure that civil service pay was broadly comparable with private sector pay. The Administration had therefore started in 1999 to look into the matter and see if it was the right time to conduct the PLS. Mr CHAN Wing-chan and Miss CHAN Yuen-han considered that it was not the right time to do so and requested the Administration to study the subject after the economy was recovered and the completion of the Civil Service reform. SCS assured members that the Administration would consider carefully whether, when and how the PLS should be taken forward.

26. Mr CHEUNG Man-kwong was also not in favour of conducting the review at the present stage. He urged the Administration to establish a sound mechanism so that PLS could be conducted in an efficient manner at reasonable intervals to cater for the rapid changes in the salary levels of the private sector, a fair comparison of civil service and private sector jobs could be made, and the provisions of the Basic Law would not be contravened. SCS appreciated Mr CHEUNG's views and recognized the need for a review of the existing mechanism for PLS. The Administration would decide the way forward after exchanging views with Members and the Staff Sides.

27. Mr LEE Cheuk-yan considered that the review should not be conducted as it would probably result in reduction of civil service pay which in turn would lead to reduction of private sector pay.

Conclusion

28. To conclude, the Chairman pointed out that 3 Members were in favour of conducting the review while 7 Members, including himself, were not. He suggested the Administration to take Members' views into consideration before making a decision on the subject.

V. Review of declaration system of investments by civil servants

(LC Paper No. CB(1)1174/99-00(05) — Paper provided by the Administration

LC Paper No. CB(1)1174/99-00(06) — Research report on "Declaration of Interests by Senior Civil Servants in Some Overseas Countries" prepared by the Research and Library Services Division of the Legislative Council Secretariat)

29. Due to time constraints, members agreed that the subject of agenda item V be deferred to the next meeting to be held on 17 April 2000.

VI. Any other business

30. There being no other business, the meeting ended at 12:50 pm.

Legislative Council Secretariat

30 March 2000