

立法會
Legislative Council

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**Report of the Panel on Public Service
for submission to the Legislative Council**

Purpose

This report gives an account of the work of the Panel on Public Service from July 1999 to May 2000. It will be tabled at the meeting of the Legislative Council (the Council) on 14 June 2000 in accordance with Rule 77(14) of the Rules of Procedure of the Council.

The Panel

2. The Panel was formed by resolution of the Council on 8 July 1998 for the purpose of monitoring and examining Government policies and issues of public concern on matters relating to civil service and Government-funded public bodies, and public service matters. The terms of reference of the Panel are in **Appendix I**.

3. The Panel comprises 11 members. Hon TAM Yiu-chung and Hon Mrs Sophie LEUNG were elected Chairman and Deputy Chairman of the Panel respectively. The membership list of the Panel is in **Appendix II**.

Major Work

4. The effectiveness of the civil service and the pay structure and fringe benefits package of civil servants were high on the agenda of the Panel this year. On the effectiveness of the civil service, the Panel continued its discussion last year with the Administration on the various proposals in the Civil Service Reform and Government's policy on corporatization of public services.

Civil Service Reform

5. The Panel recognized the need to enhance the performance and cost-effectiveness of the civil service. However, members were equally concerned about the impact of the scope and pace of the reform on the stability and morale of the civil service. The Panel therefore exchanged views with both the Administration and civil service unions on the various reform proposals.

6. On civil service entry system, the Panel noted that the Administration had taken into account members' views and revised the proposal of appointing all new entrants at basic rank on agreement terms. Under the revised arrangement, new entrants at basic ranks would normally be offered two consecutive 3-year contracts before appointment to permanent terms. The Panel considered it unjustified to take six years to assess an officer's suitability for appointment on permanent terms and that the arrangement was not conducive to attracting and retaining quality staff. The Panel was therefore not in support of the revised arrangement.

7. To enhance the effectiveness of the civil service, the Panel supported the streamlining of the disciplinary procedures and the setting up of an independent Secretariat on Civil Service Discipline to centrally process all disciplinary cases in the civil service. The Panel also noted that the Administration intended to introduce two new retirement schemes: the Voluntary Retirement (VR) scheme and the Management-initiated Retirement (MIR) scheme. Under the proposed VR scheme, staff in 59 grades where there was staff surplus or anticipated staff surplus problem would be allowed to apply for voluntary retirement. The Panel considered that in dealing with the staff surplus problem, the Government, as a good employer, should allow the staff concerned to have a choice between voluntary retirement, redeployment or retraining. Some members were concerned that the staff surplus problem was in fact caused by the Administration's attempt to contract out more Government services. To address the concern of members, the Administration undertook to provide information on its plan for redeployment and retraining of the staff concerned who did not wish to join the VR scheme, and for contracting out the services being provided by the 59 grades. As regards the proposed MIR scheme, the Panel considered it unjustified and illogical for the Administration to introduce such a scheme to allow management to initiate early retirement for directorate officers simply because they had difficulties in adapting to the changes in the requirements of their jobs or departments and had posting problems. Members were also concerned that the scheme would be subject to abuse. The Panel strongly urged the Administration to reconsider the rationale and details of the proposed scheme.

8. On performance management, the Panel noted the Administration's move to tighten up the application of the relevant Civil Service Regulations on granting of increments and to introduce measures to improve the performance

management system. The Panel was pleased to note that the Administration had accepted the views of the Panel and civil service unions and agreed to pursue the controversial proposal of performance pay at a later stage, after improvements were made to the performance management system.

Starting salaries and fringe benefits for civil servants and for the subvented sector

9. On civil service pay, the Panel had divided views on the recommendations on reduction in the starting salaries of basic ranks arising from the Civil Service Starting Salaries Review 1999. While some members recognized the need to bring civil service starting salaries in line with those in the private sector, other members shared the concern of civil service unions that the conduct of the review when Hong Kong's economy was at its worst was unfair to civil servants. In this respect, the Administration agreed that civil service pay reviews should be conducted more frequently. On the implications of the new benchmarks and pay model on serving staff on transfer, the Administration allowed a great majority of serving staff on transfer to another grade to maintain their existing salary levels. Teachers, in particular, would also be allowed to carry their existing pay upon transfer to other schools.

10. The Panel also deliberated on the need to review civil service salaries beyond entry level. While some members considered it necessary to conduct the review as soon as possible, some called for a more cautious approach and suggested the Administration to consult all relevant parties before embarking on the review. The Administration noted members' suggestion that the current pay review mechanism should be refined to take into account the rapid changes in the salary levels of the private sector and to allow fair comparison of comparable jobs in the civil service and the private sector. The Administration also agreed to exchange views with the Staff Sides before deciding on the way forward.

11. The Panel noted the Administration's proposed changes to the granting of acting allowances and the introduction of the new Supplementary Travel Allowance to replace the Home-to-Office Travelling Expenses and Home-to-Office Mileage Allowance. On fringe benefits for staff in the subvented sector, the Panel pointed out that since the introduction of the Mortgage Interest Subsidy Scheme (MISS) in 1993, no measures had been introduced to narrow the gap between the housing benefits given to civil servants and staff in the subvented sector. The Administration explained that further measures could only be introduced where overall budgetary conditions permitted and priority for resources could be justified on policy grounds. It nevertheless assured members that there was no plan to adjust the interest subsidy offered under MISS downward.

Pension adjustment policy and mechanism

12. The Public Accounts Committee referred to the Panel for consideration the Director of Audit (D of A)'s observations and recommendations on the current pension adjustment policy and mechanism contained in Chapter 8 of the D of A's Report No. 34. The Panel noted that the Administration had, at the request of D of A, reviewed the existing mechanism which only provided for pension increase on account of inflation, but not pension decrease in the event of deflation. The Panel was briefed by the Administration on the outcome of the review. Having regard to overseas practices and various factors such as the financial implications on existing pensioners, the Administration was of the view that the current pension adjustment policy and mechanism as prescribed in the pension legislation should be maintained and reaffirmed.

Policy on promotion and transfer

13. The Panel exchanged views with the Administration on the ways to improve the performance appraisal system for the purpose of promoting staff on the basis of merits. As regards transfer of directorate officers, the Panel invited the Administration to brief members on the policy governing transfer of departmental grade officers to fill Administrative Officer (AO) posts following the transfer of the former Director of Broadcasting to an overseas AO post. The Panel was assured that in selecting suitable candidates to fill vacancies at Heads of Department level of the AO grade, a promotion board chaired by the Chief Secretary for Administration would be convened to consider all eligible candidates from the AO grade and other grades, having regard to their ability, personality and other relevant factors. In the case of the transfer of the former Director of Broadcasting, the established procedures had been followed and the transfer was not made under any political pressure.

Civil service consultative machinery

14. Having regard to the changes in the civil service in the past decades, the Panel recognized the need to review the central consultative machinery in the civil service to ensure that civil servants were fully represented in the consultation process. The Panel invited civil service unions to give views on the subject. The Panel noted that some civil service unions were frustrated about the refusal of their applications to join the Senior Civil Service Council (SCSC), one of the four central staff consultative councils. In response to the Panel's request, the Administration conducted a review on the subject with a view to broadening the representativeness of the SCSC. One of the problems identified was the discounting of members of applicant unions if such members were also members of the three current Staff Side associations of SCSC. These applicant unions hence did not meet one of the admission criteria of SCSC that the number of due paying members of an applicant union should be sufficiently large to

deserve recognition by the central management. The Administration undertook to explore the adoption of a discount ratio for duplicated membership and conduct a survey to ascertain the extent of the problem of duplicated membership within an applicant trade union federation.

Declaration of investments by civil servants

15. In the light of the case of Mr WONG Ho-sang, former Commissioner of Inland Revenue, the Panel urged the Administration to further review the system of declaration of investments by civil servants with reference to overseas practice. At the same time, the Legislative Council Secretariat was also requested to compare the practices in the Hong Kong civil service with those in overseas countries. Upon further review of the system, the Administration undertook to strengthen monitoring measures by issuing additional guidelines and providing a checklist to facilitate Bureau Secretaries/Heads of Departments in vetting and reviewing declaration returns. Referring to the problem of indebtedness of civil servants, the Panel urged the Administration to consider expanding the declaration system to cover declaration of liabilities above a certain amount incurred by civil servants and their spouses or dependent children, so that the problem could be tackled at an early stage. Whilst the Administration considered it inappropriate to address the problem through the declaration of investment requirements, it undertook to review its guidelines on indebtedness with a view to strengthening measures to manage indebtedness in the civil service.

Corporatization and contracting out of public services

16. The Panel also noted that there were plans in the civil service to corporatize or contract out certain public services. On the overall policy on corporatization, the Panel stressed the importance 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. The Panel was reassured that the Administration would, in the process of reforms, 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.

17. On the greater private sector involvement in Housing Authority's estate management and maintenance services, the Panel had a joint meeting with the Panel on Housing. Members of the joint Panels were concerned about the impact of the phased service transfer programme on the staff concerned and whether there would be an improvement of services after the implementation of the programme. The Panels therefore urged the Administration to slow down the pace of the programme if the take-up rate of the voluntary staff release package was low and to monitor the performance of service providers. In view

of the concern of the two Panels, the Administration undertook to review the programme within the first two years of implementation and to establish a performance monitoring mechanism.

18. On the proposed corporatization of the Survey and Mapping Office (SMO) of the Lands Department, the Panel shared the concern of SMO's staff associations about the cost-effectiveness of the proposal and the arrangements for serving staff. Some members also queried whether it was in the public interest to corporatize survey and mapping services which were essential public services. The Panel noted that the corporatization proposal would enable SMO to make more efficient use of its valuable assets to realize the new business opportunities, and would not result in any loss of jobs or changes in terms of employment on the part of the SMO staff. The Panel however expressed reservation on the proposal in view of the queries raised by the experienced SMO staff on the revenue assessments and new business opportunities identified by the Administration's consultants. The Panel therefore urged the Administration to further consult the staff concerned on the proposal and to brief the Panel on any developments in due course.

19. The Panel held a total of 12 meetings from July 1999 to May 2000, including one held jointly with the Panel on Housing, to examine all these issues and several other issues.

Council Business Division 1
Legislative Council Secretariat
30 May 2000

**Legislative Council
Panel on Public Service**

Terms of Reference

1. To monitor and examine Government policies and issues of public concern on matters relating to the civil service and Government-funded public bodies, and other public service matters.
2. To provide a forum for the exchange and dissemination of views on related policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in the relevant policy areas prior to their formal introduction to the Council or Finance Committee.
4. To examine and to report on any major issues of wide public concern in the relevant policy areas as referred by the Council or House Committee or as raised by the Panel itself.

立法會
公務員及資助機構員工事務委員會
Legislative Council
Panel on Public Service

委員名單
Membership List

譚耀宗議員(主席)	Hon TAM Yiu-chung, GBS, JP (Chairman)
梁劉柔芬議員(副主席)	Hon Mrs Sophie LEUNG LAU Yau-fun, JP (Deputy Chairman)
何敏嘉議員	Hon Michael HO Mun-ka
李卓人議員	Hon LEE Cheuk-yan
李啟明議員	Hon LEE Kai-ming, SBS, JP
張文光議員	Hon CHEUNG Man-kwong
陳國強議員	Hon CHAN Kwok-keung
陳榮燦議員	Hon CHAN Wing-chan
黃宏發議員	Hon Andrew WONG Wang-fat, JP
楊孝華議員	Hon Howard YOUNG, JP
劉漢銓議員	Hon Ambrose LAU Hon-chuen, JP

合共: 11 位議員
Total: 11 Members

日期: 1999 年 10 月 7 日
Date: 7 October 1999