

## **Chapter XIX : Civil Service**

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19.1 At the Chairman's invitation, the Secretary for the Civil Service (SCS), Mr Joseph WONG, highlighted five initiatives which the Civil Service Bureau (CSB) would take to help reduce the Government's public expenditure in 2003-04 (Appendix V-17).

### **Civil service establishment**

19.2 Referring to the streamlining measures to reduce civil service establishment, Ms Emily LAU enquired how CSB would monitor the establishment of bureaux/departments for maintaining a lean and efficient civil service. In this connection, she pointed out that she had, at an earlier meeting, raised queries on the "one-on-one" staffing structure of the Technical Support Team under the Customs Drug Investigation Bureau of the Customs and Excise Department and the Information Technology Management Section under the Trade and Industry Department. Ms LAU considered such a staffing structure inappropriate and not cost-effective. She stressed that to reduce public expenditure, departments should be reminded of the need to look into the management and staffing structure.

19.3 In reply, SCS explained that the authority on the creation of non-directorate posts had been delegated to Head of Departments to enhance efficiency and effectiveness in human resource management. Establishment proposals on non-directorate posts were considered by departmental establishment committees and creation of posts had to be justified by operational needs. To achieve the target of reducing the civil service establishment by 10% by 2006-07, SCS assured members that CSB would reinforce the message that the staffing structure and establishment of individual bureaux/departments should be critically reviewed. As regards the two cases mentioned by Ms Emily LAU, SCS undertook to follow up with the relevant Departments.

### **Civil service pay reduction**

19.4 Responding to Ms Emily LAU, SCS advised that at the present stage, the Administration did not anticipate any problem in implementing the decision to reduce civil service pay in two phases from 1 January 2004 and 1 January 2005 respectively through legislation. The Administration would consult staff on the proposed legislation before introducing it into the Legislative Council in May 2003.

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19.5 Responding to Ms Emily LAU's enquiry on the impact of civil service pay reduction on the subvented sector, SCS said that the formula for adjusting the amount of subventions of some organizations included a price adjustment factor to take into account civil service pay adjustment. In such cases, the Administration would adjust the level of subventions when civil service pay was adjusted. The Deputy Secretary for Financial Affairs and the Treasury (Treasury)<sup>1</sup> pointed out that notwithstanding the reduction in subvention, it would be for the individual subvented organizations to consider whether they would reduce the pay of their staff in order to make ends meet. However, some subvented organizations, irrespective of the subventions received, were bound by the prevailing policies which required the pay of their staff to be linked to those of the civil service. He advised that as reflected by the relevant Controlling Officers, despite the reduction in subventions in 2002-03 to take into account the civil service pay reduction last year, no major difficulties were reported by the subvented organizations.

### **Civil service pay adjustment mechanism**

19.6 In response to Mr Howard YOUNG, the Permanent Secretary for the Civil Service advised that CSB would absorb the cost of the pay level survey (PLS) to be completed in 2004 within the estimated expenditure of CSB for 2003-04. No separate provision was necessary for the purpose. The Administration was aware of the findings of the pay level survey commissioned by the Hong Kong General Chamber of Commerce and would make reference to the relevant information in the conduct of the PLS.

19.7 Mr TAM Yiu-chung noted that the Administration proposed to set up a steering committee under the chairmanship of SCS and comprising members from outside the civil service to oversee the conduct of the PLS and the review of the pay trend survey (PTS) methodology. He enquired about the reason for setting up the steering committee instead of making use of the existing advisory bodies on civil service pay matters, such as the Standing Commission on Civil Service Salaries and Conditions of Service (the Standing Commission). In response, SCS explained that the recommendations of conducting a PLS and reviewing the PTS methodology came from the Task Force on Review of Civil Service Pay Policy and System, which was formed by the three advisory bodies on civil service pay matters, namely, the Standing Commission and the two other Standing Committees on the salaries and conditions of service for Disciplined and Directorate staff. It was important that the Steering Committee should remain

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impartial in the process and be headed by the Administration. Nevertheless, the steering committee would comprise members from outside the civil service, including members from the three aforementioned advisory bodies.

### **Administration of allowances in the civil service**

19.8 In reply to Mr SIN Chung-kai's enquiry on the substantial provision made under Head 46 "General Expenses of the Civil Service", the Deputy Secretary for the Civil Service (2) (DS(CS)2) clarified that this was the central vote to pay for the fringe benefits for all civil servants. She advised that allowances payable to civil servants could be broadly categorized as those related to the performance of duties and those provided as fringe benefits. While allowances related to the performance of duties were paid from departmental votes, allowances which were fringe benefits were funded under Head 46.

19.9 Referring to the substantial increase (\$401.6 million) in the financial provision for 2003-04 under Head 46, Mr Albert CHAN expressed grave concern about the effectiveness of the Administration's efforts in cutting down Government's operating expenditure. Given the increase in the estimated number of recipients for a number of civil service allowances, Mr CHAN called for effective measures to reduce the expenditure on the fringe benefits type of allowance. SCS appreciated Mr CHAN's concern and pointed out that the Administration had undertaken to conduct a comprehensive review of all civil service allowances with a view to bringing the payment criteria for these allowances in line with present day circumstances and reducing the Government's expenditure on allowances. The Administration would brief the Panel on Public Service on the scope, guiding principles and timetable for the review at the Panel meeting to be held on 25 April 2003. In response to Mr CHAN's further enquiry, SCS said that the Administration would conduct staff consultation on any improvement proposals before taking a final decision and would give prior notice to the officers concerned before introducing any changes so as to allow time for them to adjust their plans accordingly, such as the plans for the overseas education of their children. It was therefore very unlikely that any change to the overseas education allowance would be implemented in 2003-04.

19.10 As some of the allowances were fringe benefits offered to civil servants as part of their conditions of service, Ms LI Fung-ying queried the feasibility of making any changes to those allowances. She was concerned whether the Administration would reduce or cancel the allowances unilaterally

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and implement its decision through legislation if consensus could not be reached with the staff side. In reply, SCS advised that the Administration would adopt the principles of lawfulness, reasonableness and fairness in taking forward the review of civil service allowances. The Administration would take into account the legal and other considerations, and would seek legal advice if necessary. SCS assured members that the Administration had no plan to introduce any changes to civil service allowances through legislation.

19.11 Noting that the Administration had already started reviewing job-related allowances which were mainly payable to civil servants at lower ranks, Mr LEE Cheuk-yan was concerned that the review was targeted at this group of staff. In response, SCS pointed out that it was an established Government policy to keep civil service allowances under review and to introduce improvements as and when necessary. The comprehensive review to be conducted would cover all civil service allowances, and any changes to be implemented after the review would apply to civil servants at various ranks.

19.12 Mr TAM Yiu-chung pointed out that under Article 103 of the Basic Law, "Hong Kong's previous system of recruitment, employment, assessment, discipline, training and management for the public service, including special bodies for their appointment, pay and conditions of service, shall be maintained". He asked whether this provision had any implication on the review of civil service allowances. In reply, SCS said that the Administration would take into consideration the relevant provisions of the Basic Law in reviewing fringe benefits type of allowances which constituted part of civil servants' conditions of service. Responding to Mr TAM's further enquiry, SCS confirmed that the current scope of the review of job-related allowances did not cover Acting Allowance which would be included in the forthcoming review of civil service allowances. He advised that upon the completion of the review of job-related allowances in-mid 2003, the Administration would take into consideration the views of the staff side and exercise care in implementing changes to the job-related allowances, if any.

19.13 Referring to the Non-accountable Cash Allowance Scheme which was introduced in 2000 for civil servants who were offered appointment on or after 1 June 2000, Mr TAM Yiu-chung expressed concern about the substantial increase in the estimated provision for the Scheme from \$8.667 million for 2002-03 to \$18.8 million for 2003-04. He sought information on the number of officers eligible for the allowance and the basis for calculating the estimated

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provision of \$18.8 million for 2003-04. DS(CS)2 advised that as more and more officers who joined the civil service since 1 June 2000 attained the eligibility criteria (such as the specified pay points), the number of officers eligible for the allowance would increase. The actual expenditure on this allowance in 2003-04 would depend on the actual number of officers attaining eligibility during the financial year. It was anticipated that 41 and 87 eligible officers would become eligible for the allowance in 2002-03 and 2003-04 respectively. The estimated provision for 2003-04 was therefore doubled. In response to Mr TAM's further enquiry, DS(CS)2 said that information on the percentage of eligible officers who had applied for the allowance was not available.

### **Disciplinary mechanism in the civil service**

19.14 Responding to Ms Emily LAU's concern about the efficiency of the disciplinary mechanism in the civil service, the Deputy Secretary for the Civil Service (3) (DS(CS)3) advised that following the introduction of a new disciplinary mechanism in April 2000, disciplinary procedures had been streamlined and the Secretariat on Civil Service Discipline (SCSD) had been set up to centrally process all formal disciplinary cases under the Public Service (Administration) Order. With the implementation of the new mechanism, the processing time had generally been shortened. For disciplinary cases requiring a hearing, the average processing time had been shortened from "5 to 18 months" to "4 to 9 months". Disciplinary cases which did not require a hearing could be completed within three months. DS(CS)3 assured members that the Administration would keep the arrangements under on-going review and introduce, where appropriate, further measures to streamline the procedures. The Administration was fully conscious of public aspirations for efficient processing of disciplinary cases.

19.15 Ms Emily LAU queried why "4 to 9 months" were required for processing a disciplinary case and urged the Administration to further streamline the procedures involved. While pointing out the need for processing disciplinary cases expeditiously, Ms LAU reminded the Administration of the importance of ensuring due process. DS(CS)3 outlined the safeguards that had been put in place to ensure due process. If there was prima facie evidence of a misconduct following initial investigation, the officer concerned would be given an opportunity to give explanations before a decision was taken on invoking disciplinary proceedings. Where an inquiry hearing was ordered, steps that had to be taken included the drafting of charges, consultation with the Department of

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Justice, and the appointment of an independent inquiry committee etc. Where the officer concerned was found guilty of the misconduct after the inquiry hearing, the level of punishment would be determined in consultation with the Public Service Commission (PSC) where appropriate. DS(CS)3 stressed that at different stages of the proceedings, the accused officers would be given reasonable opportunities to make representations and to defend themselves. Ms LAU sought information on the number of cases in which PSC, when being consulted on the proposed level of punishment, had not accepted the Administration's proposal. DS(CS)3 undertook to provide the information after the meeting.

19.16 Ms Emily LAU enquired about the level of punishment awarded to the disciplinary cases involving "Negligence/Failure to perform duties or follow instructions". DS(CS)3 explained that in determining the level of punishment, the disciplinary authority would consider carefully the gravity of the misconduct taking into account the nature and circumstances of the case. Depending on the gravity of the misconduct, punishment awarded might range from a warning/reprimand to compulsory retirement/dismissal.

19.17 Mr Albert CHAN expressed concern about the lengthy process of disciplinary proceedings and its adverse impact on the officers accused of committing misconduct. Quoting some disciplinary cases involving a number of officers in the Housing Department as an example, Mr CHAN pointed out that the officers concerned had been under investigation by the Independent Commission Against Corruption (ICAC) in 1996. Although the outcome of investigation was forwarded to the Administration in 1998, little progress had been made so far. Mr CHAN queried the lengthy process for handling these cases and considered it unfair to the officers concerned. He requested the Administration to clarify on the basis for calculating the processing time of "4 to 9 months". DS(CS)3 advised that this referred to the average processing time. The processing time for each individual case was calculated from the date on which the case was referred to SCSD for central processing by the department concerned after investigation. For complex cases involving a large number of officers, more time would be required for processing the cases. As regards the cases referred to by Mr CHAN, the Administration was endeavouring to conclude action in the near future.

19.18 Mr Albert CHAN considered it unfair to the officers accused of committing misconduct if departments did not refer their cases to SCSD even

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after a long period of initial investigations. DS(CS)3 advised that the time required for departmental investigation would vary from case to case, depending on the circumstances of each case. SCS observed that, at the end of the day, if an officer felt that there had been a miscarriage of justice, he could seek a judicial review.

### **Payment of consultant fees**

19.19 Noting that the implementation of the "Pilot Scheme on Team-based Performance Rewards in the Civil Service" in six departments had been completed, Mr HUI Cheung-ching queried the need for the provision of \$1.135 million in 2003-04 for consultant fees in respect of the pilot scheme. In response, DS(CS)2 pointed out that the consultancy study had not yet been completed. The consultant was evaluating the effectiveness of the pilot scheme and would submit a report to CSB in due course. She also pointed out that the consultant fees were paid in instalments at different stages of the study and the final instalment would be paid in 2003-04 upon the completion of the study. At Mr HUI's request, DS(CS)2 undertook to confirm the number of instalments for settling the sum of consultant fees required for the study.

