

立法會
Legislative Council

LC Paper No. CB(1)1566/09-10
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by the Administration)

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Panel on Public Service

**Minutes of meeting held on
Monday, 22 February 2010, at 8:30 am
in Conference Room A of the Legislative Council Building**

Members present : Hon LEE Cheuk-yan (Chairman)
Dr Hon PAN Pey-chyou (Deputy Chairman)
Dr Hon Margaret NG
Hon CHEUNG Man-kwong
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, BBS, JP
Dr Hon LEUNG Ka-lau
Hon WONG Sing-chi
Hon Mrs Regina IP LAU Suk-ye, GBS, JP

Member absent : Hon IP Wai-ming, MH

Public officers attending : **Agenda item IV**

Miss Denise YUE, GBS, JP
Secretary for the Civil Service

Mr Andrew H Y WONG, JP
Permanent Secretary for the Civil Service

Mrs Ingrid YEUNG, JP
Deputy Secretary for the Civil Service 1

Agenda item V

Miss Denise YUE, GBS, JP
Secretary for the Civil Service

Mr Andrew H Y WONG, JP
Permanent Secretary for the Civil Service

Mrs Agnes ALLCOCK, JP
Deputy Secretary for the Civil Service 3

Clerk in attendance : Ms Joanne MAK
Chief Council Secretary (1)2

Staff in attendance : Ms Sarah YUEN
Senior Council Secretary (1)6

Miss Winnie CHENG
Legislative Assistant (1)5

Action

- I Confirmation of minutes of meeting**
(LC Paper No. CB(1)1132/09-10 — Minutes of meeting on
2 November 2009)

The minutes of the meeting held on 2 November 2009 were confirmed.

- II Information papers issued since last meeting**
(LC Paper No. CB(1)1106/09-10 — Administration's paper on
disciplinary framework for
civil servants whose
retirement benefits are
provided under the
Civil Service Provident
Fund Scheme -
Amendments to the Public
Service (Administration)
Order (Legislative Council
Brief))

2. Members noted the above paper issued after the last meeting.

III Items for discussion at the next meeting scheduled for 15 March 2010

- (LC Paper No. CB(1)1134/09-10(01) — List of outstanding items for discussion
LC Paper No. CB(1)1134/09-10(02) — List of follow-up actions)

3. Members agreed to discuss the following items at the next regular meeting on 15 March 2010 –

- (a) Civil service-related issues featuring in the 2010 Budget; and
(b) 2009 Starting Salaries Survey findings and recommendations of the Standing Commission on Civil Service Salaries and Conditions of Service.

4. At the suggestion of the Chairman, members agreed to discuss "Policy on requirements for Chinese language proficiency in the recruitment and promotion of civil servants" in April 2010 and to add this item to the list of outstanding items for discussion.

Clerk

IV An overview of the civil service: establishment, strength, retirement, resignation and age profile

- (LC Paper No. CB(1)1134/09-10(03) — Administration's paper on an overview of the civil service: establishment, strength, retirement, resignation and age profile)

5. The Secretary for the Civil Service (SCS) briefed members on the salient points of the Administration's paper on the overall establishment, strength, retirement, resignation and age profile situation of the civil service.

Existing measures to tackle the succession problem of the civil service

6. Ms LI Fung-ying enquired about the measures taken by the Administration to deal with the projected significant increase in the number of retiring civil servants from the annual average of around 3 200 in the past five years to around 6 700 in the five-year period of 2019-2024, in particular in those departments which would have the largest number of retiring civil servants.

7. SCS responded that the relative aging profile of the civil service was mainly attributed to the expansion of the civil service in the 1980s in response to new policy initiatives such as district administration. With the resumption

of open recruitment since April 2007, the Government had been recruiting civil servants to fill vacancies arising from retirement. Bureaux/departments (B/Ds) had also stepped up their training efforts at all levels to prepare staff to take up responsibilities at the next higher rank. In addition, SCS met with the Head of B/Ds at least once every year to discuss the succession situation at the senior level to ensure that timely actions were taken to address problems in this regard. SCS considered that the above three-pronged approach should forestall succession problems in the long run.

8. SCS further observed that to a very large extent, the age profile of the civil service mirrored that of the community and the working population as a whole. As such, the aging of the civil service was simply a reality that the Administration had to face. It was expected that with the recruitment of more people aged 20-29 into the civil service following the resumption of open recruitment and the increase in the recruitment of people in the age group of 30-39, the age profile of the civil service would be moderated over time.

9. Dr Margaret NG pointed out that the recruitment of younger civil servants could not address the structural succession problem she perceived in the civil service, which in her view had resulted from the general open recruitment freeze in 1999-2000 to 2000-2001 and in 2003-2004 to 2006-2007 as shown in Annex E to the Administration's paper. She expressed concern that new recruits might not be trained up in time to address the problem in retaining experience at the middle and senior levels when a large number of experienced civil servants would be retiring at the same time. To prevent the quality of civil servants from so deteriorating, she was keen to ascertain what measures were available to facilitate the passing on of experiences accumulated by those senior civil servants to the large number of inexperienced new recruits.

10. While disagreeing that there was any structural succession problem, SCS expressed concurrence with Dr Margaret NG on the need to ensure that the next generation of civil servants was competent to succeed their seniors. As such, apart from training new recruits, in-service training for existing civil servants at all levels and in particular at the middle level, who had the potential to take up responsibilities at higher level, had been stepped up. Such in-service training covered both local and overseas training in leadership, human resources management and change management. Individual B/Ds also provided professional and functional training to their staff. In both types of training, experience sharing by newly retired or senior civil servants constituted a very important part. Speakers from outside the civil service and even overseas speakers would be invited to give talks. In addition, tailor-made training would be provided by individual B/Ds for staff identified to have potential for advancement through their performance appraisal. Such training would cater to the specific needs of the staff concerned. The Administration had put much emphasis on having in place rigorous training and career

development programmes for staff of different grades and ranks. This was also one of the matters to which the Public Service Commission (PSC) attached a lot of importance.

Measures proposed to address the succession problem faced by the civil service

11. Mr CHEUNG Man-kwong noted from Annexes D and E to the Administration's paper that with about 130 000 experienced civil servants in total retiring in the next 25 years, the situation was worrying. He was therefore concerned that the succession problem so resulting could hardly be addressed in a timely manner by training and resumption of recruitment, and proposed that in the longer term more measures should be mapped out. He asked about the possibility of the Administration taking measures such as recruiting candidates from outside the civil service to fill civil service posts other than those in the entry ranks.

12. In response, SCS made the following points –

- (a) Since open recruitment had resumed in 2007, the civil servants recruited since had been accumulating work experience. With more experience gained over time, say 10 to 15 years later, many of them would become the mainstay of the civil service holding senior or even directorate posts. Recruitment was therefore an effective solution to the succession problem;
- (b) Open recruitment would be conducted to recruit people from outside the civil service to fill senior posts should there be genuine succession problems. Some recent examples included the recruitment of the incumbent Director of Broadcasting, the Government Chief Information Officer, and the Law Draftsman. However, the contracts of these post-holders might not be renewed as and when suitable staff in the relevant B/Ds were ready for succession to the top levels;
- (c) Follow-up measures would be worked out between SCS and the Heads of individual B/Ds should succession problem be identified in SCS' regular meetings with them. For example, in the case of the Hong Kong Police Force where a number of its Assistant Commissioners would retire in the coming five to 10 years, action to tackle the succession situation had been in force for some time; and
- (d) Regarding the overall succession situation, as a result of the rapid and significant expansion of the disciplined services in

the 1980s, quite a large number of officers in the junior and middle ranks of the disciplined services would reach the retirement age of 55 in the coming five to 10 years. There was also a succession problem at the directorate ranks in some civilian grades in the works-related departments. However, SCS had already been liaising closely with the B/Ds concerned to improve the succession situation and was confident that no B/D would face a situation so serious that nothing could be done to bring about improvements.

13. Mr CHEUNG Man-kwong pointed out that unlike works departments, there might be difficulty in recruiting candidates from outside the civil service to fill senior posts in the Hong Kong Police Force because of the sensitive nature of its work. A special plan should therefore be mapped out to solve its succession problem and details of the plan should be provided to the Panel concerned when available. He further opined that in the case of departments where the succession problem could be mitigated by direct recruitment of candidates from outside the civil service to fill senior posts, the Administration should clearly explain the relevant plan to the staff concerned. Open recruitment for filling middle ranking posts should also be considered, so that the staff recruited to fill these posts would have more time to adapt to the work of the civil service and to gain adequate experience in preparation for their progression to directorate posts in due course.

14. Mrs Regina IP asked if open recruitment of candidates from outside the civil service was confined to posts at the head of department level, or whether posts at other levels could also be filled through open recruitment. She added that open recruitment of candidates from outside the civil service to fill senior posts should be conducted for the Financial Services and the Treasury Bureau (FSTB), which had a need to recruit professionals from the banking and financial sector to make up for the lack of professional knowledge in financial services of the Administrative Officers (AOs) working in FSTB, so as to enable it to better regulate the financial organizations within its purview.

15. SCS responded that recruitment of candidates from outside the civil service could apply to any grade and rank, both directorate and non-directorate, that had succession problem. The Civil Service Bureau (CSB) would examine the situation with the departments concerned carefully and, where there was a clearly justified need, and subject to the advice and endorsement of PSC as appropriate, open recruitment to promotion ranks would proceed. However, the fact was that, in general, there had been no difficulty in filling posts up to D2, D3 and D4 level through internal promotion. Under such circumstances, as succession could be ensured through internal promotion, open recruitment from outside the civil service would not be considered having regard to its possible impact on the management and morale of civil servants. On a related front, for some positions requiring professional expertise, special arrangement

would be made for the general grade officers filling these positions to accumulate adequate experience in the relevant professional areas. For instance, in the interest of accumulation of experience, the Administration would suitably determine the posting frequency of AOs working in the financial services or other policy areas involving relatively more specialised subjects. Also, where circumstances permitted, posts at the Deputy Secretary and Permanent Secretary levels in these areas would be filled by officers who had worked in these same areas in the past.

16. On attachment opportunities, SCS informed members that an AO was currently on attachment to the Asian Development Bank for one year. The Administration had also been making efforts to secure similar attachment arrangements with other international financial organizations such as the World Bank and the International Monetary Fund. However, such arrangement could only be made with mutual agreement.

17. Also concerned about the aging profile of the civil service, the Deputy Chairman asked whether the Administration would consider allowing the non-civil service contract (NCSC) staff of the Government, many of whom had worked in the Government for many years, to directly apply for civil service posts at higher ranks instead of only at the entry ranks. SCS responded that after a review in 2006, the Administration had decided to convert some 4 000 NCSC positions to civil service posts and at present about 75% of the positions had already been so converted. Open recruitment to fill the concerned civil service posts had been conducted. A mechanism had been put in place to inform serving NCSC staff of any civil service openings. CSB had also requested all B/Ds to give due regard to "relevant experience" as part of the selection criteria. As such, as proved by the relevant success rates, NCSC staff with relevant working experience did enjoy a competitive edge over other candidates in the open recruitment exercises. In fact, although no empirical study had been undertaken, it was believed that the increase in the recruitment of candidates in the age group of 30-39 might have been brought about by the above arrangements.

18. The Chairman expressed concern about the retirement of some 70 000 civil servants in the coming 10 years, and the resultant experience retention and succession problem. Pointing out that the succession problem could not be resolved by staff training in a timely manner, the Chairman urged the Administration to consider flexibly allowing civil servants to extend their retirement age to, say, 65 in keeping with the global trend. He said that this would also allow the Administration more time to deal with the succession problem. SCS responded that extension of the retirement age of civil servants was a highly complex issue and should be carefully considered. She pointed out that the supply and demand of the labour market and the age profile of the working population of Hong Kong in the next 20 to 30 years were some of the relevant considerations. In addition, there was a need to consider the financial

implications of the proposal and its impact on the promotion prospect of serving staff and hence staff morale. She added that the proposal would also adversely affect the job opportunities of fresh graduates, while the current succession problem might only be put off for a few years rather than genuinely resolved.

19. The Chairman disagreed and stressed the need for timely actions to address the succession problem of the civil service. In his view, contrary to the Administration's claim, civil servants might find the proposal attractive because, although their promotion prospect might be affected in the short term, they could enjoy a longer career. Moreover, the decrease in job opportunities might not be of much concern to the 20 to 29 age group because the population of this age group would also decrease. SCS responded that CSB had in fact started to undertake some preliminary research on the subject. She, however, considered it premature to initiate public discussion before the Administration had arrived at any preliminary view. She assured members that the Administration would consult the public if and when the Administration saw a need to adjust civil servants' retirement age.

Concerns about the quality of civil servants

20. Dr Margaret NG and Mrs Regina IP said they felt that many civil servants at the senior level were not as competent as expected and lacked independent thinking and vision. They expressed concern whether this might be the result of premature promotion due to the succession problem. Dr NG further opined that appropriate training should be provided to ensure that new recruits to the civil service understood the importance of independent thinking and public accountability. She enquired about efforts made to instill the above necessary quality in senior civil servants to ensure the considerable power they wielded would be properly balanced by accountability. She considered that without instilling the proper values, civil servants might only become technical bureaucrats.

21. SCS pointed out that public law had been made an important component of the induction training for AOs to impart to them the proper attitude and the considerations they should take into account when exercising public power. Talks on topics such as judicial review were also arranged for civil servants at middle, senior and directorate levels. SCS said that through the public law courses organized for civil servants, issues such as the need to observe rationality, reasonableness and proportionality were discussed. Civil servants were encouraged to exercise discretion and judgement as and when necessary.

Resignation

22. The Deputy Chairman highlighted the increasing community expectations and demand for public services, and enquired about measures to maintain civil servants' morale under such pressure. Referring to the number of civil servants who had resigned from the civil service, which as reported had stabilized at below 0.5%, he suspected that the wastage rates at the senior ranks might be significantly higher. He sought a breakdown of the rates by rank to ascertain whether there had been any abnormal wastage patterns.

23. SCS responded that the number of resignations from the civil service might increase with the improvement of the economy, and the resumption of open recruitment because some new recruits might have difficulty in adapting to working in the Government. As to the resignation rate of senior civil servants, the Administration had in fact tracked the trend over the past five years but noted no significant change with the number consistently ranging from 10 to 15. Since the number also included AOs who left the civil service for appointment under the Political Appointment System and legal professionals of the Department of Justice leaving to join the Judiciary, these people essentially remained in public service and there was no cause for alarm.

24. The Chairman highlighted a case where the number of resignations in a certain department had significantly increased because, when NCSC staff working in this department were successfully recruited to fill civil service posts, their periods of employment with the Government on contract terms were not taken into account and they were not granted incremental credits for experience. They were only remunerated at the starting salary point of the relevant ranks. The arrangement was so demoralizing that many of these experienced staff subsequently resigned. SCS explained that incremental credits for experience would only be granted in a recruitment exercise where there were not enough suitable candidates willing to take up appointment at the basic entry salary. Also, to provide incremental credits to NCSC staff recruited as civil servants might be unfair to non-NCSC candidates whose relevant work experience gained by working in the private sector would not be taken into account. Moreover, it should be noted that NCSC staff, after being recruited as civil servants, would enjoy annual increments upon satisfactory performance up to the maximum pay point of their concerned grades and would also have better career prospect. Considering the need to ensure the prudent use of public money, the Administration did not consider it justified to provide incremental credits to NCSC staff recruited as civil servants unless there was recruitment difficulty.

Civil service establishment

25. Mrs Regina IP recapitulated the down-sizing of the civil service establishment due to various financial and political pressures in the early years of the first decade of this century through enhanced efficiency drives by the Administration, including implementation of voluntary retirement schemes and

the general open recruitment freeze in 1999-2000 to 2000-2001 and 2003-2004 to 2006-2007. She was keen to ascertain whether there would be further down-sizing plans because in her view down-sizing efforts had already resulted in staff shortage at the working levels to keep up the quality of government services, such as the control of unauthorized building works. Down-sizing of the civil service at the junior level had adversely affected the employment opportunities for the grassroots.

26. SCS responded that the current policy was that the civil service establishment would be increased where justified to meet new and improved services. As such, B/Ds could seek increase in civil service posts with justifications. Requests in this regard would be considered by a high-level committee chaired by the Chief Secretary for Administration (CS). The committee would consider whether the relevant work should more appropriately be performed by civil servants or by outsourcing, and whether the additional service needs could be met through internal redeployment, streamlining of service delivery processes and automation. The committee would also consider whether posts in certain departments should be deleted as a result of changed demand or revised mode of delivery of service and the posts thus saved be deployed to other new areas of work. She further observed that the civil service establishment had recorded an annual increase of just below 1%, or some 1 500 to 1 600 posts, since 2007.

V Update on integrity enhancement initiatives for civil servants

- (LC Paper No. CB(1)1134/09-10(04) — Administration's paper on update on integrity enhancement initiatives for civil servants
- LC Paper No. CB(1)1135/09-10 — Background brief on integrity enhancement initiatives for civil servants prepared by the Legislative Council Secretariat)

27. SCS updated members on the work of CSB in promoting and enhancing the core value of integrity in the civil service. Members noted that CSB and the Independent Commission Against Corruption (ICAC) were working together with B/Ds in this regard under a three-pronged approach, namely, prevention, education and training, and sanction.

Figures concerning the Police

28. Mr CHEUNG Man-kwong expressed concern that, while the overall number of corruption cases reported to ICAC in 2009 registered only a slight

increase of 2% compared with 2008, the number of such cases involving government departments had increased by 11% on a year-on-year basis. In particular, the rate of increase of such cases for the Police had increased by 13% in 2009 compared with 2008, and of the 1 061 corruption reports received by ICAC against civil servants, 302 involved the Police (about 30%). Noting that the number of insolvency or bankruptcy cases in the civil service in 2009 had increased by 37% compared with 2008, he enquired about the number of such cases involving the Police. Highlighting the important role played by the Police in the maintenance of public order, Mr CHEUNG called for greater efforts to be made to reduce the numbers of corruption reports and insolvency cases involving the Police.

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29. SCS responded that of the 130 insolvency or bankruptcy cases in the civil service in 2009, only 19 involved the Police. She informed members that from 2005 to 2008, the numbers of insolvency or bankruptcy cases involving the Police were 15 in 2008, 21 in 2007, 25 in 2006, and 21 in 2005. She pointed out that, when compared with the average of the past four years, the 2009 figure had indeed decreased as a result of the efforts made by the Police in this regard. She further explained that the causes of insolvency or bankruptcy cases in the civil service were varied. While some were the result of investment failure, others might have resulted from the need to help family members, or spouses' loss of jobs due to the economic downturn. As to the number of alleged corruption reports received by ICAC set out in the Administration's paper, what mattered were those pursuable reports and the number of such reports against civil servants (703) in 2009 had indeed not seen any significant increase. While agreeing to provide the number of the pursuable reports that involved the Police among these 703 reports after the meeting, SCS assured members that the corruption scene in the Police had in fact remained generally stable over the past few years. Mr CHEUNG Man-kwong, however, opined that notwithstanding that, there remained a need to address the problem that the numbers of corruption reports and insolvency cases involving the Police were consistently on the high side compared with the numbers of such cases involving civil servants of other departments.

Prevention and education

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30. Mrs Regina IP perceived an increase in misconduct cases involving abuse of public resources, conflict of interests and unscrupulous use of public money, and called for more efforts against this trend. In her view, while there were adequate preventive measures in these respects for civil servants, there was a need to tighten control over non-government public bodies as there had been incidents of wasteful use of public funding and resources involving these bodies as revealed by the Audit Commission in the past. At her request, SCS agreed to relay her concern to CS and the relevant Bureau Directors for consideration and necessary action.

31. While agreeing that the emphasis of preventive efforts should be placed on the provision of clear policies and guidelines, Ms LI Fung-ying asked what action the Administration would take to ensure that civil servants would fully understand and follow the above guidelines. SCS responded that the Administration had in fact been making efforts in this regard and, as evidenced by the drop in the number of corruption cases, the efforts made had proven to be effective. Nevertheless, the Administration would make sustained efforts in strengthening the discipline of civil servants.

32. The Deputy Chairman said that the firemen's performance in the building collapse incident in To Kwa Wan was commendable, and that the large majority of civil servants were very good in their performance. In reply to him on the education efforts made in promoting integrity in the civil service, SCS reported that educational efforts had been made on all fronts, through on-line materials on integrity, and the publication, regular review and update of service-wide circulars and guidelines on conduct and integrity matters.

Sanction

33. Dr Margaret NG enquired about the progress made in introducing amendments to relevant regulations pursuant to the Court of Final Appeal's judgment that the authority should consider civil servants' applications for legal representations in disciplinary proceedings. SCS responded that the Administration planned to consult the Panel on the amendments to relevant disciplined services regulations before the summer recess. In addition, she noted that legal representation in disciplinary cases processed under the Public Service (Administration) Order was already allowed where fairness so required. As regards disciplinary cases processed under the disciplined services legislation, pending the legislative amendments, two disciplined services departments had already issued guidelines to facilitate consideration of requests for legal representations from defaulters. The other disciplined services departments would issue similar guidelines in the near future. At the Chairman's request, SCS agreed to provide an interim report on the following –

Admin

- (a) Progress made in introducing amendments to disciplined services regulations and related instructions pursuant to the Court of Final Appeal's judgment in March 2009 concerning the denial of legal representation for a civil servant during a disciplinary proceeding conducted under the relevant disciplined services legislation;
- (b) The current position of disciplinary cases earlier suspended pending introduction of the above amendments; and
- (c) The progress in standardizing certain practices in the

disciplinary proceedings of civil servants subject to disciplined services legislation.

VI Any other business

34. There being no other business, the meeting ended at 10:30 am.

Council Business Division 1
Legislative Council Secretariat
16 April 2010