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Establishment Subcommittee of the Finance Committee

Minutes of the 12th meeting
held in Conference Room 1 of Legislative Council Complex
on Friday, 27 August 2021 at 10:45 am

Members present:

Hon Mrs Regina IP LAU Suk-ye, GBM, GBS, JP (Chairman)
Hon YIU Si-wing, SBS (Deputy Chairman)
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, SBS, JP
Hon Steven HO Chun-yin, BBS, JP
Hon KWOK Wai-keung, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, GBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, SBS, JP
Ir Dr Hon LO Wai-kwok, GBS, MH, JP
Hon CHUNG Kwok-pan
Hon Jimmy NG Wing-ka, BBS, JP
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai, JP
Hon YUNG Hoi-yan, JP
Dr Hon Pierre CHAN
Hon CHAN Chun-ying, JP
Hon Tony TSE Wai-chuen, BBS, JP

Member attending:

Hon LAU Kwok-fan, MH, JP

Member absent:

Hon WONG Kwok-kin, GBS, JP

Public Officers attending:

Mr Raistlin LAU Chun, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mrs Angelina CHEUNG FUNG Wing-ping, JP	Deputy Secretary for the Civil Service 1
Ms Salina YAN Mei-mei, JP	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Mr Desmond WU Chia-chun	Principal Assistant Secretary for Financial Services and the Treasury (Financial Services) 6
Ms Noel TSANG Fung-yi	Principal Assistant Secretary for Financial Services and the Treasury (Financial Services) Insurance and Retirement Scheme
Ms Carol YIP Man-kuen, JP	Permanent Secretary for Security
Mrs Vicki KWOK WONG Wing-ki, JP	Deputy Secretary for Security (2)
Mr Simon CHENG Tei-wah	Principal Management Services Officer (Security) Security Bureau
Mr Leo LI Ngo-chuen	Principal Assistant Secretary for the Civil Service (Pay and Leave)
Mr Simon PEH Yun-lu, SBS, IDSM	Commissioner Independent Commission Against Corruption
Ms Sally KWAN Yee-lan, IDS	Assistant Director (Administration) Independent Commission Against Corruption

Clerk in attendance:

Ms Connie SZETO Chief Council Secretary (1)4

Staff in attendance:

Miss Sharon LO	Senior Council Secretary (1)9
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Ms Sharon CHAN	Legislative Assistant (1)4
Ms Haley CHEUNG	Legislative Assistant (1)10

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The Chairman drew members' attention to the information paper ECI(2021-22)10, which set out the latest changes in the directorate establishment approved since 2002 and the changes to the directorate establishment in relation to the four items on the agenda. She then reminded members that in accordance with Rule 83A of the Rules of Procedure ("RoP"), they should disclose the nature of any direct or indirect pecuniary interest relating to the items under discussion at the meeting before they spoke on the items. She also drew members' attention to RoP 84 on voting in case of direct pecuniary interest.

EC(2021-22)14 Proposed creation of one supernumerary post of Administrative Officer Staff Grade B (D3) and retention of one supernumerary post of Administrative Officer Staff Grade C (D2) in the Financial Services Branch of the Financial Services and the Treasury Bureau for four years from 1 January 2022 or upon approval by the Finance Committee, whichever is later, up to 31 December 2025 to continue to spearhead the various major legislative and policy initiatives; and deletion of four permanent posts of one Commissioner of Insurance (D4) and three Assistant Commissioner of Insurance (D2) of the then Office of the Commissioner of Insurance with immediate effect upon approval by the Finance Committee

2. The Chairman remarked that the establishment proposal was to create one supernumerary post of Administrative Officer Staff Grade B (D3), to be designated as Deputy Secretary for Financial Services and the Treasury (Financial Services)³ ("DS(FS)³"), and retain one supernumerary post of Administrative Officer Staff Grade C (D2), designated as Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)⁶

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("PAS(FS)6"), in the Financial Services Branch ("FSB") of the Financial Services and the Treasury Bureau ("FSTB") for four years from 1 January 2022 or upon approval by the Finance Committee ("FC"), whichever was later, up to 31 December 2025 to continue to spearhead the various major legislative and policy initiatives; and delete four permanent posts of one Commissioner of Insurance (D4) and three Assistant Commissioner of Insurance (D2) of the then Office of the Commissioner of Insurance ("OCI") with immediate effect upon approval by FC.

3. The Chairman pointed out that the Panel on Financial Affairs had discussed this item at its meeting on 9 August 2021, and members generally supported the proposal. Members' questions focused primarily on the scope of responsibilities of the directorate posts proposed to be recreated and retained, including how they would further promote the development of financial technologies ("Fintech") in Hong Kong and nurture talents, whether a comprehensive review of the Money Lenders Ordinance (Cap. 163) ("MLO") and the licensing arrangements for money lenders would be conducted, and the progress of the discussion with the Asian Infrastructure Investment Bank ("AIIB") on setting up an office in Hong Kong. Regarding the proposed reform of the transfer of the major regulatory functions of the accounting and auditing profession from the Hong Kong Institute of Certified Public Accountants ("HKICPA") to the Financial Reporting Council ("FRC"), some members urged the Administration to maintain close liaisons with the accounting sector and stakeholders on a regular basis to address their concerns and ensure a smooth transition. Furthermore, given that the Insurance Authority ("IA") had taken over the responsibility from the then OCI in 2017, some members asked why the Administration had not proposed to delete the four directorate posts until now, and the financial implications resulting from deletion of the posts. The Administration had already responded to members' questions at the Panel meeting.

Discussions

Justifications for recreating and retaining the two directorate posts

4. Mr Christopher CHEUNG expressed support for the proposed creation of the two directorate posts. Pointing out the withdrawal of a proposal made by the Administration a year ago for making permanent the two supernumerary directorate posts due to Member's diverse views, and noting that the post of DS(FS)3 had lapsed on 1 January 2021, Mr CHEUNG asked about the current arrangement regarding the duties of the posts, and whether the work of FSB had been affected. Considering that the two directorate posts had been extended five times since their creation in 2006 and that the relevant policy areas under their ambit, many of them were of

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an ongoing basis, were critical to the development of the financial services sector in Hong Kong, Mr CHEUNG asked whether the Administration would consider afresh making permanent of the two posts.

5. Permanent Secretary for Financial Services and the Treasury (Financial Services) ("PSFS(FS)") advised that while the Administration had proposed to make permanent of the two supernumerary directorate posts, it had reviewed both directorate posts rigorously given the views of Members of the Legislative Council ("LegCo") earlier on regarding creation of directorate posts amid the current financial situation. Subsequent to the review, FSB decided that as a first step, supernumerary posts should be created for four years to handle a number of important tasks, including promotion of the development of Fintech in Hong Kong, reform of the regulatory regime of the accounting profession, and implementation of the new inspection arrangements for the Companies Register. FSB would monitor closely on various policy initiatives and the progress of related work. Where necessary, approval might be sought for conversion of the two supernumerary posts into permanent posts in the future. Regarding the DS(FS)3 post, which had lapsed on 1 January 2021, PSFS(FS) said that FSB had absorbed the workload of the post through temporary manpower redeployment; however, given the heavy workload of the post, that was not a satisfactory arrangement, and recreation of the post was necessary.

Further reform of the regulatory regime of the accounting profession

6. Mr CHAN Chun-ying expressed support for the establishment proposal. He noted that the post of the Commissioner of Insurance ("CI") (D4) had been retained on the establishment of FSB following the taking over of the then OCI by IA in June 2017; however, the Administration suggested creation of a DS(FS)3 (D3) post to provide timely policy guidance to FRC for the purpose of ensuring effective regulation in the initial years of implementation of the further reform of the regulatory regime of the accounting profession (i.e. transfer of major regulatory functions in respect of the professional conduct of accountants from HKICPA to FRC). He enquired about the reasons for such arrangement.

7. PSFS(FS) responded that prior to the establishment of IA, OCI which was responsible for supervising insurance companies, was headed by CI (D4). Subsequent to the establishment of IA, a Chief Executive Officer ("CEO") post was created with responsibilities commensurate with those of CI, whereas DS(FS)3 was mainly tasked to provide FRC with timely policy guidance instead of direct leadership, and perform regulatory oversight to ensure effective regulation in the initial years of implementation of the new regulatory regime of the accounting profession. Therefore, the Administration considered it appropriate to have an Administrative Officer

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(D3) to take up the relevant duties.

8. Mr Holden CHOW noted that DS(FS)3 would be responsible for continued enhancement to the regulatory regime of the accounting profession; the proposed reform would transfer the major regulatory functions of HKICPA to FRC, and a Bill had been introduced to LegCo for that purpose. He opined that in addition to providing policy steer and overseeing the transitional arrangements for the new regulatory regime, efforts should be made by DS(FS)3 to promote the development of the accounting profession under the new regime.

9. PSFS(FS) advised that the proposed further reform of the regulatory regime of the accounting profession only involved the transfer of the regulatory functions of HKICPA to FRC, without giving FRC additional functions or powers. FSB and FRC would remain closely engaged with stakeholders of the accounting profession (including practice units of different sizes) on matters relating to the new regulatory regime and measures facilitating the further development of the accounting and auditing profession. Furthermore, the proposed reform included establishing a statutory advisory committee consisting of practitioners, service users and other stakeholders of the accounting profession to provide advice to FRC under the new regime. The advisory committee would support FRC's regulatory and promotional work under the new regime in various areas including accounting, auditing and assurance.

Enhancing regulation of licensed money lenders

10. Mr YIU Si-wing raised concern over licensed money lenders' malpractices in debt recovery (including harassing borrowers and their family and friends). He enquired whether consideration would be given to regulating the aforesaid malpractices (e.g. by means of having a demerit point system as part of the licensing regime) and how the two proposed directorate posts would step up efforts to combat the malpractices associated with money lending businesses, including coordinating efforts made by the Companies Registry ("CR") and the Hong Kong Police Force ("HKPF") on investigation of and enforcement against non-compliant money lenders.

11. Noting that PAS(FS)6 would be responsible for conducting a review on MLO in the coming years on an on-going basis, Mr Tony TSE enquired about the concrete timetable for taking forward the relevant legislative amendments.

12. PSFS(FS) pointed out that the Administration had imposed additional regulatory requirements and licensing conditions, including requiring money lenders to assess the borrower's ability to make repayments

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under the loan agreement before entering into a loan agreement for an unsecured personal loan. If money lenders contravened any licensing condition, follow-up actions would be taken, including issuing warning to the money lenders in question. Regarding enforcement, PSFS(FS) advised that HKPF had been maintaining close contact with CR to carry out enforcement actions targeted at money lenders engaging in malpractices in debt recovery, including arrest of suspects allegedly engaging in illegal debt recovery in over 60 cases of criminal intimidation and criminal damage in 2020. On review of MLO, PSFS(FS) advised that the Administration was exploring the feasibility of lowering the statutory interest rate cap (i.e. a rate of interest of 60% per annum as stipulated in MLO), and preparations were underway. The Administration would continue to review the regulation of licensed money lenders with reference to the recommendations made in the Consumer Council's report "Money Lending – Reforming Law and Trade Practices for Consumer Protection".

13. The Chairman noted that some foreign domestic helpers had obtained loans from more than one money lender company simultaneously, and some of their employers were even harassed by money lenders. She asked whether the Administration was apprised of the borrowing activities of foreign domestic helpers in Hong Kong and whether consideration would be given to regulating such lending and borrowing activities.

14. PSFS(FS) advised that the Administration was apprised that some foreign domestic helpers would use their employers as referees when applying for a loan and provide information of their employers to money lenders. That being the case, the Administration had required that where any referee was involved in the application procedures of a loan, the money lender should obtain from the borrower a written consent of the referee(s). Furthermore, for the purpose of combatting against misuse of referees' information, if the money lender was informed or aware that the written consent was, in fact, not signed by the referee(s), the money lender should immediately cease to use the information of the referee(s).

Promotion of the development of financial technologies in Hong Kong

15. Mr Tony TSE asked about the progress and target of the Administration's efforts in promoting the use of the Faster Payment System ("FPS") in business transactions and payment of Government bills and services.

16. PSFS(FS) advised that FPS was now widely in use since it was launched in September 2018, the number of participating retail banks had increased to 35, and 12 service providers of Stored Value Facilities had rolled out different apps for users. In addition, members of the public could pay

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taxes, rates and water charges through FPS. To further promote FPS and provide greater convenience, government departments were studying in a pro-active manner provision of counter and internet services with FPS as an option for payment.

Hong Kong's participation in the Asian Infrastructure Investment Bank

17. Noting that the Administration was having discussion with AIIB on setting up an office in Hong Kong, Mr Tony TSE asked about the progress of the relevant discussion.

18. PSFS(FS) advised that discussion was underway between the Administration and AIIB on setting up an office in Hong Kong. Hong Kong was well-positioned for AIIB to set up a regional office, given its status as an international financial centre, its strengths in financial and professional services, and its well-developed capital market. The Administration would keep monitoring closely on the latest development; once specific information was available, LegCo would be informed in a timely manner.

Deletion of four obsolete permanent directorate posts

19. Noting that AI was established in December 2015 which took over the responsibility of supervising insurance companies from the then OCI in June 2017 and had subsequently assumed the direct regulation of insurance intermediaries in September 2019, Mr CHAN Chun-ying asked whether the CI post and the three Assistant Commissioner of Insurance ("ACI") posts had been left vacant since September 2019 and why the proposal for deletion of the four directorate posts was not made until now.

20. Given that the four directorate posts were retained in the establishment of FSB during IA's inception stage, Mr YIU Si-wing asked whether the arrangement was made at the request of IA, or whether that was a transitional arrangement made by the Administration according to established policies. He also asked about the factors the Administration had considered in coming up with the decision to delete the four posts.

21. PSFS(FS) explained that despite the disbandment of the then OCI in June 2017, the CI post and the three ACI posts were retained to allow room for deploying civil servants where necessary to support the smooth operation of IA during its inception. As a matter of fact, during the period between June 2017 and December 2018, two directorate officers were seconded to IA (holding against the CI post and one of the ACI posts), and one of them served as the CEO of IA to allow IA more time to identify suitable candidates for its CEO to ensure smooth transition. As IA had been operating smoothly since September 2019 (when it began to discharge the direct

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regulation of insurance intermediaries), it was considered appropriate to delete the four permanent directorate posts of the then OCI. She added that the proposed deletion of the four directorate posts would carry no financial implications as they had already been left vacant with no funding provision.

Voting on the item

22. There being no further questions from members, the Chairman put the item to vote. All the members present were in favour of the proposal. The Chairman declared that the Subcommittee agreed to recommend the item to FC for approval. No member requested that the item be voted on separately at the relevant FC meeting.

EC(2021-22)16 Proposed implementation of the relevant recommendations of the grade structure review for the disciplined services grades except those in the Independent Commission Against Corruption with effect from the first day of the month of approval by the Finance Committee

23. The Chairman remarked that the establishment proposal was to implement the relevant recommendations of the grade structure review ("GSR") for the disciplined services grades except those in the Independent Commission Against Corruption ("ICAC") with effect from the first day of the month of approval by FC.

24. The Chairman pointed out that the Administration had consulted members of the Panel on Public Service at its meeting on 12 July 2021 on the proposed implementation of the relevant recommendations of GSR for the disciplined services grades. Members of the Panel supported the proposal in principle. Members were concerned that the request of the staff sides of the Immigration Department ("ImmD") for bringing the pay of the Immigration Assistant ("ImmA") grade on par with comparable grades in other disciplined services had not been accepted by the Standing Committee on Disciplined Services Salaries and Conditions of Service ("SCDS"). According to the Administration, SCDS recommended raising the minimum and maximum pay points of the ImmA grade after examining factors including the scope, complexity and conditioned hours of work as well as the recruitment and retention of the ImmA grade. However, as the conditioned hours of work and the nature of work for ImmA were different from other disciplined services departments, SCDS suggested preserving the pay relativity of half a pay point. Members were worried that staff morale would be affected and they asked the Administration to consider afresh the request of the staff sides. Expressing concerns that the conditioned hours

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of work were different among disciplined services, some members suggested that adjustments should be made. The Administration pointed out that conditioned hours of work among the disciplined services were devised in accordance with their job requirements, as well as the operational needs and manpower of different disciplined services. Furthermore, some members suggested extension of the retirement age of the disciplined services to retain talents and alleviate the manpower shortage problem. The Administration advised that various flexible initiatives were in place for departments to extend the service of civil servants to meet departmental needs.

Declaration of interests

25. Mr Tony TSE declared that he was a member of SCDS and that he had participated in the current GSR for the disciplined services grades and formulation of the recommendations.

26. Mr Martin LIAO declared that he was an Honorary Legal Adviser to the Junior Police Officers' Association of the Hong Kong Police Force ("HKPF") and the Hong Kong Customs and Excise Staff General Association.

27. The Chairman declared that she was an Honorary President or Permanent Honorary President of a number of disciplined services unions.

28. Ms Elizabeth QUAT declared that she was an Honorary President of a number of disciplined services unions.

29. Ms YUNG Hoi-yan declared that she was a legal adviser to a number of disciplined services unions.

Discussions

Effective date of implementation of the recommendations

30. The Chairman remarked that the Establishment Subcommittee received a letter from the Government Disciplined Services General Union ("GDSGU") dated 26 August 2021 regarding the GSR for the disciplined services grades and the relevant effective date. She requested responses on the two suggestions set out in the letter, i.e. (a) advancing the effective date of implementing recommendations concerning salaries and increments; and (b) adding a one-day pensionable personal allowance for disciplined services staff retired recently in line with the Civil Service Bureau ("CSB") Circular No. 11/2009 in response to the GSR in 2008 ("the 2008 GSR").

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31. Permanent Secretary for Security ("PS for S") advised that the Administration recognized GDSGU's concerns about the effective date of implementing the recommendations from GSR. She pointed out that the Report on the Grade Structure Review for the Disciplined Services Grades ("the Report"), which had been submitted to the Chief Executive by SCDS on 23 June 2021, reflected that SCDS had duly considered and acknowledged the fact that over the past 10-odd years, Hong Kong had experienced great changes and unprecedented challenges in the social, economic, political and technological landscapes, including the spate of public order and violence events in 2019 and the coronavirus disease 2019 ("COVID-19") pandemic, and the responsibilities for safeguarding national security. All those had added stress and complexity to the jobs of the disciplined services. Upon receipt of the Report, follow-up actions had been taken by the Administration, including consultation with the Panel on Public Service of LegCo and submission of the recommendations to the Executive Council for discussion. The Chief Executive-in-Council ("CE-in-Council") decided that the recommendations in the Report should be accepted in full, and that those on salary and increment should be implemented with effect from the first day of the month of approval by FC, having regard to and balancing various factors including the financial position of the Government and the financial implications of the recommendations.

32. Principal Assistant Secretary for the Civil Service (Pay and Leave) ("PASCs(P&L)") added that upon receipt of the Report, CSB had conducted consultation exercises and met with unions of the disciplined services including GDSGU, to receive their suggestions and conduct discussions. The Executive Council had considered the views of the stakeholders regarding the effective date of implementing the recommendations. Regarding special allowance for retired civil servants, after the 2008 GSR, a one-off special arrangement had been made for a one-day pensionable personal allowance to be granted to pensionable civil servants who retired within a specific period. The arrangement was not part of the established mechanism, and no such special arrangements had been made for retired staff in a number of GSRs completed lately.

33. Mr YIU Si-wing sought explanation on the effective date of implementing the salary and increment-related recommendations in the Report. Mr KWOK Wai-keung also raised concerns on how the effective date of implementing the recommendations would affect the disciplined services staff who had retired and who had been promoted recently.

34. PS for S reiterated that CE-in-Council had decided to accept the recommendations on salary and increment which had been made by SCDS in the Report after balancing various factors including the views of the staff

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sides, the financial implications of the Government and the expectations of society, and that those recommendations should be implemented with effect from the first day of the month of approval by FC. The Administration intended to submit the recommendations to FC for approval in September 2021 with a view to implementing the recommendations on 1 September 2021.

Cycle of the grade structure review

35. Mr POON Siu-ping expressed support for the salary and increment-related recommendations for the disciplined services and ICAC in the Report. Given that the last GSR had been conducted over 10 years ago, he urged that the various recommendations set out in the Report be implemented expeditiously. In addition, he noted that CE-in-Council had decided to conduct a GSR for the disciplined services once every 10 years. Pointing out that Hong Kong had undergone significant changes in every aspect over the past 10-odd years, he asked whether considerations would be given to shortening the 10-year review cycle or to developing a mechanism (e.g. that based on changes in society, economy, politics and technology or in response to the staff sides' request for a review) to trigger a review to better address the needs of social development and the staff sides' expectations.

36. Ms Elizabeth QUAT expressed similar concerns. She urged that the Administration should implement the various recommendations as set out in the Report expeditiously and consider shortening the review cycle to once every five or eight years.

37. Mr YIU Si-wing considered it reasonable to conduct a GSR for the disciplined services once every 10 years. He asked for clarification on whether the next review would be conducted in 2028, i.e. 10 years after the CE-in-Council decided in 2018 that a review be conducted, or in 2031, i.e. 10 years after SCDS had concluded the review.

38. Ms YUNG Hoi-yan and Mr Holden CHOW expressed support for the establishment proposal. They pointed out that as a result of the spate of public order and violence events in 2019 and the COVID-19 pandemic, the disciplined services had to put up with greater pressure and higher risks in discharging their duties. HKPF officers in particular were often targeted by radical demonstrators, and their family members were even doxed and bullied; those officers were therefore subjected to greater psychological hardship. Expressing concerns that the 10-year review cycle might not be able to address and reflect the effect of various social changes on the job nature and workload of the disciplined services in a timely manner, the two members requested that consideration should be given to shortening the review cycle to, say, once every five years. Given the guiding principles

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that a review be conducted once every 10 years, Ms YUNG asked whether the next review would be conducted in 2028 or 2031. Mr CHOW urged that the Administration should keep monitoring the situations where disciplined services and their family members were targeted at and subjected to bullying.

39. Mr KWOK Wai-keung and Mr SHIU Ka-fai expressed support for the establishment proposal. They pointed out that according to the original schedule, GSR for the disciplined services grades would commence in end-2018 and be concluded in about 18 months. However, as a result of the spate of public order and violence events in 2019 and the COVID-19 pandemic, it took a longer time for SCDS to come up with the recommendations. They pointed out that over the past 10-odd years, Hong Kong had experienced great changes and unprecedented challenges in every aspect; all those had added stress and complexity to the jobs of the disciplined services. While recognizing that the Administration was currently facing considerable financial pressure, they considered it necessary for adjustments to be made to the grade structure and remuneration of the disciplined services for the purpose of attracting and retaining talents effectively and maintaining the disciplined services' morale and service standard. Recognizing the guiding principles that a review be conducted once every 10 years, Mr KWOK asked for an elucidation from the Administration regarding the timing for the conduct of the next review.

40. In response, PASCS(P&L) said that CE-in-Council had decided to conduct a GSR for the disciplined services in October 2018, and once every 10 years in future. Regarding the current GSR, apart from the developments in the socio-economic, political and technological situations in Hong Kong, SCDS had considered thoroughly the challenges and pressure on the job of the disciplined services arising from the spate of public order and violence events in 2019 and the COVID-19 pandemic. Regarding the timetable for the next GSR to be conducted, PASCS(P&L) advised that while it was a guiding principle to have a review conducted once every 10 years, the time for the next review to be conducted should be decided by the Government of the day after it had taken all relevant factors into account. If CE-in-Council decided that a review should be conducted, SCDS would be engaged for the exercise as usual. He further advised that, in addition to conducting a review every 10 years, the Administration would carry out an annual Pay Trend Survey ("PTS") to compare the civil service pay with that of the market pay, and the outcome would be used to make adjustments to civil service pay. If individual disciplined services staff had to perform duties which were not normally expected of a particular grade or rank and which had not been taken into account in the determination of their pay scales, those staff could receive Job-related Allowances ("JRAs") as compensation with prior approval. Separately, if individual disciplined

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services grades/ranks met with persistent recruitment or retention difficulties or fundamental changes to their job nature, job complexity and level of responsibilities, consideration would be given to the conduct of a GSR for those grades. PS for S added that the Security Bureau ("SB") would monitor closely the job natures of and the challenges facing all the disciplined services, and would request CSB to conduct a GSR should the aforesaid fundamental changes occur.

41. On matters relating to children of the disciplined services being bullied at schools, PS for S advised that follow-up actions had been taken by the Education Bureau ("EDB"), including requiring schools to handle those cases in accordance with guidelines issued by EDB and providing those students concerned with adequate counselling. As for cases where teachers were suspected to be in breach of professional conduct, in addition to issuing warning letters to the teachers in question, depending on the seriousness of the cases, EDB would also consider cancelling their registration in accordance with the Education Ordinance.

Benefits and duty allowances for disciplined services grades

42. Mr Tony TSE expressed support for the establishment proposal. He pointed out that SCDS received nearly 4 000 submissions from the management, staff side and individual staff of the disciplined services in the course of the current GSR. All submissions received were considered in their entirety when SCDS developed the recommendations. He pointed out that in addition to the recommendations relating to salary and increment, SCDS had made recommendations on other benefits of the disciplined services including medical benefits, housing benefits and conditioned hours of work. He asked how the Administration would follow-up on those recommendations.

43. Mr Holden CHOW opined that in addition to the conduct of GSRs, the Administration should formulate policy initiatives to, among other things, improve the benefits and allowances for the disciplined services and to ensure attraction and retention of talents.

44. PS for S pointed out that during the course of the current GSR, SCDS received nearly 4 000 submissions, organized 19 visits and met with the management and staff sides of six disciplined services departments and ICAC. SCDS made a series of recommendations, with the objective of striking a fine balance in mind, after taking into account all principles, considerations, and views. If those recommendations were endorsed, the majority of the disciplined services staff would have their remuneration packages suitably enhanced, which would be conducive to recruitment and

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retention of talents, and the whole community would benefit from the long-term and healthy development of the disciplined services.

45. Regarding JRAs of the disciplined services, PS for S advised that the Administration would follow up on the recommendations in the Report that were beyond the ambit of the current GSR. For example, having consulted SCDS, the Administration had accepted the recommendation for introduction of a new JRA for the Correctional Services Department staff regularly working in an enclosed and isolated environment. The Administration was examining other recommendations on JRA, including recommendations relating to the introduction of JRAs for ImmD staff who went on a mission to render assistance to Hong Kong passengers under quarantine during the COVID-19 pandemic and other disciplined services for their various special duties. Other recommended benefits such as medical benefits, housing benefits and education allowance required an in-depth study as they would have a bearing on the level of benefits for the civil service (including the civilian staff) in general. She added that SB and CSB would review JRAs of the disciplined services once every five years. Furthermore, all departments could make recommendations to SB on JRA concerning the duties/jobs of the disciplined services grades.

Attraction and retention of talents in disciplined services

46. Mr Christopher CHEUNG and Mr WONG Ting-kwong expressed support for the establishment proposal. They pointed out that it had been over 10 years apart between the current GSR and the last one conducted in 2008. Hong Kong experienced many changes over the past 10 years which had affected the job nature and workload of the disciplined services and necessitated adjustments to their grade structures and remunerations to ensure that talents could be effectively attracted and retained. The spate of public order and violence events in 2019 and the false information about and vilification of HKPF had resulted in public misunderstanding of and dissatisfaction with the disciplined services. They enquired the initiatives, other than adjustments to the grade structures and remunerations, in place to ensure the continuing professional and dedicated service of the disciplined services to members of the public and to improve the image of the disciplined services, especially HKPF, to attract more youngsters to join the services.

47. Mr Steven HO expressed support for the establishment proposal. He recognized the efforts and contributions made by the disciplined services in the spate of public order and violence events in 2019. Pointing out that members of the public was more demanding and had higher expectation towards the disciplined services, he believed that the Administration should monitor and review the performance of disciplined services on a continuing

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basis.

48. PS for S pointed out that the Report recognized in a positive manner the contribution of the disciplined services, especially HKPF, amid the current tumultuous and demanding social environment. In addition to the grade structure and remuneration-related recommendations, the Report also recognized the need for additional manpower support at the directorate level for a number of disciplined services for rendering high-level steer and coping with the increased scope and diversity of responsibilities. The Report highlighted the need for additional directorate posts in HKPF to cope with the many challenges in the course of discharging their duties. It was the plan of the Administration to follow-up on the management structure and staffing establishment of the disciplined services in the next legislative session in light of the recommendations set out in the Report. She further advised that the directorate leadership at the Police Public Relations Branch would be strengthened to enhance social engagement and communication with the media. Furthermore, the youth engagement work of the disciplined services, including uniformed groups, would be stepped up to inculcate the youth with a sense of responsibility for society and law-abiding awareness as well as developing their leadership. Regarding false news and information, PS for S advised that the Administration would take follow-up actions on non-compliant behaviours and keep communicating with the public to explain the importance of law enforcement and advocate law-abiding values. As a way forward, studies were being conducted by the Home Affairs Bureau and reference would be made on the experiences of other countries and regions in handling false news and information.

Voting on the item

49. There being no further questions from members, the Chairman put the item to vote. All the members present were in favour of the proposal. The Chairman declared that the Subcommittee agreed to recommend the item to FC for approval. No member requested that the item be voted on separately at the relevant FC meeting.

EC(2021-22)17 Proposed implementation of the relevant recommendations of the grade structure review for the disciplined services grades in the Independent Commission Against Corruption with effect from the first day of the month of approval by the Finance Committee

50. The Chairman remarked that the establishment proposal was to implement the relevant recommendations of the GSR for the disciplined

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services grades in ICAC with effect from the first day of the month of approval by FC.

51. The Chairman pointed out that members of the Panel on Public Service had discussed this proposal at its meeting on 12 July 2021. The discussions focused on the same topic set out in item EC(2021-22)16.

Declaration of interests

52. Mr CHAN Chun-ying declared that he was a member of the Operations Review Committee.

53. Mr Martin LIAO declared that he was the Chairman of the Advisory Committee on Corruption.

54. Ms YUNG Hoi-yan and Mr Steven HO declared that they were a member of the ICAC Complaints Committee.

Discussions

55. Mr CHAN Chun-ying and Ir Dr LO Wai-kwok expressed support for the salary and increment-related recommendations of the disciplined services and ICAC put forward by SCDS and accepted by CE-in-Council. They recognized the fact that over the past 10 years, Hong Kong had experienced changes and challenges in the social, economic, political and technological landscapes, which had added stress and complexity to the jobs of the disciplined services. Mr CHAN noted that for the purpose of implementing various recommendations on salaries and increments, an additional payroll cost to ICAC estimated to be around \$45 million per year (this estimate had not included the increase in payments for Mandatory Provident Fund and allowances pegged with monthly salary) was needed; as at 30 June 2020, there were 1 131 disciplined services posts in ICAC consisting of directorate and non-directorate ranks. He asked whether every ICAC staff member were entitled to pay adjustment and the estimated expenditures on all allowances pegged with monthly salary.

56. Assistant Director (Administration) of Independent Commission Against Corruption confirmed that all non-directorate rank staff (the majority being Commission Against Corruption Officer (Middle/Lower) and Assistant Commission Against Corruption Officer) in ICAC would be entitled to pay adjustments. Allowances pegged with monthly salary mainly included acting allowance and Disciplined Services Overtime Allowance, the actual expenditures of which was dependent on the manpower requirement and workload. It was estimated that the additional expenditure would be approximately \$900,000-odd per year.

Action

Voting on the item

57. There being no further questions from members, the Chairman put the item to vote. All the members present were in favour of the proposal. The Chairman declared that the Subcommittee agreed to recommend the item to FC for approval. No member requested that the item be voted on separately at the relevant FC meeting.

58. There being no other business, the meeting ended at 12:37 pm.

Council Business Division 1
Legislative Council Secretariat
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