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S.C. 25/2009 (Revised)

**Revised Minutes of the 34<sup>th</sup> Meeting of the  
Staffing Committee held at 9:30a.m.  
on Monday, 2 November 2009 in Conference Room 1,  
2<sup>nd</sup> floor, HKPC Building, 78 Tat Chee Avenue, Yau Yat Chuen, Kowloon**

**Present** : Chairman - Prof. Lee Wing-bun

Members - Ms. Cheung Lai-ha  
Mr. Choi Kam-wah  
Mr. Davey Chung  
Dr. Fan Cheuk-hung  
Mr. Wilson Fung  
Mr. Poon Siu-ping, MH  
Dr. Elizabeth Shing, BBS, JP  
Dr. Carrie Willis, SBS, JP

**In Attendance from HKPC:**

Mr. Edmund Sung	Director, Business Consulting
Mr. Tony Lam	Director, Corporate Services
Mr. Joseph Poon	Director, Technology Development (Acting)
Mr. Jonathan Ho	General Manager, Corporate Communications
Mr. Alfonso Tam	Principal Consultant, Corporate Services

**Welcome**

The Chairman welcomed Mr. Tony Lam, Director of Corporate Services and Mr. Joseph Poon, Acting Director of Technology Development, HKPC, who attended the meeting for the first time.

**Confirmation of Minutes (S.C. 17/2009 Revised)**

The revised Minutes of the 33<sup>rd</sup> Staffing Committee Meeting held on 14 July 2009 had been circulated to Members and there were no further requests for amendments. The Revised Minutes were taken as read, confirmed and signed by the Chairman.

**I. HKPC Programme and Estimates 2010/11 – Staff Establishment (S.C. 18/2009)**

1. introduced the paper and said that the proposed staff establishment for 2010/11 was 701, slightly reduced from 704 in 2009/10. highlighted that there had been a significant drop in the annual staff turnover rate from about 15% in the year ending 31 March 2007 to about 3% for the half-year period ending September 2009. The significant decrease in the staff turnover rate was partly due to the volatile market situation in the past year. But more importantly, it was also indicative of a stronger sense of belonging amongst HKPC staff, as also evidenced by the positive results of the latest Staff Morale Index (see item VIII (A) below). said that both factors had made it possible for HKPC to maintain a similar staff establishment for 2010/11.

2. said that, while maintaining a similar level of manpower, HKPC would continue to provide and improve its wide range of consultancy and industry support services. In addition, HKPC would also develop technical capabilities to provide new services in four focus areas, namely: knowledge management consultancy, corporate social responsibility, PRC domestic sales, and TURN II which was a follow-up programme on the TURN initiative.

3. After discussion, Members endorsed for Council's approval HKPC's staff establishment for 2010/11 with a total headcount of 701, comprising 592 approved manning and 109 project and temporary staff.

**II. Disapplying “No Double Housing Benefits” Rule of Non-accountable Cash Allowance (NCA) for New Hire (S.C. 19/2009)**

4. introduced the paper and said that in accordance with the letter from ITC dated 9 December 2003, the general requirement for controlling officers to separately enforce the “no double housing benefits” rule in the subvented sector, including HKPC, was removed. Since then, HKPC had taken steps to migrate from the government-linked pay system to a more market-oriented practice, including the introduction of a Performance Pay System (PPS) which was endorsed by the Staffing Committee and approved by the Council in 2007. It was therefore necessary to review the current Standard Practices on benefits, including housing benefits, to bring them fully in line with HKPC's already-existent market-oriented pay policies. Indeed, the Management had undertaken at the 12<sup>th</sup> Audit Committee meeting to overhaul all Standard Practices related

to housing benefits. At the same time, the Management also considered it necessary to proceed first to revise the Standard Practices related to the payment of Non-accountable Cash Allowance (NCA) because, despite exceptional approval being sought from, and granted by, the Staffing Committee, the offer to waive the “no double housing benefits” rule to attract the candidate of the right calibre could still somehow be viewed as departure from Standard Practices, no matter how outdated they had become.

5.                                      said that the present proposal would provide a simple solution to address the issue by disapplying the “no double housing benefits” rule for new hire whose employment started on or after 1 January 2010 (tentative). The resulting financial implications would be minimal because not all new hire would be immediately eligible for NCA. Moreover, for all vacancies/posts included in HKPC’s annual programme and estimates, the associated allowance entitlement, where applicable, should be budgeted in full anyway.

6. After discussions, Members endorsed for Council’s approval the proposal to disapply the “no double housing benefits” rule of NCA for eligible new hire with effect from 1 January 2010 tentatively, subject to completion of all the necessary approval procedures.

**IV. Synchronization of Staff Performance Appraisal Cycle with Financial Year Cycle for the Determination of Variable Pay (S.C. 21/2009)**

8. Invited by                                      to report,                                      said that from both a resource and HR management perspective, there were merits for the determination of variable pay (VP) to be based on the same-year performance of HKPC as a whole and of the individual staff concerned. As such, the Management had taken the initiative to synchronize the staff performance appraisal cycle with the financial year cycle for the determination of VP starting from 2009/10 by the following steps:

- (a) the Management would work out the total amount of VP after the end of the financial year 2009/10 in April 2010 when the financial result for the whole year was known. At this time, the Variable Pay Committee would make a recommendation on the maximum amount of VP for approval by the Staffing Committee and the Council;
- (b) the Management would conduct the performance appraisal exercise in April 2010 immediately after the end of 2009/10;
- (c) based on the approval of the Staffing Committee and the Council on the maximum VP distributable and the recommendation of the Performance Appraisal Boards which would be available around July 2010, the Management would submit a recommendation on the amount of VP for all recommended staff for endorsement by the Variable Pay Committee and the aggregate amount of the VP must be within the ceiling approved by the Staffing Committee and the Council;
- (d) the VP for the year 2009/10, together with merit increments, would be awarded to staff in the September payroll; and
- (e) the determination and award of VP in subsequent financial years would follow the same cycle.

9.                   said that as the VP estimate was made in April each year and that the whole approval process would not be completed until July, there might be a possibility for excess provision for VP which might present accounting issues vis-à-vis the statutory requirement for HKPC to submit the annual audited accounts before the end of September each year.

                          undertook to consult HKPC's Auditor on how excess VP provision, if any, should be handled.

(Post-meeting note: HKPC's Auditor had confirmed that for any excess VP provision being known by July, there should be adequate time for the finalization of HKPC's audited accounts for submission to the Government before the statutory deadline of end September.)

10. Members noted and supported the Management's initiative to synchronize the staff performance appraisal cycle with the financial year cycle for the determination of VP starting 2009/10.

## **V. Recruitment of Director of Technology Development (S.C. 22/2009)**

11. Members noted the recruitment advertisement for the post of Director of Technology Development (DT) following the resignation of \_\_\_\_\_ from this position. In accordance with Standard Practice no. P23, the advertisement would be posted on the HKPC Intranet for internal applicants. If there was no internal application, the Management would then proceed with external recruitment.

12. Members then exchanged views on the composition of the Recruitment Panel and agreed that the Panel should comprise the SC Chairman, 2 SC/Council members, 1 independent external person, the Executive Director and the Director, Corporate Services, with a mix of male and female panel members. The Management undertook to consult the SC by circulation on the final composition of the Recruitment Panel.

## **VI. Staffing Position of HKPC (S.C. 23/2009)**

13. Members noted that as at 30 September 2009, 543 staff members were employed on the approved staff establishment of 593. Separately, another 75 temporary/project staff were retained to meet changing market needs. The turnover rate in first six months of 2009/10 was 3.25%, compared to 12.81% in the same period last year.

## **VIII. Any Other Business**

### **(A) 5<sup>th</sup> One-Minute Staff Morale Index**

19. \_\_\_\_\_ said that the 5<sup>th</sup> survey of the One-minute Staff Morale Index conducted in October 2009 attracted the highest response (86%) from staff since its launch in July 2007, indicating staff support and confidence in participation. Of the four surveyed areas, there was a healthy rise in the satisfaction level for “Management”, “Work Aspects” and “Teamwork and Cooperation” while the satisfaction level for

“Supervisor” was stable. The satisfaction level for “Work Aspects” was the highest amongst the surveyed areas which also showed the largest jump in scores. This indicated significant improvement in staff morale in general. It was also evident that staff members considered that the performance appraisal gave a fair assessment of their performance and the award of variable pay was a clear recognition of outstanding and good performers.

20.                                said that the surveys conducted so far had created a tracking system to help senior management gauge staff’s satisfaction level at work and understood the Management’s leadership quality from the staff’s perspective.

21. In reply to                               ,                                said that the senior management understood and accepted that their ranking by staff was a “forced ranking” system and that the ranking of each senior staff reflected their relative positioning to one another in the opinion of the staff. The ranking positions were by no means intended as indicators of the respective portfolios and performance of these senior staff.

22.                                supported the ranking exercise as it gave staff an opportunity to give their views on the senior management.                                said that the ranking exercise would also help strengthen confidence in staff to express themselves in an open and free environment.

23.                                thanked Members for their opinions and said that the survey would be conducted regularly and the findings would be reported to the Staffing Committee.

## **(B) Corporate Leave**

24.                                reported that further to Council’s approval to introduce Corporate Leave in 2010, a trial run was conducted on 2 October 2009, which was the Friday after the National Holiday. 308 staff joined the trial run which was completed without any hiccup. The essential services were maintained and no complaint had been received. The Management was confident that the corporate leave system was welcomed by staff and would be implemented smoothly in 2010.

## **(C) Attendance Record of SC Members**

25. Members noted their attendance record, tabled at the meeting, since their

first appointment to the Staffing Committee.

**(D) 2010 Meeting Schedule**

26. Members noted the proposed 2010 SC Meeting Schedule which was tabled at the meeting, as follows:

<b>Meeting</b>	<b>Date and Time</b>
35 <sup>th</sup> SC Meeting	9 March 2010 (Tuesday) 2:30pm
36 <sup>th</sup> SC Meeting	13 July 2010 (Tuesday) 2:30pm
37 <sup>th</sup> SC Meeting	26 October 2010 (Tuesday) 2:30pm

27. Members noted that the Secretariat would stick to the schedule unless circumstances warranted the otherwise. In that event, the meetings would be scheduled within a period of one week before or after the original targeted dates to fit Members' schedules.

**IX. Date and Venue of Next Meeting**

36. It was agreed that the date of the next meeting was scheduled for 9 March 2010 at 2:30p.m and the venue of the next meeting be left open.

37. There being no other business, the Chairman thanked Members for their attendance and the meeting was adjourned at noon.