

(Unclassified version with commercially sensitive or confidential information and Members' names removed)

S.C. 7/2010

**Minutes of the 35th Meeting of the
Staffing Committee held at 2:30p.m.
on Tuesday, 9 March 2010 in Conference Room 1,
2nd floor, HKPC Building, 78 Tat Chee Avenue, Yau Yat Chuen, Kowloon**

Present : Chairman - Prof. Lee Wing-bun

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

In Attendance : HKPC Chairman - Mr. Clement Chen, BBS, JP

In Attendance from HKPC :

Mr. Edmund Sung	Director, Business Consulting
Mr. Tony Lam	Director, Corporate Services
Mr. Joseph Poon	Director, Technology Development
Mr. Alfonso Tam	Principal Consultant, Corporate Services

Welcome

The Chairman welcomed Mr. Andrew Mak who attended the meeting for the first time. The Chairman also welcomed the Council Chairman, Mr. Clement Chen, who was in attendance at the meeting.

Vote of Appreciation

Members agreed with the Chairman's suggestion to record a vote of appreciation to Ms. Cheung Lai-ha for her contribution during her tenure as member.

Confirmation of Minutes (S.C. 25/2009 Revised)

The Revised Minutes of the 34th Staffing Committee Meeting held on 2 November 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. Matters Arising

Implementation of Hay Study Report - Phase 2 on Modernization of Non-performance Related Fringe Benefits

1. Invited by the Chairman to report, said that in July 2009, Council approved a 2-stage approach in implementing Hay Group's recommendation, first by extending variable pay to General Manager (GM) and above starting 2009/10; followed by a fundamental review and modernization of HKPC's non-performance based fringe benefits (e.g. education allowance, housing allowance) to be implemented in 2011. However, the Management anticipated that there would be difficulties in implementing stage 2. Apart from the very real difficulties in getting buy-in from the affected staff if their entitlement was reduced through modernization, the fundamental review and modernization could also be viewed as an enhancement of fringe benefits for senior staff and this would become a politically contentious issue.

2. said that the fundamental review concerned only those staff joining HKPC under the old benefits system. The number of such staff would reduce gradually and hence the need for modernization of their benefits would also fade away over time. But more importantly, the Management considered that the different circumstances of these staff (for example, the number of their children who were at school locally or overseas) would imply that universal buy-in would be difficult. As a result, the modernization exercise could not produce any cost savings from the reduction of administration work as a team would need to be maintained to handle claims from staff who refused to join. In this connection, pointed out that the offer of incentive to attract buy-in from staff would be particularly sensitive and

politically contentious against the background of the Director of Audit's Report on HKPC.

3. After discussion, Members agreed that this exercise was unlikely to be supported by all stakeholders concerned in the current circumstances, and supported the Management's decision to shelve the stage 2 exercise for the time being.

III. Staffing Position of HKPC (S.C. 3/2010)

11. reported that as at 31 December 2009, the staff in post was 627 against the total approved headcount of 704. The overall staff turnover rate was 5.78% for the period April to December 2009. About 70% of staff quoted "remuneration or career advancement" and "job nature or work issues" as their reasons for departure.

12. Continuing, briefed Members of the following senior staff movement:

- (a) Mr. Poon Wing Sang Joseph, previously General Manager, Innovation & IP, was appointed to fill the vacant post of Branch Director on 1 February 2010 after internal recruitment and the approval of the Staffing Committee by circulation;
- (b) Mr. Au Ming Piu, previously General Manager, Human Resources & Administration, took over the position of Mr. Joseph Poon with effect from 1 February 2010; and

- (c) on 13 January 2010, Mr Law Hung Wai Sam, General Manager, Finance, tendered notice that he did not intend to renew his contract after its expiry on 31 March 2010. The recruitment process was in progress.

13. Members noted the staffing position of HKPC as at 31 December 2009. Members also agreed that, for future reports, the Management should consider benchmarking its staff turnover rate with that of the market norm, and differentiate the reasons for staff departure between natural wastage (retirement, contract expiry), resignation and termination.

IV. Report on the Performance of Service Providers of HKPC's ORSO and MPF Schemes (S.C. 4/2010)

14. Members noted that the Advisory Committee on HKPC Retirement Benefit Schemes held its 26th meeting on 14 December 2009 and considered that Manulife and HSBC had demonstrated satisfactory fund performance in the respective measurements previously laid down in the Mechanisms for Reviewing the Performance of Service Providers of HKPC's ORSO Scheme and MPF Scheme. Members also noted that on the basis of the Advisory Committee's recommendation, the Management agreed that Manulife and HSBC should continue to be the service providers of HKPC's ORSO and MPF Schemes in 2010. Manulife and HSBC were informed accordingly of HKPC's decision in early January 2010.

VI. 6th One-Minute Staff Morale Index (S.C. 6/2010)

22. Invited by the Chairman to report, said that the 6th survey of the One-Minute Staff Morale Index was held in February 2010 and the response rate was 86%. Among the four surveyed areas, the satisfaction level of "Work Aspects" was the highest and staff members generally

expressed support to the recent initiatives in strengthening corporate governance and project management as well as the launch of Corporate Leave in 2010. The work aspect related satisfaction level also showed the biggest hike since the first survey in July 2007. The satisfaction level of “Management” and “Supervisor” areas remained stable on a rising trend in the past three years. However, the survey recorded a slight drop of score in the satisfaction level in the surveyed area of “Teamwork & Cooperation”.

23. said that the survey provided a standing mechanism to collect staff opinion, encourage management-staff communication and help maintain staff morale. said that this type of survey, especially the ranking of senior Management by staff, was not yet conducted by many companies and there might be business potential to be harvested.

VII. Any Other Business

(A) Attendance Record of SC Members

24. Members noted their attendance record in 2009 tabled at the meeting.

(B) Review of Recruitment Procedures

25. said that there was merit to open up the recruitment process to allow internal and external recruitment to be conducted simultaneously to enable the Management to identify the best talents for the specific job openings. This was however contradictory to existing Standard Practices governing staff recruitment, selection and appointment which mandated that external recruitment should not be initiated unless no suitable internal candidate had been identified.

 invited Members’ views on whether HKPC’s recruitment procedures should be suitably reviewed.

26. said that it was advisable to conduct internal and external recruitment at the same time, especially for technology organizations like HKPC, as this would ensure that the recruitment process would cast a wide net to attract the best candidates.

 agreed and said that all recruitment policies and procedures should serve the single purpose of facilitating the search for the best

34. In reply to _____, _____ said that HKPC's remuneration structure, including the salary points and fringe benefits for different grades of staff, was approved by the Government annually in accordance with the HKPC Ordinance. Therefore, any compensation package offered in line with this remuneration structure by the Management, or by the Staffing Committee as required, would have already been given covering approval.

35. _____ undertook to review the terms of reference of the Staffing Committee and the other Standing Committees to see if there was room for enhancement to the consultation, advisory and approval process between Council and the Standing Committees.

VIII. Date and Venue of Next Meeting

36. It was agreed that the date of the next meeting was scheduled for 13 July 2010 at 2:30pm 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 4:00p.m.