

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

S.C. 20/2011 (Revised)

**Revised Minutes of the 40th Meeting of the
Staffing Committee held at 2:30p.m.
on Wednesday, 26 October 2011 in Meeting Room LGA,
LG1 floor, HKPC Building, 78 Tat Chee Avenue, Yau Yat Chuen, Kowloon**

Present : Chairman - Dr. Elizabeth Shing Shiu-ching, BBS, JP

Members - Mr. Choi Kam-wah, MH
Mr. Davey Chung
Mr. Leung Yam-shing
Mrs. Agnes Mak Tang Pik-yee, MH, JP
Prof. Helen Meng Mei-ling
Mr. Poon Siu-ping, MH
Ms. Marilyn Tang Yin-lee

Absent with Apologies: Dr. Fan Cheuk-hung
Mr. Andrew Mak Yip-shing

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

In Attendance from HKPC:

Mr. Edmund Sung	Director, Business Innovation
Mr. Tony Lam	Director, Corporate Services
Mr. Joseph Poon	Director, Technology Development
Mr. Jonathan Ho	General Manager, Corporate Communications
Mr. Dennis Wu	General Manager, Corporate Human Resources
Mr. Alfonso Tam	Chief Manager, Council Secretariat
Ms. Miranda Yeap	Senior Manager, Council Secretariat

Confirmation of Minutes (S.C. 12/2011 Revised)

The Revised Minutes of the 39th Staffing Committee Meeting held on 12 July 2011 had been circulated to Members and there were no further requests for amendments. The Minutes were taken as read, confirmed and signed by the Chairman.

I. HKPC's Programme and Estimates for 2012/13 - Staff Establishment (S.C. 13/2011)

1. Invited by the Chairman to report, introduced the paper and said that, in accordance with its terms of reference, the Staffing Committee should be consulted on changes to HKPC's staff establishment proposed in its annual Programme and Estimates prior to the Council's consideration and approval. For the year 2012/13, it was proposed to increase the approved manning by 7 to 629. This proposed increase would meet organizational development needs. Meanwhile, arising from the consolidation of manpower resources in some services, project and temporary positions would be reduced by 20 to 69. Together, this would reduce HKPC's overall staff establishment by 13 to 698, compared to 711 for 2011/12.

2. In reply to , said that contract staff were normally on 2-year employment contracts, renewable on need basis. Subject to manning being available, contract staff who demonstrated good performance would be considered for the offer of employment on permanent terms.

3. In reply to , said that staff had in the past been offered acting appointments with a view to promotion at the next performance appraisal. This practice was discontinued under the present performance appraisal system under which staff were either promoted to the next rank direct based on their performance, or they were, via internal recruitment, offered positions at a higher rank for which confirmation of the job offer was subject to them satisfactorily passing the mandated probation.

4. Members endorsed for the Council's approval the proposed staff establishment of HKPC for 2012/13 as outlined in paragraph 3 of the paper.

II. Rationalization of Non-accountable Cash Allowance (NCA) (S.C. 14/2011)

5. Invited by the Chairman to report, said that staff on Pay Point 103(P) or above whose employment was offered on or after 12 June 2000 were eligible for NCA which was a housing-related benefit. The rate of NCA that a staff member was entitled to was determined by his/her pay point when he/she first became eligible for NCA and would remain unchanged throughout the 10-year entitlement period according to internal practice. Therefore, staff members now enjoying NCA would

not be entitled to a higher NCA rate even though their pay point had reached the pay range of the next higher NCA rate.

6. said that the Management considered that these arrangement should be rationalized in the spirit of HKPC's remuneration policy to offer competitive pay packages within a Government-approved range, to make use of the remuneration system to attract and retain employees and to pay for performance. Therefore, appropriate adjustment of staff members' NCA entitlement to directly or indirectly tie in with their performance was in line with HKPC's remuneration policy. This was also in line with the practice of the Civil Service under which an NCA recipient would remain on the same scale of allowance (i.e. issued in a particular year when he/she was first approved to receive NCA) but he/she would enjoy a higher rate when he/she moved up the pay scale. We had also made reference to the practice of other Quangos receiving Government funding on a regular basis, principally the Hospital Authority and the Employees Retraining Board where employees were paid a monthly non-accountable cash allowance based on a fixed percentage of the individuals' basic salary (ranging from 15% to 37%) which would also be automatically adjusted whenever the basic salary was reviewed either due to pay trend adjustment or individual merit increment.

7. After discussion, Members endorsed for the Council's approval the recommendation for a rationalization arrangement as follows:

- (a) HKPC's NCA recipient should be allowed to enjoy the corresponding rate of allowance, which should be in accordance with the scale of NCA that he/she was first approved to receive NCA, when he/she moves up the pay scale; and
- (b) this new arrangement should be applicable to the existing and new recipients of NCA and should aim at taking effect from 1 January 2012 without retrospective arrangement.

8. Members also agreed that, subject to the Council's approval of the recommendation, the Management would seek the Government's formal approval to implement the proposed rationalization of NCA for eligible staff effective from 1 January 2012 prior to revising the relevant Standard Practice.

III. Organizational Structure of HKPC (S.C. 15/2011)

9. Invited by the Chairman to report, introduced the paper and said that a new organization structure of HKPC would take effect from 1 November 2011. The main aim of the re-organization was to achieve a functionally aligned and service-oriented structure to better serve our clients. The review exercise, which had also taken account of the resignation and retirement of four directorate grade staff, would involve the following main changes:

- (a) automation, as an important industry support aspect in the coming years, would be given more prominence in HKPC's structure and toward this, different units dealing with automation-related areas, be it software or hardware-based, would be grouped together for better synergy;
- (b) the Innovation and Intellectual Property Division would be better synergized with the business consulting function at large where branding services should be further developed;
- (c) the portfolio of General Manager, Business Management (namely Mainland portfolio, business management and training) was simply too unwieldy to manage and we considered that the training portfolio should better be a stand-alone function reporting directly to Director of Business Consulting, the post title of which would be revised as "Director, Business Innovation" to better reflect the job content of the post;
- (d) the materials and manufacturing technology functions providing cross-industry technology consultancy should be integrated for a more continuum of services; and
- (e) within the Corporate Services Branch, the finance portfolio as well as procurement and supplier management will be of increasing importance and thus the general administration function which it had taken up should better be put under the Human Resources Division.

As a result of the restructuring, the number of General Managers would be reduced by one but the post would be retained for the time being. Other than this, the restructuring had no financial or staffing implications.

10. Members noted and supported the new organizational structure of HKPC which would become effective on 1 November 2011 to provide a functionally aligned and service-oriented structure to better serve HKPC's clients.

IV. Performance Appraisal System 2011/12 (S.C. 16/2011)

11. Invited by the Chairman to report, _____ said that the current Performance Appraisal System (PAS) was introduced in 2007 with a balanced assessment of staff's performance in respect of achievements against objectives and core competencies demonstrated during the year. The Management had recently conducted a critical review on the existing system and made the necessary enhancements in line with the need to strengthen and develop our manpower resources. The enhancement covered 2 areas in the main, namely defining focus areas for staff to set management objectives and expanding the existing 4-point performance banding to a 6-point scale to better differentiate staff performance.

12. With regard to the first enhancement, _____ said that the aim was to better cascade the Management's directions to all staff and encourage their contributions to the organization's priorities by defining focus areas for staff to set their management objectives, i.e. the generic key result areas (KRA) for a particular year. The selected areas for 2011/12 were resource management, project management, safety and security, and capability in performance management. In addition, to ensure objectivity and fair assessment, Appraising Officers were required to define the success criteria (i.e. the specific deliverables) for each KRA when setting the management objectives. Apart from the generic KRAs, staff members were required to set elective KRAs which would be specific to their functional or service areas. For those staff at Principal Consultant and above ranks, financial objectives (key performance indicators) would continue to be set. Separately, other than objective achievements, staff members' level of competencies would also be assessed. Under the new system, the competencies had been redefined with key descriptions along a 6-point scale to help staff better understand the performance requirements under each competency area.

13. _____ said that the other major enhancement was the introduction of a 6-point performance banding to replace the existing 4-point scale for better differentiation of staff's performance, as follows:

- (a) Best Performers (Band 1) whose performance was significantly and persistently above requirements;
- (b) Good Performers (Band 2) whose performance was above requirements;
- (c) Effective Performers (Band 3) whose performance fully met the requirements and were generally effective;

- (d) Steady Performers (Band 4) whose performance was close to fully meeting the requirements and were effective in most aspects with some room for improvement;
- (e) Marginal Performers (Band 5) whose performance fell short of requirements and was unsatisfactory, with significant room for improvement; and
- (f) Sub-standard Performers (Band 6) whose performance fell seriously short of requirements and that poor performance required immediate improvement.

14. further explained how the 6-point performance banding would operate. First, with a clearer differentiation between Band 2 and 3 performers for the purpose of reward offer, the former would be eligible for promotion while the latter were assessed to be generally effective for the award of permanent employment status and crossing the efficiency bar on their pay scales. also explained that the expanded banding scale was envisaged to, at least psychologically, lessen staff anxiety for those who were assessed to be Band 3 many of whom were concerned if they would be relegated to Band 4. Under the new system, Band 5 staff would be given sufficient lead time and early alert on their marginal performance; they would now have an extended space for self improvement before facing the possibility of being eventually assessed as Band 6 and hence required to demonstrate significant improvement during a 6-month performance improvement period.

15. In reply to , said that staff had been briefed on the changes at a Directors' Briefing in August 2011. Staff response was positive in the main as the changes were introduced to provide clearly defined result areas and performance indicators to provide an objective basis to ensure open and fair assessment which should reduce the instances of disputes. In response, supported the enhancements to the appraisal system and advised that the rationale and the interpretation of the enhancements introduced should be clearly communicated to the staff before and during implementation to ensure a good level of understanding for both the appraising officers and those being appraised.

16. said that in considering Variable Pay (VP) in the past, some Council members had enquired about the details on how the amount of VP for individual staff was determined or how the total sum of VP was distributed to different divisions vis-à-vis their performance.

suggested the Management to provide an information paper for the Staffing Committee. In response, said that at present,

the distribution of VP was pegged at a personal level based on the performance banding of each staff, except those who were in band 4. As the VP system had only been implemented for a few years, it was advisable to take a relatively simple and incremental approach first. Since 2010/11, the VP awarded to staff was already on an incremental basis (i.e. amount of VP awarded was linked to the monthly basic salary of eligible staff based on a fixed percentage in relation to their performance banding). It would be advisable to observe the development for the time being. We would consider to further revise and explore linking the award of VP with the performance of individual staff as well as their divisions altogether in due course.

17. Members noted and supported the implementation of the revised PAS for 2011/12.

V. Staff Development Initiatives (S.C. 17/2011)

18. Invited by the Chairman, _____ reported on the latest annualized staff turnover rate of HKPC. Career development and advancement had been cited as the key reasons for resignations. The Management considered it necessary to enhance our staff development programme with 2 additional initiatives:

- (a) Staff development planning - Corporate Human Resources would work with the General Managers to identify staff with high potential for further development or advancement based on the latest performance appraisal results. The identified talents would be provided with assessment tools to enable them to discover their personality traits, attitude set, learning styles and in turn their development focus through the necessary in-house learning programmes or external training courses. This staff development planning would be conducted annually to review and map out the personal and career development of staff on a rolling 3-year basis.
- (b) Learning programmes - Corporate Human Resources had also worked with the General Managers to identify the major development needs of their Principal and Senior Consultants in order to better prepare them for meeting any upcoming succession needs. Learning programmes would be designed to address these development needs (principally management skills, strategic planning and leadership skills) with in-house efforts or with the assistance of external institutions or consultants.

19. said that the Management would take care to ensure staff understanding that the primary aim of the enhanced staff development initiatives was to optimize staff potential to meet organizational needs and for their personal growth, lest this would create any false expectation that such initiatives were meant to be selection tools with career advancement intentions. The necessary expenditure for these enhanced initiatives had been earmarked in the staff training and development budgets of divisions for 2011/12.

20. said that staff development initiatives should aim to enhance both the depth and breadth of staff's potential and capabilities. It was also necessary for such development initiatives to include the effective management of the younger generation (for which we needed not characterize them in an overly simplified way as "Y" generation).

thanked for advice and said that performance management and coaching was one of the learning programmes identified which would also include managing the younger generation.

21. said that occupational health and security (OHS) training was also an important area in staff development as enhanced capabilities in this area would help to prevent potential staff issues. In agreement, said that OHS was indeed one of our management focus and we had just recruited a senior consultant who was an OHS specialist to enhance support in this area.

22. said that the Management should consider the need for developing training modules on procurement for relevant HKPC staff. Corporate governance aside, sound procedures could help to safeguard those who were involved in handling procurement matters, especially when there were alleged malpractices or irregularities. In response, said that at present, the policy and rules governing our procurement process and approval procedures were laid out in a Standard Practice which was available to all staff on the HKPC intranet. Having been reviewed and revised over the years, the comprehensiveness of such rules had sometimes created difficulties in interpretation and understanding. In this connection, we had already invited the to conduct a review of our procurement system with a view to setting out simple guidelines and procedural assistance to staff without compromising corporate governance requirements. Relevant training to staff would also be developed to support a user-friendly procurement system.

23. Members noted and supported the enhanced staff development initiatives outlined in paragraphs 4 to 8 of the paper.

VI. Staffing Position of HKPC (S.C. 18/2011)

24. Members noted the staffing position of HKPC as at 30 September 2011, including the staff turnover rate and senior staff movement as outlined in paragraphs 3 to 9 of the paper.

VII. 10th One-Minute Staff Morale Index (S.C. 19/2011)

25. Members noted the results and analysis of the 10th survey for the One-minute Staff Morale Index conducted in August 2011 as outlined in paragraphs 3 to 4 of the paper.

VIII. Any Other Business

(A) Attendance Record of SC Members

26. Members noted their attendance record in 2011 tabled at the meeting.

(B) 2012 Meeting Schedule

27. Members noted the proposed 2012 SC meeting schedule tabled at the meeting, as follows:

Meeting	Date and Time
41 st SC Meeting	6 March 2012 (Tuesday) 2:30pm
42 nd SC Meeting	10 July 2012 (Tuesday) 2:30pm
43 rd SC Meeting	6 November 2012 (Tuesday) 2:30pm

28. Members noted that the meetings would be held on the specified dates and adjustment, if at all necessary, would be within a period of one week before or after the proposed dates to fit in Members' schedules.

IX. Date of Next Meeting

29. It was agreed that the next meeting would be held on 6 March 2012 at 2:30pm.

30. There being no other business, the Chairman thanked Members for their attendance and the meeting was adjourned at 3:30p.m.