

**立法會**  
**Legislative Council**

LC Paper No. CB(1) 696/01-02  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/PS/1

**LegCo Panel on Public Service  
and LegCo Panel on Planning, Lands and Works**

**Minutes of joint meeting  
held on Thursday, 24 May 2001 at 2:30 pm  
in the Chamber of the Legislative Council Building**

**Members present** : Members of the LegCo Panel on Public Service

Hon TAM Yiu-chung, GBS, JP (Chairman)

Hon LI Fung-ying, JP (Deputy Chairman)

Hon LEE Cheuk-yan

Hon CHEUNG Man-kwong

Hon HUI Cheung-ching

Hon Andrew WONG Wang-fat, JP

Hon Howard YOUNG, JP

Hon Michael MAK Kwok-fung

\* Hon Albert CHAN Wai-yip

Hon LEUNG Fu-wah, MH, JP

Members of the LegCo Panel on Planning, Lands and Works

Hon LAU Ping-cheung (Deputy Chairman)

Hon James TO Kun-sun

Hon IP Kwok-him, JP

(\*Also member of the LegCo Panel on Planning, Lands and Works)

**Members attending** : Hon NG Leung-sing  
Hon CHAN Yuen-han

**Members absent** : Member of the LegCo Panel on Public Service

Hon CHAN Kwok-keung

Members of the LegCo Panel on Planning, Lands and Works

Dr Hon TANG Siu-tong, JP (Chairman)

Ir Dr Hon Raymond HO Chung-tai, JP

Hon WONG Yung-kan

Hon LAU Wong-fat, GBS, JP

Hon Timothy FOK Tsun-ting, SBS, JP

Hon Abraham SHEK Lai-him, JP

**Public officers attending** : **Item II**

Planning and Lands Bureau

Mr Thomas TSO, JP

Deputy Secretary (Lands and Planning)

Mr Gary Y S YEUNG

Principal Assistant Secretary (Lands)

Civil Service Bureau

Mr D W PESCOD, JP

Deputy Secretary for the Civil Service (2)

Efficiency Unit

Mr Colin SANKEY, JP

Head, Efficiency Unit

Lands Department

Mr R D POPE, JP

Director of Lands

Mr CHAN Hak, JP

Deputy Director (Survey & Mapping)

Mr Peter CHAN  
Principal Executive Officer (Special Duties)

**Attendance by invitation : Association of Government Local Land Surveyors**

Mr KOO Tak-ming  
Chairman

Mr CHEE Yiu-kong  
Secretary

**Association of Government Land & Engineering Surveying Officers**

Mr WONG Wai-hung  
Chairman

Mr LAI Hon-kit  
Executive Committee member

**Association of Government Technical & Survey Officers**

Mr MAN Yui-kwong  
President

Mr TONG Wai-kai  
General Secretary

**Association of Government Cartographic Staff**

Mr Gordon LAM Chung-ming  
Chairman

Mr CHAN Ka-hin  
Vice-chairman

**Government Chainmen Union**

Mr HO Kit-luen  
Chairman

Mr NGAI Kit-wai  
Vice-chairman

**The Hong Kong Institute of Surveyors**

Mr Albert SO  
Hon Secretary

Mr Henry H K CHAN  
Land Surveying Division Representative

**Clerk in attendance :** Miss Salumi CHAN  
Chief Assistant Secretary (1)5

**Staff in attendance :** Mr S C TSANG  
Senior Assistant Secretary (1)7

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Action

**I. Election of Chairman**

Members noted that Dr TANG Siu-tong, Chairman of the Panel on Planning, Lands and Works, was not available to attend the joint meeting. They agreed that the meeting be chaired by Mr TAM Yiu-chung, Chairman of the Panel on Public Service.

**II. Corporatization of the Survey and Mapping Office of the Lands Department — Draft Bill for the Proposed Corporation**

(LC Paper No. CB(1)1191/00-01(01) — Submission from Association of Government Local Land Surveyors

LC Paper No. CB(1)1191/00-01(02) — Joint submission from:

- Association of Government Land & Engineering Surveying Officers
- Association of Government Technical & Survey Officers
- Association of Government Cartographic Staff
- Government Chainmen Union
- Lands Department Drivers Association

LC Paper No. CB(1)1191/00-01(03) — Submission from the Hong Kong Institute of Surveyors

LC Paper No. CB(1)1191/00-01(04) — Paper provided by the Administration)

2. The Chairman welcomed representatives of the Administration, five relevant staff associations and one other association to the meeting.

Presentation by six associations

*Association of Government Local Land Surveyors*

3. Mr KOO Tak-ming, Chairman of the Association of Government Local Land Surveyors (AGLLS) highlighted the AGLLS's view that the corporatization of the Survey and Mapping Office (SMO) was financially not viable, and that the Administration and its consultants were too optimistic in projecting the financial performance of the Survey and Mapping Corporation (SMC). His presentation was summarized as follows:

- (a) In the reports issued by the Administration or its consultants since 1999 on the corporatization proposal, various financial projections had been made on various assumptions. The bases for the assumptions were however not provided. Some examples were as follows:
  - (i) According to the Executive Summary of the consultants' report issued in December 1999 (LC Paper No. CB(1) 770/99-00(05)), the Base Case Scenario projection showed that SMC would make an overall surplus of \$583 million over a ten-year period. One of the assumptions was that all staff of SMO would be retained on existing conditions;
  - (ii) According to Appendix 2(a) of the consultants' report issued in February 2001 (LC Paper No. CB(1)1249/00-01(01)), SMC's net profit after tax would increase by \$59.4 million from Year 1 to Year 5, and its staff cost would reduce by \$51.1 million for the same period on the assumption that only 50% of the staff of SMO would transfer to SMC. It seemed that the increase in profit was attributable to the reduction in staff cost;
  - (iii) According to Section 7 of the Administration's report issued in February 2001 (Annex to LC Paper No. CB(1) 579/00-01(03)), a sensitivity test assuming that only 20% of staff of SMO would transfer to SMC had been carried out to see the effect on the financial position of SMC. The result showed that SMC would still be profitable throughout the planning period;

- (b) AGLLS had great reservation on the profitability of the key business opportunities identified for SMC. For example, the application of the Global Positioning System (GPS) in Hong Kong was expected to be very limited, and there was no concrete information on how the Geographic Information System (GIC) could be a source of revenue of SMC;
- (c) According to Section 7 of the Administration's report issued in February 2001 (Annex to LC Paper No. CB(1) 579/00-01(03)), the projected revenue of SMC would mainly be derived from its Service Level Agreement (SLA) with the Government. However, the revenue from this source was expected to decrease from Year 1 onwards;
- (d) The need to corporatize SMO was questionable, having regard to the Administration's view that the existing SMO had been providing high level of services;
- (e) Corporatization of Government departments could be seen as the Government's attempt to intervene in the private market;
- (f) AGLLS was concerned about the possible conflict of interest for SMC, a non-Government department, to assist the Land Survey Authority (LSA) in administering the Land Survey Ordinance (LSO) (Cap. 473); and
- (g) Referring to the two overseas cases mentioned in paragraph 39 of the paper provided by the Administration, it should be noted that the Terralink in New Zealand had already gone into receivership.

4. In view of the above, Mr KOO Tak-ming urged the Administration to further explore other options, such as the trading fund option which could facilitate the existing SMO to respond flexibly and quickly to a fast changing market and take on new business opportunities while remaining as a government department. He added that it would be extremely risky if the Administration pursued the corporatization proposal without support of the staff concerned.

*Association of Government Land & Engineering Surveying Officers*

5. Mr WONG Wai-hung, Chairman of the Association of Government Land & Engineering Surveying Officers (AGLESO) expressed strong objection to the proposal on the corporatization of SMO. He commented that while the Administration recognized the importance of transferring the existing SMO staff to SMC for the latter's successful operation, it failed to provide a sense of security to the staff concerned as no contingent arrangements had been made for them to revert to civil servant status if SMC turned out to be unsuccessful. He also pointed out that the

corporatization proposal, though not yet implemented, had already greatly affected the morale of staff of SMO. The staff concerned had expressed their dissatisfaction through a number of demonstrations. Mr WONG therefore urged the Administration to reconsider the matter. Mr LAI Hon-kit, Executive Committee member of AGLESO added that the Administration had overestimated the expected rate of return of SMC.

*Association of Government Technical & Survey Officers*

6. Mr MAN Yui-kwong, President of the Association of Government Technical & Survey Officers (AGTSO) considered the Administration's projections on the financial performance of SMC not clear and not convincing. He highlighted AGTSO's concern that the corporatization of SMO would result in staff redundancy.

*Association of Government Cartographic Staff*

7. Mr Gordon LAM Chung-ming, Chairman of the Association of Government Cartographic Staff (AGCS) expressed strong objection to the proposal on the corporatization of SMO. He commented that the Administration was too aggressive on the proposal, and had not taken into account and addressed the concern of staff about their career prospect and job security. He urged the Administration to further explore other options.

*Government Chainmen Union*

8. Mr HO Kit-luen, Chairman of the Government Chainmen Union (GCU) indicated that GCU was strongly against the proposal on the corporatization of SMO.

*Hong Kong Institute of Surveyors*

9. Mr Albert SO, Honorable Secretary of the Hong Kong Institute of Surveyors (HKIS) pointed out HKIS's three main concerns, as follows:

- (a) HKIS was concerned about the possible conflicting roles and responsibilities of LSA arising from the corporatization of SMO. To maintain LSA's integrity and impartiality, it was more appropriate for the functions of LSA to be delegated to a professional land surveying public officer;
- (b) The corporatization of SMO was a deviation from the Government's established policy of non-intervention in private market. The Government should as before maintain a comprehensive survey infrastructure and provide the land surveying core services for the society. This would avoid the erosion of the impartiality of LSA by profit considerations; and

- (c) Given the huge size of SMC and its ready access to the existing SMO's records on land survey, small private land surveying firms would not be able to compete with SMC on level playing ground over the provision of land surveying services. The Administration should ensure that SMC would not dominate and monopolize the market.

Administration's responses

10. Deputy Secretary for Planning and Lands (Lands and Planning) (DSPL) noted that the six associations were mainly concerned about the following four aspects:

- (a) Business viability of SMC;
- (b) Job security and career prospects of staff;
- (c) Possible conflict of interest for SMC to assist LSA in administering the LSO; and
- (d) Possible monopoly of the land surveying market by SMC.

11. Whilst appreciating the staff concerns, DSPL stressed that the Administration believed that the corporatization of SMO would be beneficial to the community, the Administration and the staff concerned. As a Government office, SMO had to follow the laid down Government procedures, such as policy approval for new activities and tender procedures. SMO was therefore restrained from exploiting the business opportunities identified, in particular, those relating to the development of business applications requiring the support of digital map bases. After corporatization, SMC would have the full autonomy and flexibility to determine its own priorities, to secure the needed resources for the development of value-added products either by itself or through partnership, to meet the demand of various sectors of the community and to maximize the benefits of its geospatial data. Apart from providing better services to the business sector and the community, exploitation of the various business opportunities was expected to bring about substantial financial benefits to SMC and the Government. In the longer term, the Government, as the sole shareholder of SMC, would achieve financial gains through profits tax and dividend payments made by SMC. Staff would also be able to share some of the profits through possible incentive rewards.

12. As regards business viability of SMC, Director of Lands (D of L) pointed out that the business plan provided in the Administration's report issued in February 2001 (Annex to LC Paper No. CB(1) 579/00-01(03)) was based on realistic and conservative assumptions. The SLA between SMC and the Government was costed on the basis of the current full operating cost of SMO. In other words, the existing level of services would be maintained and there would be no pressure to reduce staff level. Referring to the case of Ordnance Survey (OS) in the United Kingdom (UK),



Deputy Director (Survey & Mapping) of the Lands Department (DD of L) pointed out that the UK Government had a National Interest Mapping Services Agreement with OS to carry out specific surveying and mapping services. This gave OS the financial support needed for its operation.

13. In response to the concern of staff about job security and career prospects, DSPL and D of L re-affirmed the Administration's commitment that there would not be any compulsory redundancy of SMO staff. The existing SMO staff would be given two years to consider whether they would take voluntary retirement and join SMC on its terms of employment, or to retain their civil servant status. It would entirely be their own choice and the Administration would not force them to join SMC. For those staff taking voluntary retirement, they would be granted a compensation package and could continue to draw their monthly pension whilst employed by SMC. Those staff opting to retain their civil servant status would enjoy the same job security as all other civil servants. DD of L added that only a small number (about 40) of supporting staff in the fields of accounting, procurement and human resources would be recruited by SMC as those functions would no longer be taken up by staff on the civil service establishment after corporatization.

14. In response to HKIS's concern about the possible conflict of interest for SMC to assist LSA in administering the LSO, D of L said that the role of SMC was mainly to provide the necessary professional and technical support to LSA in maintaining land boundary records and monitoring whether the submissions from authorized land surveyors conformed to the requirements of the relevant codes of practice. In view of this role and the fact that LSA was not empowered to determine land boundaries, there would not be any conflict of interests. He reassured members that LSA would continue to carry out its statutory functions in a fair and impartial manner.

15. As regards HKIS's concern about the possible monopoly of the land surveying market by SMC, D of L pointed out that those land survey records currently available to private land surveying firms would continue to be made accessible by them after corporatization and that SMC would not monopolise the land surveying market by putting all private land surveying firms especially those smaller ones in less advantageous and unfair positions. He emphasized that the Administration had no intention to undervalue the efforts made by private land surveying firms leading to the establishment of the present land boundary records.

## Discussions

### *Business opportunities*

16. Mr HUI Cheung-ching requested the Administration to provide details of the land surveying services demanded by private sector companies in the past five years and if possible, the estimated revenue in dollar terms. DD of L considered it difficult to provide the requested details in the absence of the relevant data. Nevertheless, he

pointed out that private sector companies had approached SMO for the provision of various types of maps and survey/mapping databases for their business development. In response to the request of Mr HUI and Mr LEUNG Fu-wah, DSPL undertook to provide statistics on the business opportunities forgone due to the fact that SMO as part of a Government department could not provide timely response to the demand for service from the business sector.

*(Post-meeting note: The Administration's response regarding the statistics on the business opportunities forgone was circulated to members vide LC Paper No. CB(1) 1552/00-01 on 15 June 2001.)*

#### *Issue of confidentiality*

17. Mr LEE Cheuk-yan was concerned that SMC, being a non-Government department, would not be subject to the confidentiality rule currently applied to SMO. He asked whether measures would be put in place to safeguard against any breach of confidentiality by SMC, e.g. in respect of the information relating to the production of Government maps. DD of L advised that information relating to the production of Government maps was normally open to the public. DSPL assured members that the Administration had put in place systems and guidelines to safeguard against any disclosure of confidential or sensitive information.

#### *Staff concerns*

18. In response to Mr LEUNG Fu-wah's question on the figures provided in paragraph 8.1 of Annex 1 to the AGLLS's submission (LC Paper CB(1) 1191/00-01(01)), Mr KOO Tak-ming, Chairman of AGLLS undertook to provide the Panel with a copy of the "Result of AGLLS Anonymous Opinion Survey on the Proposed Corporatization Plan of the Survey and Mapping Office".

*(Post-meeting note: A copy of the "Result of AGLLS's Anonymous Opinion Survey on the Proposed Corporatization Plan of the Survey and Mapping Office" was circulated to members vide LC Paper No. CB(1) 1380/00-01 on 29 May 2001.)*

19. Mr LEUNG Fu-wah further asked whether the staff concerned would consider joining SMC if better terms of employment would be offered. Mr LAI Hon-kit, Executive Committee member of AGLESO replied that it would unlikely be the case since a majority of the staff concerned had already lost confidence on the corporatization proposal, particularly because of the uncertain business viability of SMC.

20. In view of the staff concerns and objections, Ms LI Fung-ying and Mr Albert CHAN asked whether the Administration would withdraw the corporatization proposal. DSPL believed that the staff concerns could in the end be

addressed through frank and open discussions. It was premature at this stage to consider scrapping the corporatization proposal.

21. In response to Mr Albert CHAN's question on whether the existing top management of the Lands Department would bridge over to SMC, DSPL replied that he was not in a position to predict the choice of these staff as to whether they would join the SMC or not.

*Alternative options*

22. Mr LEE Cheuk-yan noted with concern that the Administration and the staff sides had totally different views on the corporatization proposal. He considered it more appropriate to maintain SMO as a Government department and set up a new corporation to develop the business opportunities identified. Mr Albert CHAN supported his view. DSPL advised that the Administration had already considered this option carefully but found it not desirable as the exploitation of business opportunities and the provision of land survey and mapping services were closely related.

*Next step*

23. Responding to Mr LEUNG Fu-wah, DSPL said that after addressing the staff concerns, the Administration would present a bill on the corporatization of SMO to the Legislative Council as soon as practicable.

**III. Any other business**

24. There being no other business, the meeting ended at 4:00 pm.

Legislative Council Secretariat  
31 December 2001