

立法會
Legislative Council

LC Paper No. CB(1) 1238/00-01
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by the Administration)

Ref : CB1/PL/PS/1

Legislative Council
Panel on Public Service

Minutes of meeting
held on Monday, 19 February 2001 at 10:45 am
in the Chamber of the Legislative Council Building

Members present : 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 CHAN Kwok-keung
Hon Andrew WONG Wang-fat, JP
Hon Michael MAK Kwok-fung
Hon Albert CHAN Wai-yip
Hon LEUNG Fu-wah, MH, JP

Members attending : Hon CHAN Yuen-han
Hon LAU Ping-cheung
Hon Audrey EU Yuet-mee, SC, JP

Member absent : Hon Howard YOUNG, JP

Public officers attending : **Item III**
Mr R D POPE
Director of Lands

Mr CHAN Hak
Deputy Director of Lands (Survey and Mapping)

Mr Gary YEUNG
Principal Assistant Secretary (Lands)
Planning and Lands Bureau

Mr Peter CHAN
Principal Executive Officer (Special Duties)
Department of Lands

Mr Colin SANKEY
Head, Efficiency Unit

Mr D W PESCOD, JP
Deputy Secretary for the Civil Service (2)

Miss Jennifer MAK, JP
Deputy Secretary for the Civil Service (3)

Item IV

Mr D W PESCOD, JP
Deputy Secretary for the Civil Service (2)

Miss Jennifer MAK, JP
Deputy Secretary for the Civil Service (3)

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

Staff in attendance : Mr FU Ping-hong
Senior Assistant Secretary (1)7

Action

I. Confirmation of minutes of meeting
(LC Paper No. CB(1)580/00-01)

The minutes of the meeting held on 18 December 2000 were confirmed.

II. Date of next meeting and items for discussion

(LC Paper No. CB(1)579/00-01(01) — List of outstanding items for discussion

LC Paper No. CB(1)579/00-01(02) — List of follow-up actions)

2. Members noted the list of outstanding items for discussion and agreed that the "Review of the system of declaration of investments by civil servants" be discussed at the next regular meeting on 19 March 2001.

3. Some members expressed concern about the following issues and suggested the Panel to take follow-up action:

- (a) Policy on earth burial at Gallant Garden (raised by Miss LI Fung-ying);
- (b) Progress of the review of the job related allowances of the disciplined services (raised by Miss LI Fung-ying);
- (c) Number of directorate posts created in the recent few years (raised by Mr CHEUNG Man-kwong); and
- (d) Proposed Housing Assistance Scheme for Junior Disciplined Services Staff (raised by Mr LEUNG Fu-wah).

4. On paragraph 3(a) above, members agreed that the subject be discussed at a future Panel meeting. On paragraph 3(b), (c) and (d) above, the Chairman directed the Clerk to obtain relevant information from the Administration.

(Post-meeting note: The subject at paragraph 3(a) above was subsequently discussed at the Panel meeting on 26 April 2001. The information provided by the Administration on the subjects at paragraph 3(b) and (c) above was circulated to members vide LC Paper Nos. CB(1)846/00-01 and CB(1)855/00-01 on 16 March 2001. As regards paragraph 3(d) above, the Security Bureau (SB) issued the "Consultation Paper on the Proposed Housing Assistance Scheme for Junior Disciplined Services Staff" in February 2001. SB would consider the way forward after the expiry of the consultation period in mid-June 2001.)

III. Corporatization of the Survey and Mapping Office of the Lands Department — Impact on the staff concerned

(LC Paper No. CB(1)579/00-01(03) — Paper provided by the Administration)

5. The Chairman advised that to follow up the discussion at the Panel meeting on 18 December 2000, the Administration would brief the Panel at this meeting on the details of the proposal on corporatization of the Survey and Mapping Office (SMO), including the business plan for the proposed Survey and Mapping Corporation (SMC) and the conversion arrangement for existing SMO staff. The Administration would also brief the Panel on Planning, Lands and Works on the relevant legislative proposals at its meeting on 5 March 2001.

6. The Chairman drew members' attention to the joint submission dated 19 February 2001 from the five relevant staff associations of SMO, which was tabled at the meeting.

(Post-meeting note: The joint submission was circulated to members vide LC Paper No. CB(1)629/00-01 on 20 February 2001.)

7. At the invitation of the Chairman, the Director of Lands (D of L) presented the details of the corporatization proposal. He highlighted "Section 7 — Financial Plans", "Section 6 — Staffing arrangements" and "Annex E — Staff employment package" of the report (Annex to the paper provided by the Administration). D of L advised that the financial projections for SMC were based on prudent and conservative estimates. It was estimated that SMC's profit after tax would increase from \$19 million in Year One to \$78.4 million in Year Five. While half of the profit would be retained by SMC, the remaining half would be paid out as dividends to the Government, the shareholder of the corporation. As regards staffing arrangements, all SMO departmental grades staff were offered two options: to retain their civil servant status, terms and conditions, and be seconded to SMC; or to retire voluntarily. Those who opted for voluntary retirement would be offered a compensation package similar to the one offered under the Voluntary Retirement (VR) Scheme in 2000, and would be able to take up employment with SMC without pension suspension. The staff sides had been briefed on the proposed arrangements and the two options on 13 February 2001.

Criteria for corporatization

8. Mr Michael MAK asked for the criteria for selecting government departments for corporatization. The Head of Efficiency Unit (HEU) advised that the Government, same as business corporations, needed to review its management practices to make sure that it responded flexibly and timely to changing demands of the community. Corporatization was only part of the process to improve the management of public services. In identifying the suitable candidates for corporatization, consideration had been given to the nature of the services provided by various departments, i.e. whether the services were commercial in nature. In response to Mr MAK's enquiry, DSCS2 said that the Civil Service Bureau was not involved in the selection of government departments for corporatization.

9. Responding to Mr LEE Cheuk-yan, HEU advised that at the moment there was no other government department being studied closely for corporatization. However, the Administration was constantly reviewing the way in which services were delivered by government departments.

Corporatization proposal

Current revenue of SMO

10. Responding to Mr HUI Cheung-ching and Mr LAU Ping-cheung, D of L said the current annual revenue of SMO from map sales and consultancy services was about \$10 million. However, SMO, as a government department, was subject to government rules and regulations, including those governing the allocation of financial and staffing resources. In the circumstances, SMO was unable to make investments which were well justified on business grounds but which might not get a high priority when judged against other public policy initiatives to meet pressing social needs. Corporatization of SMO would remove these barriers and enable it to pursue the emerging market opportunities and therefore, increase its income.

Financial projections for SMC

11. Referring to the Administration's claim that SMC would generate a profit after tax of \$19 million in Year One, Mr LEE Cheuk-yan pointed out that in a consultancy report published in December 1999, it was estimated that SMC would only produce a surplus in Year Five. In response, D of L referred members to "Section 7 — Financial Plans" of the report and stressed that the business prospects of SMC were very promising, having regard to the growth in the public and private sector demand for survey and mapping services and products. Miss LI Fung-ying queried whether the business prospects of SMC were so promising as claimed by the Administration. Mr LEUNG Fu-wah asked whether any senior officials would be held responsible if the revenue figures of SMC turned out to be far lower than expected. D of L said it was envisaged that SMC would enter into a Service Level Agreement (SLA) with the Government embracing all existing services provided by SMO. The SLA would provide a stable source of business for SMC. DSCS2 added that the current corporatization exercise was done openly and that it would be up to the public and the Legislative Council (LegCo) to judge who should be held responsible if anything went wrong.

12. Mr Michael MAK noted that SMC was expected to generate a profit after tax of \$78.4 million in Year Five and asked how this target could be achieved. D of L advised that staff would be trained on the new programmes on Geographic Information Systems (GIS) and Global Positioning Systems (GPS). Moreover, it was expected that SMC would employ staff who had the expertise in marketing to promote its business. He assured members that the SMO staff who opted to join SMC would not be asked to perform marketing duties unless they were interested in doing so.

Staff concern about job security

13. Mr LEE Cheuk-yan pointed out that SMO staff were mainly concerned about job security after corporatization. They were worried that in case of financial deficit

of SMC or privatization of SMC in future, the civil servants seconded to SMC and those who joined SMC after voluntary retirement would be made redundant. D of L reiterated that the business prospects of SMC were very promising. He also confirmed that the Administration had no plan to privatize SMC. However, he appreciated the concern of staff and said that if staff were worried about job security, they might take the option of retaining their civil servant status. Mr LEE pointed out that civil servants were subject to the Civil Service Regulations (CSRs) which actually provided for forced redundancy. DSCS2 advised that the provisions of CSRs on redundancy would only apply to posts which were no longer needed, but not to this case where staff were in fact offered the choice of retaining their civil servant status. Mr LEE asked whether the Administration could guarantee that the provisions of CSRs on redundancy would not apply, after the setting up of SMC, to the SMO staff who chose to retain their civil servant status and seconded to SMC. DSCS2 said he could not give such a guarantee as circumstances might change, and that he was not in a position to comment on what would happen in the future.

Staffing arrangements

14. Mr Albert CHAN was concerned that the corporatization proposal would provide an opportunity for senior management of SMO to be retired from the civil service and join SMC at their own advantage. In response to Mr CHAN's query, DSCS2 pointed out that the established policy governing acceptance of outside appointments by civil servants after retirement applied to all, including officers at the senior management level of SMO. While the Administration was encouraging staff of SMO to join SMC, it was up to them to decide whether to do so.

15. Mr LEUNG Fu-wah asked whether the staffing arrangements under the current corporatization proposal compared favourably with those under previous corporatization proposals. DSCS2 replied that the staffing arrangements for each case were considered and devised in its own context and circumstances. It was not appropriate to have a direct comparison of the various cases. Under the current corporatization proposal, staff who opted for voluntary retirement would be offered a compensation package similar to the one offered under the VR Scheme in 2000. Although the VR Scheme was a new scheme not available in the past, the Administration had provided some other compensation packages for the staff concerned in previous cases. Staff of SMO who opted for voluntary retirement would be able to take up employment with SMC without pension suspension. This was unique to the current proposal.

16. Mr Andrew WONG considered that staff affected by corporatization should be offered generous compensation under redundancy terms. DSCS2 reiterated that under the current proposal, staff were given two options with a fair and reasonable package. Responding to Mr WONG, DSCS2 advised that the case of the Kowloon-Canton Railway Corporation had been handled in a different manner as the VR scheme was not available at that time.

17. Mr Andrew WONG pointed out that the mixed staff situation in SMC might give rise to management problems and affect staff morale. Quoting the Vocational Training Council as an example, Mr WONG was concerned that the SMO staff who chose to retain their civil servant status and seconded to SMC might not have equitable opportunities for promotion as SMC staff. He requested the Administration to take this point into consideration.

Legislative timetable

18. In response to Mr LEUNG Fu-wah's enquiry on the legislative timetable, D of L said that the Administration planned to consult the Panel on Planning, Lands and Works at its meeting on 5 March on the relevant legislative proposals, and then to submit the proposals to the Executive Council (ExCo). Subject to ExCo's endorsement, the relevant bill would be presented to LegCo in early May.

Implications of the corporatization proposal

Impartiality of SMC

19. Responding to Mr LAU Ping-cheung's query about the impartiality of SMC in supporting the Land Survey Authority (LSA), D of L explained that upon setting up of SMC, the Director of Lands would continue to be LSA while SMC would provide appropriate professional and technical advice to him to facilitate the discharge of his functions under the Land Survey Ordinance (Cap. 473). LSA would continue to act in a fair and impartial manner. As a professional surveyor, he should be able to judge the advice given by SMC. In case of doubt, he would consult other professional bodies. D of L also pointed out that according to the legal advice obtained by the Administration, there should be no conflict of interests. Mr LAU was concerned that in future, the post of the Director of Lands might not be filled by a professional surveyor. D of L replied that while he could not guarantee that the head of the Lands Department would always be a professional surveyor, he personally felt that it should be so.

Monopolization of market

20. Responding to Mr LAU Ping-cheung's concern about the monopolization of the market by SMC, D of L considered that there should be no question of monopoly as all data collated and maintained by SMC would be available to authorized land surveyors and the public.

Alternative options

Maintaining SMO as a government department and setting up a new corporation

21. Referring to the joint submission tabled at the meeting, Mr LEE Cheuk-yan and Mr CHEUNG Man-kwong requested the Administration to consider the alternative option proposed by the five relevant staff associations of SMO, i.e. to maintain SMO as a government department and set up a new corporation to develop the new business opportunities identified by the Administration. Mr CHEUNG considered that this option would create a win-win situation for the Administration and the staff sides. D of L however considered the option not feasible. D of L and Deputy Director of Lands (Survey and Mapping) (DD of L) pointed out that land surveying and mapping were integral services closely related to each other. New business on the applications of GIS and GPS needed to have close interface with the core surveying and mapping functions. Having a separate staff complement under a different organization would neither be cost-effective nor conducive to efficient delivery of services.

Maintaining SMO as a government department and initiating changes in systems

22. Miss CHAN Yuen-han urged the Administration to reconsider the need to corporatize SMO, having regard to the strong objection raised by the staff sides. She considered that reform measures could be implemented within SMO to meet the changing market demands. She cautioned that if the Administration insisted to pursue the proposal without staff support, it would seriously affect the staff morale of SMO. DSCS2 assured members that the Administration was very concerned about staff morale and had tried to protect the interests of staff as far as it could. In fact, the Secretary for the Civil Service (SCS) had been visiting each and every department, including the Lands Department. Meetings were held with the staff during those visits for SCS to listen to their views. As regards this case, the Administration believed that corporatization was the appropriate way forward for SMO.

23. Miss CHAN Yuen-han asked whether the Administration would drop the corporatization proposal as a majority of the staff concerned was against the proposal. D of L pointed out that it was less than a week since the announcement of the staffing arrangements. Apart from providing individual staff members with information booklets, the departmental management would explain to them the options available. The Administration believed that the staff concerned would realize that it was a reasonable package. As they were allowed a two-year period to exercise their option, it would become clearer in the next few months as to whether they would accept the package. D of L undertook to keep the Panel informed of the progress.

Admin

24. Mr Albert CHAN echoed Miss CHAN Yuen-han's views. He considered that apart from SMO, other government departments might later be selected for corporatization to pursue the business opportunities identified by the Administration. Instead of pursuing the corporatization proposal, the Administration should consider the need to introduce appropriate changes to the current government rules and regulations to allow departments more flexibility in their operations, so that they could respond flexibly and timely to the changing demands of the community. In response,

DSCS2 pointed out that various new initiatives had been introduced under civil service and public sector reforms to make the civil service more responsive to change. While the Administration was exploring ways to enhance efficiency and cost-effectiveness of public services, there was no single model that could suit each and every department. In fact, some government departments could never be turned into business-oriented operations, such as the Police Force.

Converting SMO to a trading fund

25. Mr Andrew WONG considered it the Government's responsibility to maintain the core functions of SMO in survey and mapping, e.g. conducting boundary surveys and producing paper map products, and that such a responsibility should not be shifted to a corporation. If the Administration was of the view that SMO, as a vote-funded government department, would not be able to pursue the business opportunities because of the limitations imposed by the current government rules and regulations, it might convert SMO to a trading fund. D of L clarified that SMO only carried out boundary surveys of government land to be sold by the Lands Department. The boundary surveys for private land were currently and would continue to be carried out by private land surveyors. HEU added that the option of trading fund had its own limitations in terms of flexibility. For example, departments converted to trading funds were limited in the way they could transact business with the private sector. A corporation, however, had greater flexibility in its operations. It could work closer with the private sector to develop business opportunities. For the present case, the corporatization of SMO would facilitate the development of GIS and GPS, and other business opportunities.

26. Mr CHEUNG Man-kwong requested the Administration to provide a comparative assessment of the following three options regarding the future of SMO, taking into consideration such aspects as the organizational structure, financial implications and staff reaction:

- (a) To maintain the status quo but initiate changes in the systems and work processes of SMO;
- (b) To maintain SMO as a government department, but set up a new corporation to develop its digital map database, GIS, GPS and other new products and services; and
- (c) To proceed with the corporatization of SMO.

27. D of L undertook to provide a written response.

(Post-meeting note: The Administration's response was circulated to members vide LC Paper No. CB(1)754/00-01 on 6 March 2001.)

IV. Review of the mechanism for adjusting Housing Allowances

(LC Paper No. CB(1)579/00-01(04) — Paper provided by the Administration)

28. Members raised no questions on the subject. The Chairman advised that the Administration would seek approval from the Finance Committee (FC) on 9 March 2001 with a view to implementing the new mechanisms with effect from 1 April 2001.

(Post-meeting note: The new mechanisms for adjusting housing allowances were approved by FC on 9 March 2001.)

V. Proposal on Civil Service Provident Fund Scheme

29. In view of the limited available, the Chairman proposed and members agreed that the subject under Agenda Item V be deferred to the next meeting to be held on 19 March 2001.

VI. Any other business

30. There being no other business, the meeting ended at 12:55 pm.

Legislative Council Secretariat

11 May 2001