

**立法會**  
**Legislative Council**

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(These minutes have been  
seen by the Administration)

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**Establishment Subcommittee of the Finance Committee  
of the Legislative Council**

**Minutes of the 3rd meeting  
held at the Legislative Council Chamber  
on Wednesday, 21 November 2001, at 10:45 am**

**Members present:**

Hon CHAN Kwok-keung (Chairman)  
Hon NG Leung-sing, JP (Deputy Chairman)  
Hon James TIEN Pei-chun, GBS, JP  
Ir Dr Hon Raymond HO Chung-tai, JP  
Hon Eric LI Ka-cheung, JP  
Dr Hon David LI Kwok-po, GBS, JP  
Hon Margaret NG  
Hon CHEUNG Man-kwong  
Hon HUI Cheung-ching, JP  
Hon Bernard CHAN  
Hon Andrew WONG Wang-fat, JP  
Hon Jasper TSANG Yok-sing, JP  
Hon Howard YOUNG, JP  
Hon YEUNG Yiu-chung, BBS  
Hon Emily LAU Wai-hing, JP  
Hon CHOY So-yuk  
Hon SZETO Wah  
Hon Abraham SHEK Lai-him, JP  
Hon LI Fung-ying, JP  
Hon Henry WU King-cheong, BBS  
Hon Michael MAK Kwok-fung  
Hon LAU Ping-cheung

**Members absent:**

Hon LEUNG Fu-wah, MH, JP  
Dr Hon LO Wing-lok

**Public Officers attending:**

Mr Stanley YING, JP	Deputy Secretary for the Treasury
Mrs Jessie TING, JP	Deputy Secretary for the Civil Service
Mr K K LAM	Principal Executive Officer (General), Finance Bureau
Mr Andrew WONG, JP	Director of Administration
Ms CHANG King-yiu, JP	Deputy Director of Administration
Mr William SHIU	Principal Assistant Secretary for Transport
Mr David ENGLISH	Acting Principal Government Engineer/Railway Development, Highways Department
Mr Duncan SIU	Acting Government Engineer/Railway Development, Highways Department

**Clerk in attendance:**

Miss Polly YEUNG	Chief Assistant Secretary (1)3
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**Staff in attendance:**

Ms Pauline NG	Assistant Secretary General 1
Ms Alice AU	Senior Assistant Secretary (1)5

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Action

<b>EC(2001-02)22</b>	<b>Proposed creation of one supernumerary post of Administrative Officer Staff Grade B (D3) in the Offices of the Chief Secretary for Administration and the Financial Secretary of Government Secretariat for a period of two years with effect from 1 February 2002 to head a dedicated unit to foster closer links between Hong Kong and Guangdong and to facilitate joint development of the Pearl River Delta Region</b>
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Members noted that the item was discussed by the Panel on Commerce and Industry on 12 November 2001.

Action

*Work of the Hong Kong Guangdong Cooperation Coordination Unit*

2. On behalf of Members of the Liberal Party (LP), Mr James TIEN expressed support for the staffing proposal in principle. However, he sought assurance from the Administration that the establishment of the Hong Kong Guangdong Cooperation Coordination Unit (HKGCCU) would not create more hurdles and complicate the existing work procedures, hence adversely affecting the business environment of Hong Kong. In response, the Director of Administration (D of Adm) stressed that the Unit was established to oversee coordination within the Government on matters which required cooperation between Hong Kong and Guangdong, streamline work procedures and seek optimal results in respect of Hong Kong-Guangdong cooperation.

3. Referring to paragraph 15 of the discussion paper, Mr TIEN questioned the Unit's capability in taking up the extensive scope of work covered in its third task, which included technology cooperation, trade facilitation, financial cooperation, infrastructure coordination, human resources development and environmental protection. He opined that the Unit should first concentrate on its two identified tasks of improving "people flow" and "cargo flow" during its two-year tenure while the third task should not be embarked upon until after the proposed review in 18 months' time. Without detailed information being provided for discussion, Mr TIEN was concerned that any endorsement given by this Subcommittee for the present establishment proposal would be taken as support for the Unit to take on a much broader spectrum of work which would require a significant increase in staffing support.

4. In reply, D of Adm explained that the first priority of HKGCCU was to assist the Chief Secretary for Administration (CS) and the Financial Secretary (FS) to monitor the implementation of initiatives endorsed at the Hong Kong Guangdong Cooperation Joint Conference. The next immediate task was to review in six to nine months' time the cross-boundary policies and arrangements for passengers and freight of all transport modes. It was only when the proposed review was completed after nine months would a decision be made on how the third task (i.e. to coordinate efforts within the Administration to map out an action agenda, at both policy and operational levels to facilitate further cooperation between Hong Kong and Guangdong) would be taken forward. The Administration did not envisage that the Unit could resolve all relevant issues within its proposed tenure. Nevertheless, should HKGCCU need to take on any new task in future to facilitate further cooperation between Hong Kong and Guangdong, Members would be consulted accordingly.

Admin

5. Expressing support for the establishment of HKGCCU, Mr YEUNG Yiu-chung sought information on the research work to be done by the Unit. Referring to the manifold tasks specified in the paper, Miss LI Fung-ying was gravely concerned that due to unclear delineation in responsibilities, the Unit and its staff could not function effectively and would just become a public relations

Action

arm of the Government, rather than a Unit to undertake substantive tasks.

6. In response, D of Adm highlighted the small establishment and the coordinating role of HKGCCU and explained that relevant bureaux/departments would continue to deal with matters concerning Hong Kong-Guangdong cooperation within their respective purviews. Hence, it would not be necessary for the Unit to be directly involved in the policy-making and operation of individual bureaux/departments in implementing their initiatives. For those subjects which straddled a number of bureaux/departments, HKGCCU would take a more active role in coordinating with all concerned parties and put up proposals for consideration by CS or FS as appropriate. D of Adm confirmed that the three key tasks earmarked to be undertaken by HKGCCU had been considered and endorsed by both CS and FS. In view of the HKGCCU's important role, Mr YEUNG Yiu-chung opined that the Unit should have been set up much earlier. His view was shared by Miss Emily LAU, Mr LAU Ping-cheung and Ir Dr Raymond HO.

7. Citing repeated criticisms from Members on the lack of coordination within the Government on cross-border matters, Miss Emily LAU was concerned that HKGCCU might not be able to achieve the desired results. She thus enquired about the mechanism to be put in place to ensure prompt response and cooperation from the various bureaux/departments.

8. Whilst expressing support for the proposal in principle, Ir Dr Raymond HO was concerned whether HKGCCU would be able to coordinate and obtain the necessary support from different bureaux. He cited the delay in implementation of cross-boundary transport infrastructure as an example and asked whether the Unit would take up the matter with relevant bureaux/departments on its own initiative or would only do so on the instruction from CS or FS.

9. In response, D of Adm advised that a flexible approach would be adopted by the Unit in its coordination work. At present, a mechanism was in place for internal coordination within the Government. Regular meetings participated by the relevant policy secretaries were chaired by CS or FS to review the progress of the initiatives under their respective purview. Given that one of the major responsibilities of HKGCCU was to assist CS and FS in monitoring the effectiveness of coordination efforts on different fronts, it was anticipated that possible delay arising from inadequate coordination could be detected and avoided early.

Admin

10. At the request of Ir Dr HO, D of Adm agreed to provide a progress report on HKGCCU's work to the relevant Panel after one year of operation. However, he stressed that individual bureaux/departments would continue to brief the relevant LegCo Panels on matters concerning Hong Kong-Guangdong cooperation under their respective purviews.

Action

11. Mr Howard YOUNG referred to the discussion at the Commerce and Industry Panel on the present proposal and expressed support for the need to foster closer links between Hong Kong and the Mainland. Although HKGCCU would be set up in Hong Kong, he asked whether its day-to-day work would entail frequent and direct contacts with government officials of the Guangdong Province and its cities.

12. In response, D of Adm pointed out that as HKGCCU would oversee the effective coordination within the Government of various policy initiatives in respect of enhanced cooperation between Hong Kong and Guangdong, it would be based in Hong Kong. On its day-to-day work, HKGCCU would maintain close contact with the relevant authorities in Guangdong. In fact, HKGCCU had held many meetings with relevant Guangdong authorities to discuss matters of mutual concern since its establishment in August 2001 and such joint meetings were expected to continue.

13. Mr Howard YOUNG conveyed the general view expressed by local commercial and business sectors that HKGCCU should not only concentrate on maintaining official contacts. Equally important was the need to foster links with various chambers of commerce and other non-government organizations which played a key role in enhancing cooperation between Hong Kong and the Pearl River Delta Region. He further suggested that in order to provide a better service, HKGCCU should consider coordinating the offices set up by various trade organizations in the Region.

Admin

14. D of Adm concurred that local chambers of commerce had made important contributions in developing Hong Kong's business in the Mainland and advised that HKGCCU would actively seek the views of these organizations on practical problems encountered and priority areas for further cooperation with Guangdong. Regarding the suggestion to coordinate the offices of various organizations, D of Adm undertook to relay the view to the Commerce and Industry Bureau for consideration when planning for the Economic and Trade Office (ETO) in Guangdong.

15. Regarding the working relationship between the proposed ETO in Guangdong and HKGCCU, D of Adm advised that the said ETO would have similar responsibilities as existing overseas offices in handling trade-related matters, while the Unit would coordinate and spearhead initiatives aimed at fostering closer links between Hong Kong and Guangdong, such as extending the operating hours of cross-boundary control points.

16. Mr CHEUNG Man-kwong pointed out that the public was gravely concerned about the existing lack of legal protection and assistance for Hong Kong businessmen in the Mainland and asked whether this area of concern would be looked into by the Unit.

Action

17. In reply, D of Adm said that as HKGCCU operated in Hong Kong, it was unlikely that the Unit would be able to provide direct advice or assistance to the businessmen in the Mainland. Nevertheless, under existing arrangements, where a Hong Kong resident was subject to criminal compulsory measures in the Mainland, assistance would be rendered by the Security Bureau and the Beijing Office in accordance with the agreed procedures under the reciprocal notification mechanism. For general commercial complaints or enquiries, the proposed Guangdong ETO would seek information from the relevant Mainland authorities regarding trade-related complaints.

18. D of Adm supplemented that the Mainland and the Hong Kong Special Administrative Region (HKSAR) authorities dealing with trade and commercial matters regularly exchanged views on matters of mutual interest through the Mainland/HKSAR Joint Commission on Commerce and Trade. In this respect, he stressed that while assistance would be rendered as appropriate, under the principle of “One Country, Two Systems”, HKSAR Government would not interfere with business disputes in the Mainland involving Hong Kong residents as such disputes were subject to the jurisdiction of the Mainland.

19. Notwithstanding, Mr CHEUNG considered that pending the establishment of the proposed Guangdong ETO, HKGCCU should give proper attention to this matter as it was critical for the development of further cooperation between Hong Kong and the Mainland. He stressed that after the Guangdong ETO was set up, the Office should be formally tasked to take up the related responsibilities.

20. Under the auspices of “One Country, Two Systems”, Miss Emily LAU still considered that more input from the Mainland authorities in Guangdong Province would be necessary to take forward plans for mutual cooperation, particularly in the areas of transport, planning, security and environment. Both Members and the public would welcome more communication and cooperation between the two sides.

21. Miss LI Fung-ying remarked that from the point of view of Mainland officials, enhanced Hong Kong-Guangdong cooperation might ultimately involve the policy of the Central People’s Government (CPG) on HKSAR. Against that background, she sought information on the relationship between the Unit and the Beijing Office and other offices of HKSAR Government set up in the Mainland.

22. In response, D of Adm advised that according to his knowledge, there was a similar set-up as HKGCCU in the Guangdong Provincial Government. HKGCCU would maintain direct contacts with its counterpart at the working level. If CPG needed to be involved in any Hong Kong-Guangdong cooperation matters, the Beijing Office and other offices of HKSAR Government having contacts with CPG would take up the issues accordingly.

Action

23. While expressing support for the present proposal, Mr LAU Ping-cheung raised a related policy issue for the Administration's consideration. Citing overseas experience where Trade Ministers actively sought to identify and develop trade opportunities for the business sectors, he opined that it was high time for the Government to review its existing policy and take active measures to provide suitable assistance to help local enterprises open up overseas markets.

Admin

24. D of Adm said that he would relay the suggestion to the relevant bureaux for further consideration. However, he advised that in general, the Government would not seek business opportunities for specific companies or enterprises. Instead, the Administration was committed to promoting Hong Kong as an international financial centre. To this end, both the Government and the Trade Development Council had launched many activities to promote Hong Kong overseas.

Admin

25. At the request of Miss Margaret NG, D of Adm agreed to provide information on the specific programme of work to be carried out by HKGCCU under each of its three identified tasks. As regards the progress of work for the three major tasks, D of Adm advised that the Administration would arrange to brief the relevant Panels in due course.

*Organization and staffing support of the Unit*

26. Highlighting the need for a clear reporting line, Miss Emily LAU queried the appropriateness of requiring the Head, HKGCCU to be answerable to both CS and FS. She cautioned that practical difficulties might arise, such as in the chairmanship for the Unit's meetings.

27. In reply, D of Adm advised that there was a need for the proposed organization structure because at present, some initiatives on Hong Kong-Guangdong cooperation were overseen by CS while others were overseen by FS. For example, the Head of HKGCCU would be responsible to CS in matters relating to the facilitation of people and cargo flows, while reporting to FS on, for example, possible cooperation between the airports of the two places. In performing its role in assisting CS and FS to enhance coordination, HKGCCU would provide secretariat support to the committees set up under the respective chairmanship of CS or FS for the purpose of monitoring such initiatives. Miss LAU however took the view that meetings should be held by HKGCCU in its own right to allow for more thorough monitoring and discussion of issues requiring Hong Kong-Guangdong cooperation.

28. Regarding the level of non-directorate support for HKGCCU, D of Adm advised that the four senior professionals from the Hong Kong Police Force, Customs and Excise Department, Immigration Department and Transport Department were selected for their rich experience in boundary control management to assist in the Unit's priority task of facilitating the flows of people

Action

and cargo. While the mix of non-directorate establishment was designed to be flexible to serve the changing requirements of the Unit, the staffing complement would be maintained at the level as outlined in the paper. D of Adm also confirmed that where necessary, training in Putonghua would be provided to staff of the HKGCCU.

29. Mr Henry WU referred to the total staff cost of the Unit and remarked that it would be good value for money if HKGCCU could achieve its stated objectives. In reply to Mr WU's enquiry about the secondment arrangement for the four senior professionals, D of Adm advised that at present, they were on loan to the Unit. Subject to funding approval, these professional posts, together with other time-limited non-directorate posts in the Unit would be created in accordance with the normal procedures through the respective Departmental Establishment Committees.

30. Miss Emily LAU and Mr James TIEN considered that the Unit might require the assistance of experts well-versed in the affairs and systems of the Mainland. Referring to the role played by lobbyists in the American system, Miss LAU said that HKGCCU should consider allocating resources for engaging this kind of service.

31. In reply, D of Adm advised that for the Unit's priority task of facilitating people and cargo flows, the required expertise would come from the four senior professionals. On a wider front, the Unit would adopt a coordinated approach for concerned bureaux and departments to reach out to key stakeholders such as chambers of commerce and professional bodies, and tap their thinkings on ways and means to further enhance Hong Kong-Guangdong cooperation.

*Ranking of the proposed Head of HKGCCU*

32. Mr HUI Cheung-ching expressed support for the present proposal. On account of the scope of responsibilities and the high level of contact required, he considered that the proposed post should preferably be pitched at a more senior directorate level to ensure that the postholder would be in a position to coordinate the work of different policy bureaux. Mr HUI called on the Administration to also examine the ranking of the post and the long-term need of the HKGCCU when conducting the review in 18 months. Mr LAU Ping-cheung concurred that the ranking of the Head of HKGCCU might not be sufficiently high for performing the required duties. Miss Emily LAU also questioned the efficacy of the proposed post which was pitched at D3 but required to coordinate the work of policy secretaries at higher ranks.

33. Mr CHEUNG Man-kwong however opined that the ranking of the Head of HKGCCU at D3 was not low because the postholder's role was mainly to assist CS and FS while implementation work was being carried out by the respective bureaux/departments. He did not agree with some Members that the ranking of



Action

the proposed post should be pitched at a higher level at the outset. Referring to grave concerns about the excessive creation of directorate posts in the civil service, he stated that Members of the Democratic Party (DP) would support a freeze on the directorate establishment at a certain point of time in future. Any new requirement for directorate posts should be met through redeployment or reshuffling of duties.

34. Referring to Enclosure 1 to the paper, Miss Margaret NG commented that the pitching of the proposed post at AOSGB would be justified if the duties and responsibilities of the Head of HKGCCU were undertaken under the auspices of providing assistance to CS and FS. In this connection, she sought clarification on the kind of “administrative support” to be provided by the proposed Head of HKGCCU to CS and FS.

35. In reply, D of Adm assured members that the ranking of the proposed post had been decided after thorough scrutiny. As the main duty of the Head of HKGCCU was coordination within the Government with a view to providing assistance to CS and FS, and that the postholder would be in frequent contacts with Deputy Secretaries and Deputy Directors, the Administration considered it appropriate to pitch the proposed post at D3 at the present stage.

36. Regarding “administrative support”, D of Adm clarified that this referred mainly to the secretariat services to be provided by HKGCCU to the committees set up under CS and FS on Hong Kong-Guangdong coordination matters.

37. The item was voted on and endorsed.

**EC(2001-02)23**

**Proposed retention of one supernumerary post of Chief Engineer (D1) in the Highways Department up to 31 December 2004 to head the West Rail Division in the Railway Development Office and to continue overseeing the West Rail project**

38. Members noted that an information paper on the proposal was circulated to the Panel on Transport on 23 October 2001. Members of the Panel noted the proposal at its meeting on 26 October 2001.

39. Noting that the West Rail (WR) was scheduled to be completed for commissioning by end 2003, Mr CHEUNG Man-kwong queried the justification for retaining the supernumerary post of Chief Engineer/West Rail (CE/WR) (D1) for 12 more months thereafter, i.e. up to 31 December 2004. Given the prevailing economic climate and Members’ repeated call on the Government to improve efficiency and cut costs, Mr CHEUNG raised serious doubts about the cost-effectiveness of the existing arrangement whereby the Administration would retain related supernumerary directorate post(s) as a matter of routine for one year

Action

after project completion to handle outstanding tasks, irrespective of whether the amount of work would justify such continued retention. He urged the Finance Bureau (FB) and Civil Service Bureau (CSB) to critically review the existing practice. Mr CHEUNG further pointed out that upon approval of the present proposal, the WR Division in the Highways Department (HyD) comprising 12 Senior Engineers, Engineers and Assistant Engineers would also be retained for the same period. If WR was completed earlier than schedule, the posts in question would be retained for more than 12 months.

Admin

40. In this connection, Mr Henry WU sought information on the notional annual salary cost at mid-point and the full annual staff cost of the non-directorate posts to be retained as a result of the present proposal. The Principal Assistant Secretary for Transport (PAS(T)) agreed to provide the information in writing to members after the meeting.

41. On the need to retain the post up to end 2004, PAS(T) explained with reference to the Establishment Subcommittee (ESC) paper that after the construction of WR was completed by end 2003, CE/WR would continue to oversee and monitor the programme and progress of other outstanding works of WR, and associated Essential Public Infrastructure Works (EPIW) which were entrusted to the Kowloon-Canton Railway Corporation (KCRC) within the one-year maintenance period. CE/WR would also need to finalize with KCRC the project accounts for the EPIW, which was estimated to cost \$3.4 billion in total, within the 18-month period after the issuance of the substantial completion certificates for the EPIW. Moreover, CE/WR would be required to handle claims relating to the EPIW and the government works for the WR project. The complexity and sensitivity of such tasks would require the continued involvement of CE/WR who was conversant with the relevant procedures and details of the WR project and the associated EPIW.

42. To supplement, the Acting Government Engineer/Railway Development, HyD explained that there were about 30 items of associated works for WR. Typical outstanding tasks in respect of the EPIW included settlement of all cost apportionment issues, finalization of the final measurements of all the changes to the design as well as agreement on the claims submitted by the contractors for the EPIW. The claim resolution process often involved detailed and in-depth analysis of the circumstances, which was a difficult and delicate exercise. Nonetheless, he assured members that HyD would strive to complete all outstanding tasks as early as possible.

43. Considering that many claims and maintenance issues would either have been raised or resolved while the project was underway, Mr CHEUNG pointed out that it was not at all certain at this stage how much outstanding work would need to be handled by CE/WR. As such, he requested the Administration to amend the present proposal to the effect that the proposed CE/WR post would be retained up to mid-2004, i.e. only six months after the scheduled completion of WR in

Action

December 2003. If there was a proven need to extend the duration, the Administration could put up a further proposal to ESC. While the savings to be achieved might be small, Mr CHEUNG nevertheless urged the Administration to accept his suggestion as a response to public sentiment. Referring to the organization chart of HyD at Enclosure 3 to the paper, Mr CHEUNG said that there were a number of CE posts in the Railway Development Office (RDO) and the Major Works Projects Office (MWPO). He therefore considered that the Administration should explore other alternatives, such as redeployment or reshuffling of duties among other CEs to absorb the outstanding work arising from completion of WR.

44. In reply, the Deputy Secretary for the Treasury (DS(Tsy)) confirmed that in examining the present proposal, CSB and FB had in fact requested HyD to provide justifications including the feasibility of other alternatives. After carefully reviewing the current directorate structure and manpower resources of the department, the Director of Highways concluded that it was impractical to re-deploy existing directorate staff from RDO or other offices in HyD to take up the outstanding tasks related to the WR project. The detailed reasoning had been set out in paragraph 8 of the paper for members' consideration. He stressed that the critical issue was the need to ensure the effective handling of the outstanding tasks of the WR project. DS(Tsy) assured members that as indicated in the discussion paper, the continued need for the post would be under constant review and the post would be deleted once it was no longer required.

45. Regarding the staffing situation of RDO and MWPO, the Acting Principal Government Engineer/Railway Development, HyD (PGE/RD, HyD) explained the heavy schedule of duties of the two offices for the planning and implementation of railway and highway projects in Hong Kong. He further informed members that in view of the impending lapse of five supernumerary directorate posts in early 2005, a comprehensive review on the directorate support for highway and railway projects in HyD would be conducted in late 2003.

46. Responding to Mr CHEUNG's suggestion to amend the present proposal, PAS(T) said that the need for achieving efficiency and savings should be balanced against practical operational needs. Subject to other members' view and HyD's advice, the Administration would have no objection to slightly revising the present proposal on the conditions as suggested by Mr CHEUNG.

47. Mr CHEUNG Man-kwong welcomed the Administration's positive response and stressed the need for members to scrutinize the functional need and proposed duration of directorate posts to ensure the proper use of public resources.

48. Ir Dr Raymond HO declared interest as he had been involved in the Kowloon-Canton Railway electrification programme from 1977 to mid-1980's. Ir Dr HO supported the proposal in its present form and stated his objection to the

Action

proposed shortening of the duration of the supernumerary CE/WR post. As an engineering professional, he highlighted the complicated interface issues involved in a mammoth project such as the WR and the complexities in handling claims during the 12 month maintenance period. He considered that as CE/WR had been overseeing the WR project, he would be in the best position to continue to oversee and monitor the programme and progress of the outstanding works of WR. Ir Dr HO added that the handling of claims was highly complicated and time-consuming. If claims were not handled properly, great loss might be incurred on public funds.

49. Ir Dr Raymond HO considered that as the Administration had given detailed justification in the discussion paper, he queried why PAS(T) had varied the Administration's position in the light of a member's remarks. Although the Administration was at liberty to put up further proposals to extend the tenure of the CE post if necessary, Ir Dr HO said that to maintain the efficiency of this Subcommittee in scrutinizing staffing proposals, members should consider the appropriateness of the proposed duration per se instead of simply seeking to reduce the duration and necessitating the submission of further proposals for scrutiny.

50. Mr Henry WU concurred with Ir Dr HO and noted that although the CE/WR post might be retained up to December 2004, the continued need of the post would be subject to constant review. He considered that to allay members' concern, the Administration should give an undertaking to this effect. Mr YEUNG Yiu-chung also supported the proposal in its present form. He considered that flexibility had already been built in by constantly reviewing the continued need for the post.

51. Mr Abraham SHEK shared Ir Dr HO's views. Citing the East Rail as an example, he pointed out that in the implementation of railway projects, many matters would need to be handled after commissioning. In this connection, he expressed his view that as all the outstanding works in question were in fact undertaken for KCRC, the costs so incurred should be reimbursed to the Government by the Corporation.

52. As far as auditing work was concerned, Mr Eric LI said that based on his experience, substantial sums were often involved in claims arising from large-scale projects. In case of litigation, it would on average take two to three years to settle a claim. Mr LI agreed that the interest of the Government would be best served if the claims were followed up by the same officer in charge of the project. He further remarked that if the proposed post was only retained up to mid-2004, the Administration might have difficulty in presenting its case to members for consideration of extension if sensitive commercial information was involved in on-going claims.

Action

Admin

53. Mr NG Leung-sing agreed that the CE/WR post should be retained to handle outstanding tasks such as the handling of claims. Noting that 12 months was the maximum duration, he urged the Administration to adhere to its commitment to put the post under constant review and delete it if it was no longer required.

54. Mr HUI Cheung-ching asked whether the Administration would withdraw the present proposal for re-consideration. However, Mr Eric LI and Mr Abraham SHEK did not consider it necessary to withdraw the paper. They said that if approval was given to retain the proposed post up to end 2004, the Administration should provide a progress report on the outstanding works six months before the post was due to lapse, i.e. in mid-2004.

55. Mr SZETO Wah on the other hand saw no problem in shortening the proposed duration of the CE/WR post as the Administration was entitled to seek members' approval to extend the post before it lapsed in mid-2004 if circumstances so justified.

56. Miss Emily LAU concurred with Mr CHEUNG Man-kwong and Mr SZETO Wah on the need for the Government to exercise prudence in its staffing proposals and avoid over-staffing at the directorate level. As PAS(T) had already indicated that the Administration would have no objection to shortening the proposed duration of the CE/WR post, Miss LAU saw no reason why members should not accept the proposal in its amended form.

57. In response to members' views, PAS(T) confirmed that the Administration had all along considered it justified for the post to be retained up to end 2004 as set out in the ESC paper. However, if there was strong indication on the part of members that they would not support the proposal in its present form, then, the Administration would appear to have no alternative but to amend the proposal as suggested by Mr CHEUNG Man-kwong (i.e. to reduce the duration of the post to last until mid-2004) on the express understanding that the Administration would seek members' approval to further extend the duration of the post to end 2004.

58. DS(Tsy) said that whether the supernumerary CE/WR post should be retained up to mid-2004 or end 2004 was a matter of judgement, having regard to the circumstances of the case. He confirmed that the Government was satisfied of the need to retain the post up to end 2004, but to cater for changing operational needs, it had requested that the post be kept under constant review and should be deleted once it was no longer required.

59. Mr Howard YOUNG saw no problem with the present proposal to retain the CE/WR post up to 12 months after the scheduled completion of the WR project. In view of members' divergent views, he commented that members could vote on the proposal in its present form. If the item was not carried, the Administration could then decide whether it should revert to ESC with a revised

Action

proposal. Mr Andrew WONG further pointed out that as only the Administration could amend an item submitted to ESC and as the Administration had clearly indicated its preference for retaining the proposed post up to end 2004, members should proceed to vote on the item as presently proposed. Members did not raise any objection to this suggestion.

60. The item was voted on and endorsed.

**Any other business**

61. The Chairman informed members that he had received a letter from Miss Emily LAU requesting the Administration to include in future ESC submissions information on changes in the establishment for the lower, middle and upper ranks in the bureau(x)/department(s) concerned in recent years to facilitate members' consideration of the staffing proposals. Miss LAU's letter had been forwarded to the Administration for consideration and a reply had just been received and issued to members vide ESC10/01-02 on 20 November 2001.

62. In explaining her request, Miss Emily LAU recalled that Members had expressed serious concerns on different occasions about the increase of some 6% in civil service directorate staff vis-à-vis a 3% decrease in non-directorate staff in the past four years. Members of DP had even called for a freeze on the directorate establishment. Miss LAU queried why downsizing seemed to be confined to posts in the middle and lower ranks while requests to create directorate posts were put to ESC from time to time. To enable members to have a full picture of the staffing situation in the bureau(x)/department(s) concerned, information on changes in the establishment at different levels should be provided.

63. In response, DS(Tsy) advised that both FB and CSB were in the course of examining how the request for information should best be met. He confirmed that the Administration would have no difficulty in providing information on changes in the establishment of directorate posts and non-directorate posts and that could be done from the next meeting. However, it would be less straightforward if the civil service establishment was to be categorized into three layers, because at present there was no established method for categorizing civil service establishment into three layers and it would be necessary to devise a new mechanism to do so. Using pay points as the dividing lines might not work as the pay scales of certain grades/ranks could straddle more than one of the proposed three layers. In this connection, Miss Emily LAU asked whether it might be possible to use Point 34 of the Master Pay Scale (where an officer became eligible for housing benefits) as the dividing line for categorizing non-directorate staff. DS(Tsy) took note of her suggestion.

Action

64. Mr CHEUNG Man-kwong considered that the Government should formulate a comprehensive policy to achieve a "small government". He observed that while the size of the civil service establishment would be reduced from 198 000 in March 2000 to 181 000 by March 2003, no restriction was imposed on the growth of the directorate establishment. He commented that all along, the Administration had hardly considered other alternatives such as redeployment or reshuffling of duties. Mr CHEUNG urged that FB should review the establishment of each bureau and department to guard against over-staffing at the directorate level.

65. Mr James TIEN said that Members of LP shared the concerns of Miss Emily LAU and Mr CHEUNG Man-kwong and would only support future proposals for directorate posts upon very strong justification. Mr TIEN relayed the concern of the business sector that the creation of additional directorate posts would not necessarily enhance efficiency but would often create additional redtapes or hurdles.

66. Mr Eric LI said that independent Members were of the view that the Administration should also review the continued need or otherwise for existing posts. He referred to the abolition of the two Provisional Municipal Councils and the moratorium on the construction of Home Ownership Flats which could provide scope for consolidation in the relevant departments, and urged the Administration to take forward downsizing plans on its own initiative. Miss Emily LAU also agreed that deletion of posts which were no longer needed would bring about greater efficiency and savings.

67. To enable members to assess the justification for additional posts, Mr Eric LI considered that the Administration should provide information on the progress and targets of major activities and where applicable, savings which resulted from downsizing or consolidation. He also requested that the Administration should provide information on the progress of ongoing re-organization or downsizing exercises to Members periodically, say on a half-yearly basis.

68. Mr Abraham SHEK concurred that information on changes in the civil service establishment at the upper, middle and lower levels would provide useful reference. He called on the Administration to critically review its practice of seeking additional posts whenever there were new operational needs as in the private sector, the prevalent practice was for existing staff to absorb the additional workload.

69. Mr Howard YOUNG concurred that the private sector seldom sought to create new senior management posts. Delegation of responsibilities was commonly used to cope with additional workload. Mr Eric LI opined that the Administration should take into consideration cost-effectiveness and assign responsibilities to competent staff at a lower level rather than seeking to create new posts at the senior level to take up the work.

Action

70. In response to members' concerns, DS(Tsy) confirmed that the target of reducing the civil service establishment to 181 000 was an overall target which was not directed at specific levels of staff. Very often, non-directorate posts were created at the same time when members were asked to consider proposals for directorate post. He recalled from memory that last year, 25 supernumerary directorate posts lapsed upon their expiry. Also, though fewer in number, members' approval had been sought for the deletion of some permanent directorate posts. DS(Tsy) also assured members that in examining a staffing proposal, CSB and FB would also examine the staffing resources at the directorate level of the bureau(x)/department(s) concerned and whether other alternatives had been explored. A paragraph to report such information was included in each ESC submission. He assured members that the proposed creation of directorate posts had to be functionally justified and that FB and CSB would continue to scrutinize staffing proposals vigorously.

Admin

71. The Chairman asked DS(Tsy) to take note of the concerns raised by members for further consideration.

72. The Subcommittee was adjourned at 12:50 pm.

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