

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 142 – GOVERNMENT SECRETARIAT: OFFICES OF THE CHIEF SECRETARY FOR ADMINISTRATION AND THE FINANCIAL SECRETARY

HEAD 92 – DEPARTMENT OF JUSTICE

HEAD 21 – CHIEF EXECUTIVE'S OFFICE

Members are invited to recommend to Finance Committee the following proposals with effect from 1 July 2002 to facilitate implementation of the accountability system for principal officials –

- (a) the creation of 14 non-civil service principal official positions under the accountability system -
- under Head 142 Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary
- 1 Chief Secretary for Administration
(\$345,850 per month)
 - 1 Financial Secretary
(\$334,150 per month)
 - 11 Directors of Bureau
(\$311,900 per month)

/under

under Head 92 Department of Justice

1 Secretary for Justice (\$322,850 per month)

offset by the deletion of the following three civil service directorate posts -

under Head 142 Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary

1 Chief Secretary for Administration (D10)

1 Financial Secretary (D9)

under Head 92 Department of Justice

1 Secretary for Justice (DL7)

(b) the creation of one non-civil service position of Director of Chief Executive's Office equivalent to D8 rank under Head 21 Chief Executive's Office

offset by the deletion of one civil service post of Information Coordinator (D8).

PROBLEM

2. We need to create non-civil service positions for 14 principal officials under the accountability system. We also need to create one non-civil service position equivalent to D8 rank to complement the introduction of the accountability system.

PROPOSAL

3. We propose the following changes with effect from 1 July 2002 –

/(a)

- (a) the creation of 14 non-civil service principal official positions under the accountability system, offset by the deletion of the three civil service directorate posts of the Chief Secretary for Administration (CS), the Financial Secretary (FS) and the Secretary for Justice (SJ); and
- (b) the creation of one non-civil service position of Director of Chief Executive's Office (DCEO), offset by the deletion of the civil service post of Information Coordinator.

JUSTIFICATION

Principal officials under the accountability system

4. The Chief Executive announced at the Legislative Council (LegCo) on 17 April 2002 the key elements of the accountability system for principal officials. The objectives of the system are to: strengthen the accountability of principal officials; ensure that the Government can better respond to the needs of the community; enhance coordination in policy formulation; strengthen the cooperation between the Executive and the Legislature; ensure effective implementation of policies and provide quality services to the public. To implement the accountability system, it is necessary to create non-civil service Secretaries of Department and Directors of Bureau positions.

5. The principal officials under the accountability system will not be civil servants. They will be employed on other than civil service terms. Their term of employment will not exceed that of the Chief Executive who nominates them for appointment, and subject to the provisions of the Basic Law their employment contracts may be terminated at any time without giving cause or compensation.

6. Under the accountability system, there will be three Secretaries of Department and 11 Directors of Bureau. Their post titles are as follows –

Secretaries of Department

- Chief Secretary for Administration
- Financial Secretary
- Secretary for Justice

/Directors

Directors of Bureau

- Secretary for the Civil Service
- Secretary for Commerce, Industry and Technology
- Secretary for Constitutional Affairs
- Secretary for Economic Development and Labour
- Secretary for Education and Manpower
- Secretary for the Environment, Transport and Works
- Secretary for Financial Services and the Treasury
- Secretary for Health, Welfare and Food
- Secretary for Home Affairs
- Secretary for Housing, Planning and Lands
- Secretary for Security

7. As a transitional arrangement, we propose to put all principal official positions, except SJ, under Head 142 Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary, with the Director of Administration as the Controlling Officer. Like the civil service post of SJ, the non-civil service position for SJ will be put under Head 92 Department of Justice, with the Director of Administration and Development as the Controlling Officer.

Role and responsibility of the principal officials

8. Principal officials under the accountability system are the most important officials within the Government. Their portfolios are assigned by the Chief Executive. They will be accountable to the Chief Executive for the success or failure of matters falling within their respective portfolios. They will be appointed to the Executive Council and will assist the Chief Executive in policy making and resource allocation of the Government as a whole.

Chief Secretary for Administration

9. CS is the most senior among the three Secretaries of Department available to deputize for the Chief Executive. CS will assist the Chief Executive in supervising the policy bureaux as directed by him and play a key role in ensuring harmonization in policy formulation and implementation. This is particularly important in areas which cut across policy bureaux. CS will also cover specific

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Encl. 1 priority areas of the Chief Executive's policy agenda, and will be responsible for forging a closer and more effective working relationship with the LegCo and for drawing up the Government's legislative programme. CS will continue to exercise statutory functions vested in him by law, such as those concerning the handling of appeals and certain public bodies. His job description is at Enclosure 1.

Financial Secretary

Encl. 2 10. Likewise, FS will assist the Chief Executive in supervising relevant policy bureaux and in ensuring harmonization in policy formulation and implementation in the financial, monetary, economic and employment areas. He will also cover specific priority areas of the Chief Executive's policy agenda. FS will continue to exercise relevant statutory functions, for example, in respect of public finance and monetary affairs. He will be responsible for the Government budget in accordance with the Chief Executive's policy agenda. His job description is at Enclosure 2.

Secretary for Justice

Encl. 3 11. SJ will continue to be the principal legal adviser to the Government. In accordance with the Basic Law, SJ will continue to oversee the Department of Justice and control criminal prosecutions free from any interference. The job description of SJ is at Enclosure 3.

Directors of Bureau

Encl. 4 12. Directors of Bureau will each head a policy bureau. They will be responsible for all aspects of their portfolios: from determining policy objectives and goals, to policy initiation, policy formulation, policy implementation and policy outcome. Their job description is at Enclosure 4.

13. The number of policy bureaux will be reduced from 16 to 11 and there will be 11 Directors of Bureau. We have balanced the need to contain the number of Directors of Bureau under the new set up and to ensure that the scope of responsibility of each of them is reasonable and manageable. The current arrangements have placed related portfolios under the same roof to facilitate coordination.

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The existing civil service directorate posts

14. With implementation of the accountability system for principal officials, the three civil service directorate posts of CS, FS and SJ will no longer be necessary and will be deleted. The existing 16 D8 civil service posts in bureaux will be retained and re-titled as Permanent Secretaries.

Remuneration level for principal officials

15. We have taken a political decision to cap the total cost to the taxpayer for the Directors of Bureau under the accountability system at the level of the average cost to the taxpayer of the incumbent substantive civil servants at Director of Bureau rank (D8) i.e. \$3,760,836 per annum. The cash remuneration per annum to be received by the Directors of Bureau under the accountability system is \$3,742,800 (\$311,900 x12). Add to this \$12,000 per annum for Mandatory Provident Fund (MPF) contribution and an amount of \$5,808 for medical and dental services, the total remuneration package will come to \$ 3,760,608 per annum. This is between the 15th and 20th percentile of the total remuneration of the 56 Chief Executive Officers (CEOs) surveyed in a consultancy study we commissioned earlier.

16. We consider that a 3.5% differential between the monthly salary of the Directors of Bureau, SJ, FS and CS would be appropriate. This will bring the total cost to taxpayer for the SJ, FS and CS under the accountability system to \$3,892,008, \$4,027,608 and \$4,168,008 per annum respectively.

17. Apart from the cash remuneration, principal officials under the accountability system will be given annual leave of 22 working days per annum, medical and dental benefits, MPF contribution by the Government, and a car and driver for use at the discretion of the principal officials. The remuneration package is so structured that there will be no housing allowance, no passage allowance, no children's education allowance, and no gratuity or retirement benefits. CS, FS and SJ will be assigned their respective official residences and will continue to be entitled to the non-accountable entertainment allowance. There will not be any rental charge.

Adjustment mechanism

18. Principal officials under the accountability system are not civil servants. Their remuneration packages will not be linked to civil service salaries. That said, it is proposed that the cash remuneration of the principal officials will be adjusted accordingly if civil service pay is reduced later this year.

19. We will seek Finance Committee's approval for the proposed remuneration packages for the principal officials. In the future, the Chief Executive may at his discretion order a review of the packages from time to time. We will seek the Finance Committee's approval for adjustments of the remuneration packages.

Creation of a non-civil service Director of Chief Executive's Office position

Encl. 5 20. To complement the introduction of the accountability system, it is proposed to create a non-civil service position of the DCEO. DCEO will oversee the running of the Chief Executive's Office and the Executive Council Secretariat, which will be transferred to the Chief Executive's Office. DCEO will continue to perform the duties of the Information Coordinator. DCEO is not a principal official. His job description is at Enclosure 5.

21. DCEO will be a non-civil service position with remuneration pitched at the equivalent of those applicable to the civil service rank at D8 level. The salary, fringe benefits and gratuity of the appointment will be similar to and no better than those prevailing in respect of the equivalent rank in the civil service. However, to reflect the status of the office as a political appointment, the post holder, though not a principal official, will nevertheless have to abide by the Code applicable to principal officials under the accountability system. His term of appointment will not exceed that of the Chief Executive who selects him for appointment. The appointee is not part of the civil service and will leave the Government when his appointment terminates. The existing civil service post of Information Coordinator will be deleted.

Consequential changes

Re-titling of D8 civil service posts in policy bureaux

22. The existing 16 D8 civil service posts in bureaux will be retained and re-titled as Permanent Secretaries. They will assist the principal officials in formulating policies and, subject to the direction of the principal officials, to explain and defend policies in the LegCo panels and committees and in public. They will also continue to discharge the following duties –

- (a) to steer and coordinate with the executive departments and other bureaux to achieve smooth, timely and effective implementation of agreed policies and programmes;
- (b) to serve as Controlling Officers for the resources allocated to the bureaux and to ensure their proper deployment;

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- (c) to manage the staffing resources in the bureaux to best support the implementation of policies; and
- (d) to uphold the reliability and professional standards in the delivery of services by the executive departments and agencies.

23. Given the level of responsibilities and complexity of the duties involved, we consider it appropriate to continue to pitch the rank of these posts at the existing rank of D8.

Administrative Support for Directors of Bureau

24. Each Director of Bureau will be provided with administrative support staff comprising -

- (a) an administrative assistant [equivalent to Administrative Officer Staff Grade C (D2)];
- (b) a press secretary [equivalent to Chief Information Officer (MPS 45 – 49)];
- (c) a personal assistant [equivalent to Personal Assistant (MPS 28 – 33)]; and
- (d) a driver [equivalent to Chauffeur (MPS 5 – 10)].

25. These positions can be filled by civil servants on postings or by way of direct appointment to non civil service positions. In the latter case, the staff taking up the non-civil service positions will receive salary, fringe benefits, and gratuity similar to and no better than those prevailing for the equivalent ranks in the civil service. They will be subject to the same Civil Service Regulations and requirements on conduct and avoidance of conflict of interest. They however are not part of the civil service and will depart as and when the principal officials concerned leave the Government.

26. The provisions for the complement of administrative staff will be absorbed within existing financial resources. Temporary redeployment will be arranged by the Administration under delegated authority. Establishment Subcommittee's endorsement and Finance Committee's approval will be sought on the longer term arrangements as necessary.

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FINANCIAL IMPLICATIONS

27. The net additional full annual average staff cost of the proposal, including salaries and staff-on-cost, is \$42.228 million.

28. On assuming office, the principal officials will review the working relationship between their bureaux and executive departments within their respective purview. The overall direction will be to streamline the structure and working relationship between the two, merging and integrating similar functions being performed by both, making better use of resources and enhancing the efficient and effective implementation of policies and delivery of services to the public. We expect to effect sufficient savings within 12 months to make the introduction of the accountability system a cost neutral exercise.

BACKGROUND INFORMATION

29. The Chief Executive announced at the Legislative Council on 17 April 2002 the key elements of the accountability system for principal officials. The Administration has since worked very closely with the LegCo Subcommittee to Study the Proposed Accountability System for Principal Officials and Related Issues (the Subcommittee) with a view to implementing the system from 1 July 2002. The Subcommittee has so far met for a total of 46 hours in 12 meetings to discuss various aspects of the accountability system. A total of 128 organizations and individuals have put forward their views to the Subcommittee. The majority of them are in support of the implementation of the accountability system.

Job Description of the Chief Secretary for Administration

The duties of the Chief Secretary for Administration are –

- (1) to assist the Chief Executive in supervising the policy bureaux as directed by him and in ensuring harmonization in policy formulation and implementation in such areas;
- (2) to oversee specific priority areas of the Chief Executive's policy agenda as directed by him;
- (3) to assist the Chief Executive in policy making as a member of the Executive Council;
- (4) to chair relevant Subcommittees of the Executive Council as assigned by the Chief Executive;
- (5) to explain Government policies to and answer questions from the Legislative Council, members of the public and the media;
- (6) to forge a close and effective working relationship with the Legislative Council;
- (7) to draw up the Government's legislative programme and to help promote the relevant bills;
- (8) to deputize for the Chief Executive in accordance with the provisions of the Basic Law;
- (9) to exercise statutory functions vested in him by law; and
- (10) to perform other duties that are incidental and/or conducive to performing the duties set out in the preceding paragraphs.

Job Description of the Financial Secretary

The duties of the Financial Secretary are –

- (1) to assist the Chief Executive in supervising relevant policy bureaux and in ensuring harmonization in policy formulation and implementation in the financial, monetary, economic and employment areas;
- (2) to oversee specific priority areas of the Chief Executive's policy agenda as directed by him;
- (3) to assist the Chief Executive in policy making as a member of the Executive Council
- (4) to chair relevant Subcommittees of the Executive Council as assigned by the Chief Executive;
- (5) to prepare the budget of the Government and introduce the Appropriation Bill into the Legislative Council;
- (6) to explain Government policies to and answer questions from the Legislative Council, members of the public and the media;
- (7) to deputize for the Chief Executive in accordance with the provisions of the Basic Law;
- (8) to exercise relevant statutory functions vested in him by law; and
- (9) to perform other duties that are incidental and/or conducive to performing the duties set out in the preceding paragraphs.

Job Description of the Secretary for Justice

The duties of the Secretary for Justice are –

- (1) to be the principal legal adviser to the Chief Executive and to the Government of the Hong Kong Special Administrative Region;
- (2) to oversee the Department of Justice and be responsible for all operational matters of the Department -
 - (a) controlling criminal prosecutions, free from any interference;
 - (b) being a party to all civil actions brought on behalf of or against the Government;
 - (c) where appropriate, applying for, and contesting applications for, judicial review to enforce public legal rights, intervening in court cases where an issue of great public interest arises, and acting as protector of the public interest in relation to certain types of proceedings;
 - (d) overseeing the drafting of Government bills and subsidiary legislation; and
 - (e) advising on international legal issues and mutual legal assistance with other jurisdictions;
- (3) to formulate, promote and implement policies in relation to the administration of justice and legal services;
- (4) to explain those policies and to answer questions from the Legislative Council, members of the public and the media in respect of those policies;
- (5) to assist the Chief Executive in policy making as a member of the Executive Council;
- (6) to deputize for the Chief Executive in accordance with the provisions of the Basic Law;
- (7) to exercise statutory functions vested in the Secretary for Justice; and
- (8) to perform other duties that are incidental and/or conducive to performing the duties set out in the preceding paragraphs.

Job Description of the Directors of Bureau

The duties of the Directors of Bureau are –

- (1) to gauge public opinion and respond to the needs of the community;
- (2) to set policy objectives and goals, and develop, formulate and shape policies;
- (3) to assist the Chief Executive in policy making as members of the Executive Council;
- (4) to secure the support of the community and LegCo for their policy and legislative initiatives as well as proposals relating to fees and charges and public expenditure;
- (5) to attend full sessions of LegCo to initiate bills or motions, respond to motions and answer questions from LegCo members;
- (6) to attend LegCo committee, subcommittee and panel meetings where major policy issues are involved;
- (7) to exercise the statutory functions vested in them by law; and
- (8) to oversee the delivery of services by the executive departments under their purview and ensure the effective implementation and successful outcome of policies.

Job Description of the Director of Chief Executive's Office

The Director of the Chief Executive's Office works to the Chief Executive. He will assist the Chief Executive in overseeing the running of the Office. The Director will focus mainly on performing the current duties and functions of the Information Coordinator and overseeing the running of the Executive Council Secretariat.

Executive Council Secretariat

2. In overseeing the running of the Executive Council Secretariat, the Director will ensure -

- (a) that the meeting agenda of the Executive Council reflects the overall priority of the Government's policy agenda as determined by the Chief Executive, with the assistance of the Chief Secretary of Administration and the Financial Secretary;
- (b) that the advice of the relevant Executive Council Sub-committees is promptly put to the Executive Council, when relevant items are submitted to the Council for consideration; and
- (c) that the decision of the Chief Executive-in-Council is properly recorded and conveyed by the Secretariat to the relevant principal officials, policy bureaux and departments concerned.

Information Coordination

3. In covering the role of information coordination, the Director will be responsible for the following duties -

Media & Public Relations Strategy

- (a) formulating the media and public relations strategy for handling the announcement on major issues and policies;
- (b) developing, in conjunction with the relevant policy bureaux, a uniform and coordinated set of Government positions and lines-to-take on such major issues ahead of time;

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- (c) coordinating with the relevant policy bureaux and departments to ensure that a uniform stance is taken in presenting the Government's position on the respective issues;
- (d) attending Executive Council meetings and advising on the media and public relations aspects of relevant issues;

Spokesman for Chief Executive & Media Liaison

- (e) conducting press sessions, as Spokesman for the Chief Executive, to state the Government's position on matters of topical interest, to clarify specific issues and to respond to the media on particular angles of interest;
- (f) coordinating the media and public relations strategy for handling major unforeseen events;

Media & Public Relations

- (g) liaising with the media and assisting the relevant bureaux in strengthening the Government's communication with the media, political parties, Members of the Legislative Council and interest groups who have expressed interest in the public policies concerned;
- (h) taking into account these views expressed in formulating the Government's media and public relations strategy in respect of key policy issues;

CE's Public Engagements Programme

- (i) planning and implementing an on-going programme of public functions for the Chief Executive including speaking engagements, overseas visits, community visits, meetings with editors and correspondents and press conferences;
- (j) designing the messages for the Chief Executive to deliver on public occasions; and

Monitoring Public Opinion

- (k) coordinating with relevant bureaux and departments to analyse public opinion polls, to assess public opinion as reflected in media reports and to reflect significant results to bureaux and departments concerned for these to be taken into account in policy formulation.