

立法會
Legislative Council

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Establishment Subcommittee of the Finance Committee

**Minutes of the 2nd meeting
held at the Legislative Council Chamber
on Wednesday, 23 October 2002, 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
Hon Margaret NG
Hon CHEUNG Man-kwong
Hon HUI Cheung-ching, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, JP
Hon Emily LAU Wai-hing, JP
Hon SZETO Wah
Hon TAM Yiu-chung, GBS, JP
Hon Henry WU King-cheong, BBS, JP
Hon Michael MAK Kwok-fung
Dr Hon LO Wing-lok
Hon LAU Ping-cheung
Hon MA Fung-kwok, JP

Members absent:

Hon Albert HO Chun-yan
Dr Hon David LI Kwok-po, GBS, JP
Hon Bernard CHAN, JP
Hon Andrew WONG Wang-fat, JP
Hon Abraham SHEK Lai-him, JP
Hon LI Fung-ying, JP
Hon LEUNG Fu-wah, MH, JP

Public Officers attending:

Mr Stanley YING, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)
Mrs Jessie TING, JP	Deputy Secretary for the Civil Service
Mr K K LAM	Principal Executive Officer (General), Financial Services and the Treasury Bureau (Treasury)
Mr John TSANG, JP	Permanent Secretary for Housing, Planning and Lands (Planning and Lands)
Mr Thomas TSO, JP	Deputy Secretary for Housing, Planning and Lands (Planning and Lands)1
Miss S H CHEUNG, JP	Deputy Secretary for Housing, Planning and Lands (Planning and Lands)2
Mr J S CORRIGALL, JP	Deputy Director of Lands
Mr P C CHAN, JP	Deputy Director of Planning

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
Ms Caris CHAN	Senior Legislative Assistant 1
Mr Frankie WOO	Legislative Assistant 2

EC(2002-03)4

Proposed conversion of six supernumerary posts of one Administrative Officer Staff Grade B (D3) and two Administrative Officer Staff Grade C (D2) in Housing, Planning and Lands Bureau; one Chief Estate Surveyor (D1) in Lands Department; and one Government Town Planner (D2) and one Chief Town Planner (D1) in Planning Department to permanent posts to cope with the heavy workload and responsibilities in the policy areas relating to urban renewal, building safety and land registration, as well as to facilitate the implementation of the urban renewal programme

Members noted that an information paper on the proposal was circulated to the Panel on Planning, Lands and Works on 7 October 2002.

2. Mr LAU Ping-cheung declared interest as a non-executive member of the Board of the Urban Renewal Authority (URA).

3. At the invitation of the Chairman, the Permanent Secretary for Housing, Planning and Lands (Planning and Lands) (PSPL) updated members on the latest arrangements for offsetting the proposed six permanent posts. He informed members that six permanent directorate posts from within the portfolio of the Secretary for Housing, Planning and Lands (SHPL) would be deleted to offset the proposed creation of six permanent directorate posts in the Housing, Planning and Lands Bureau (HPLB), Lands Department (Lands D) and Planning Department (Plan D). Apart from deleting one Chief Estate Surveyor (CES) (D1) post in Lands D, and one Government Town Planner (D2) post and one Chief Town Planner (D1) post in Plan D as stated in paragraph 25 of the paper, PSPL confirmed that three additional permanent directorate posts would be deleted in the context of the proposed amalgamation of the Bureau's Housing Branch (HB) and the Housing Department (HD) under the on-going organizational review being undertaken by SHPL in respect of HPLB and its group of departments. Subject to the approval of the Finance Committee (FC), all six permanent directorate posts would be deleted within three months after FC's approval.

4. Responding to Mr Henry WU's question about the three specific posts already identified for deletion, the Deputy Director of Planning said that one Government Town Planner (D2) post and one Chief Town Planner (D1) post in the Housing and Land Supply Division of Plan D would be deleted. The Deputy Director of Lands also confirmed that the CES (D1) post to be deleted was the one designated as CES/LS&R in the organization chart in Enclosure 2 to the paper. As regards the additional three posts to be deleted in the re-organization of HB/HD, PSPL advised that they would be confirmed upon completion of the organizational review and Members of the Legislative Council (LegCo) would be consulted on the outcome of the review in due course.

5. Mr Howard YOUNG, Mr CHEUNG Man-kwong, Mr NG Leung-sing, Ms Emily LAU, Mr LAU Ping-cheung and Mr James TIEN considered that the present proposal could be supported as it was generally in line with the agreement in principle reached by LegCo's Cross Party Coalition earlier this year that proposals for the creation of directorate posts should not incur any net increase in the overall directorate establishment of the civil service.

6. In this connection, Mr James TIEN pointed out that one of the main objectives of the Cross Party Coalition's agreement was to convey to the Administration the grave concerns raised by LegCo Members about the need to contain the size of the directorate establishment of the civil service. He noted that pursuant to the said agreement, the Administration had identified directorate posts for deletion to offset the proposed posts to be created.

7. To avoid overlapping of resources, Mr Howard YOUNG called on the Administration to effect the offsetting arrangement as soon as practicable so that no additional staff costs would be incurred unnecessarily. In reply, PSPL re-affirmed the Administration's undertaking that the proposed directorate posts would be deleted within three months after FC's approval.

8. Mr CHEUNG Man-kwong considered that a lead time of three months was acceptable to effect the necessary re-distribution of responsibilities. He also recalled that in line with the spirit of the Cross Party Coalition's agreement, the proposed creation of directorate posts should be offset by the deletion of directorate posts of the equivalent rank in order that no additional directorate staff costs would be incurred. In this respect, he enquired about the ranking of the three directorate posts proposed to be deleted in the re-organization exercise of HB/HD.

9. In response, PSPL informed members that the three directorate posts identified for deletion in the context of the amalgamation of HB and HD would comprise two D3 posts and one D1 post. Thus altogether, the present proposal was to delete two D3 posts, one D2 post and three D1 posts to offset the creation of one D3 post, three D2 posts and two D1 posts. The slight net increase in staff cost would be met by savings achieved in other areas of expenditures.

10. Referring to the grave concern of Members of the Democratic Party about over-staffing at the directorate level in some departments, Mr CHEUNG Man-kwong stressed that the Administration must critically examine the functional need of existing directorate posts in the proposed re-organization of HB and HD. In this regard, Mr CHEUNG sought the Administration's confirmation that apart from the three directorate posts proposed to be deleted in HB/HD for offsetting purposes under the present proposal, there would be additional directorate posts to be deleted in HB/HD as a result of their amalgamation. Mr CHEUNG considered that the proposed deletion of the said three directorate posts in HB/HD should not count towards the downsizing of directorate posts in the context of the

re-organization exercise of HB/HD and should not be regarded as part of the savings expected to be achieved within 12 months to make the implementation of the accountability system a cost neutral exercise.

11. In response, the Deputy Secretary for Housing, Planning and Lands (Planning and Lands)¹ clarified that upon finalization of SHPL's review, a separate proposal setting out the overall changes in the directorate establishment of HB and HD as a result of the proposed amalgamation would be presented to the Establishment Subcommittee (ESC)/FC for consideration and approval in due course. He confirmed that the three directorate posts in HB/HD proposed to be deleted in relation to the present proposal would not be double-counted in that they would be clearly accounted for in the ESC submission on the HB/HD reorganization.

12. Mr NG Leung-sing remarked that as the Administration would be less directly involved in the construction of public housing as in the past, it should consider whether staffing resources in HD, say in respect of site supervision, could be re-deployed more effectively so as to achieve savings to make up for the net additional staff cost arising from the present proposal.

13. In reply, PSPL said that sufficient funding had been provided to meet the full staff costs of the proposed posts in HPLB and Plan D. As for the proposed post of CES (D1) in Lands D, since the Urban Renewal (UR) Section mainly dealt with land resumption matters to facilitate URA projects, URA would continue to meet the full staff cost of all the agreed posts of the UR Section, including salaries and staff on-cost.

14. Given the Government's commitment to introducing a land title registration system in Hong Kong and the expedited progress of urban renewal as a result of URA's strategic partnership with the Housing Society (HS), Mr LAU Ping-cheung was concerned whether the proposed creation of three permanent directorate posts in HPLB was adequate for coping with the substantial workload arising from these major policy initiatives. He considered that sufficient staff at the directorate level was crucial to the success of these major initiatives.

15. Taking note of Mr LAU's concern, the Deputy Secretary for Housing, Planning and Lands (Planning and Lands)² explained that in addition to land registration matters, the portfolio of the proposed D2 post in HPLB, designated as PAS(PL)³, would also include building safety which was another priority programme area. As some of URA's projects would be entrusted to HS, the implementation of the urban renewal programme would likely be expedited. PSPL further pointed out that having regard to fiscal constraints and the need to exercise stringent control over the use of public funds, HPLB and all relevant departments would endeavour to improve existing services and cope with the additional workload with existing resources through re-deployment and enhanced efficiency. Increase in directorate resources would only be sought on very strong

grounds and after exhausting all other alternatives.

16. Instead of creating new permanent posts, Mr Henry WU asked whether the duties and functions of the six proposed directorate posts could be re-distributed among existing directorate staff under the new combined management structure to be set up upon the amalgamation of HB and HD. In reply, PSPL pointed out that in view of the Government's long-term commitment to urban renewal, building safety and land registration, there was a genuine need for the concerned directorate posts on a permanent basis to cope with the heavy workload and responsibilities in the relevant policy areas. Notwithstanding the proposed amalgamation of HB and HD, PSPL said that it was not possible for existing directorate staff in the concerned departments to absorb the duties required of the proposed posts.

17. Echoing some members' concern about the bloated directorate structure in some government departments, Ms Emily LAU urged that for the purpose of containing the size of civil service establishment, directorate posts which were no longer needed should be deleted without delay. Notwithstanding the agreement of the Cross Party Coalition that the creation of directorate posts should not incur any net increase in the overall directorate establishment of the civil service, Ms Emily LAU took the view that the Administration should go further by identifying directorate posts at even higher ranks for offsetting purposes. She considered it incumbent upon individual bureaux and departments to manage their resources more prudently and to control the size of their directorate establishment more stringently in the light of the current fiscal deficits.

18. In response, the Deputy Secretary for Financial Services and the Treasury (Treasury) (DS(Tsy)) said that during the last session the Subcommittee had discussed the Cross Party Coalition's agreement on directorate establishment. The Administration's position then remained valid, which was that it would continue to exercise stringent control over the Government's directorate establishment. He assured members that the Administration would critically examine each proposal for new directorate posts with a view to ascertaining the need for the post and the proposed ranking. In addition, Bureau Secretaries and Heads of Department were required to examine whether the duties and responsibilities in question could be taken up by re-deployment of existing staff or re-shuffling of duties within the department or among departments under their respective purview. The staffing proposals were also subject to scrutiny by the Financial Services and the Treasury Bureau (FSTB) and the Civil Service Bureau (CSB) before being submitted to this Subcommittee for members' consideration.

19. As a related issue, Ms Emily LAU enquired about the control exercised by the Administration in respect of the creation of non-directorate civil service posts for which the approval by ESC/FC was not required. She was particularly concerned about the arrangements for creating non-directorate posts at the upper end of the Master Pay Scale (MPS), notably those on MPS 34 and above.

20. In response, DS(Tsy) advised that there were established procedures for Heads of Department/Grade to create the necessary non-directorate posts to meet their service needs or functional requirements under delegated authority. However, the resources for the creation of new civil service posts had all along been subject to vigorous control through the annual Resource Allocation Exercise. Controlling Officers had to meet the additional expenditure arising from staff salaries from within the operational expenditure allocated to them. The Deputy Secretary for the Civil Service (DS(CS)) supplemented that while CSB was no longer involved in processing proposals on the creation of non-directorate civil service posts, various measures had been implemented in recent years to drive the civil service for enhanced efficiency and departments would seek to meet operational needs through various viable means rather than resorting to creation of additional posts too readily.

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21. To enable members to better understand the staffing situation in respect of non-directorate posts in various departments/bureaux, Ms Emily LAU requested the Administration to provide a paper setting out in detail the changes in the strength and establishment of non-directorate civil service posts in different pay bands of the MPS over the past 12 months. DS(CS) agreed to collect and provide the relevant information as far as practicable in consultation with FSTB.

22. Highlighting the importance of containing the size of civil service establishment given the current fiscal deficit, Mr James TIEN enquired whether the Administration had any plan to implement a second round of the Voluntary Retirement (VR) Scheme. He queried that instead of deleting an established post vacated under the VR scheme following the departure of the postholder, the department concerned would fill the post by promoting an officer from the next lower rank. As such, very little substantial savings in the actual expenditure on civil service salaries could be achieved.

23. In reply, DS(CS) said that the VR Scheme was introduced to enable civil servants in designated grades with identified or anticipated surplus staff to retire from the service voluntarily. The Administration was considering whether or not a second round of the VR Scheme should be implemented. If so, CSB and FSTB would need to work out the scheme details, including the financial implications, and presented the proposal to FC for consideration.

24. Regarding the arrangements for deletion of posts, DS(CS) said that this was a point of detail concerning the implementation of the scheme which would require further consideration. She said that one of the broad objectives of the VR Scheme was to achieve resource savings. Under that objective, Heads of Department/Grade would need to be allowed a degree of flexibility over the arrangements for the vacated posts to ensure that the delivery of services to the public would not be unduly affected. DS(Tsy) also said that depending on the alternative modes of service delivery, such as by out-sourcing or in-service appointment, some form of savings in the long term could be achieved.

25. While noting the explanation given, Mr James TIEN called on the Administration to address his concerns when planning for future exit arrangements or VR Scheme, so as to achieve the objective of maintaining a lean and fit civil service.

26. The item was voted on and endorsed.

27. The Subcommittee was adjourned at 11:30 am.

Council Business Division 1
Legislative Council Secretariat
7 November 2002