

立法會
Legislative Council

LC Paper No. ESC143/02-03
(These minutes has been
seen by the Administration)

Ref : CB1/F/3/2

Establishment Subcommittee of the Finance Committee

**Minutes of the 8th meeting
held at the Legislative Council Chamber
on Wednesday, 11 June 2003, at 8:30 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 HUI Cheung-ching, JP
Hon Bernard CHAN, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, JP
Hon Emily LAU Wai-hing, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, JP
Hon LI Fung-ying, JP
Hon Henry WU King-cheong, BBS, JP
Hon Michael MAK Kwok-fung
Hon LEUNG Fu-wah, MH, JP
Hon LAU Ping-cheung
Hon MA Fung-kwok, JP

Members absent:

Hon Albert HO Chun-yan
Hon Margaret NG
Hon CHEUNG Man-kwong
Hon Andrew WONG Wang-fat, JP
Hon SZETO Wah

Dr Hon LO Wing-lok

Public Officers attending:

Mr Stanley YING, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)
Miss Jennifer MAK, JP Mr K K LAM	Deputy Secretary for the Civil Service Principal Executive Officer (General), Financial Services and the Treasury Bureau (Treasury)
Mr Stephen LAM, JP Mr Clement MAK, JP	Secretary for Constitutional Affairs Permanent Secretary for Constitutional Affairs
Mrs Philomena LEUNG	Principal Assistant Secretary for Constitutional Affairs
Mrs Jennie CHOK Ms Doris HO	Deputy Secretary for Security Administrative Assistant to Secretary for Constitutional Affairs
Ms Sally WONG, JP	Deputy Secretary for Health, Welfare and Food (Women)
Mr LAM Man-ho	Principal Executive Officer, Health, Welfare and Food Bureau
Mr KWAN Wing-Wah, JP Miss Stoney POON	Deputy Secretary for Home Affairs Chief Executive Officer, Home Affairs Bureau
Mr Paul TANG, JP	Deputy Secretary for the Environment, Transport and Works (Environment and Transport)T1
Mr Thomas CHOW, JP	Deputy Secretary for the Environment, Transport and Works (Environment and Transport)E2
Mrs Angela LO	Principal Executive Officer, Environment, Transport and Works Bureau
Mr Matthew CHEUNG Kin-chung, JP	Permanent Secretary for Economic Development and Labour (Labour)
Mrs Pamela TAN, JP Ms Miranda CHIU, JP	Commissioner for Labour Deputy Secretary for Economic Development and Labour (Economic Development)
Mrs Mimi BROWN, JP	Assistant Commissioner of Rating and Valuation

Clerk in attendance:

Ms Anita SIT Chief Assistant Secretary (1)6

Staff in attendance:

Ms Pauline NG Assistant Secretary General 1
Ms Caris CHAN Senior Legislative Assistant 1
Mr Frankie WOO Legislative Assistant 2

Creation and deletion of directorate posts after implementation of the Accountability System

The Chairman said that the consideration of the staffing proposals on the agenda at the meeting on 28 May 2003 was adjourned as members had requested more comprehensive information on the establishment changes arising from the implementation of the accountability system before considering the proposals. In response to the Subcommittee's request, the Administration had provided an information paper ECI(2003-04)2 on "Creation and deletion of directorate posts after implementation of the Accountability System". He then invited the Secretary for Constitutional Affairs (SCA) to brief members on the information paper before proceeding to the consideration of the staffing proposals.

2. SCA took members through the information paper. He highlighted that in the course of discussing the accountability system last year, the Administration undertook to effect sufficient staff cost savings at the directorate level within 12 months to make the accountability system a cost neutral exercise. Through various reorganizations, streamlining and cost-saving exercises, the Administration had so far identified a net deletion of 18 directorate posts and 146 non-directorate posts. The savings realized or identified in terms of full annual average staff cost from the deletion of directorate posts amounted to \$46.398 million, and that from deletion of non-directorate posts amounted to \$64.760 million. SCA said that the amount of savings realized and identified at the directorate level so far was more than adequate to offset the \$42.228 million additional cost in connection with the implementation of the accountability system.

3. Ms Emily LAU referred to the remarks made by the Deputy Secretary for Financial Services and the Treasury (Treasury) (DS(Tsy)) during his conversation with his colleagues immediately after the meeting on 28 May 2003. She was given the impression that DS(Tsy) had considered members' request for information a waste of Government officials' time. In his conversation, DS(Tsy) appeared to be very dissatisfied with members' request and indicated that he would take the issue to the Chief Secretary for Administration (CS). Ms LAU

pointed out that when the staffing proposals relating to the accountability system were considered by the Establishment Subcommittee (ESC) and Finance Committee (FC) in June 2002, members had requested that when the Administration reverted to ESC and FC on the longer-term arrangements for the various Permanent Secretary posts and the administrative support for Directors of Bureau, the Administration should provide members with a full picture of the establishment changes and financial implications in relation to the accountability system. However such information was not available at the meeting on 28 May despite the repeated requests she made prior to the meeting. It was therefore totally legitimate for members to have the information they required before proceeding to the consideration of the staffing proposals. She sought explanation from DS(Tsy) for making the remarks.

4. DS(Tsy) said that after the close of meeting on 28 May 2003, he talked to his colleague, the Deputy Secretary for the Civil Service (DS(CS)), expressing his feelings about the outcome of the meeting. He did not make any criticism against members and had no intention to do so. At that time, he felt somehow disappointed that although the Administration had followed the normal procedure by undertaking prior consultation with relevant Panels on all the six staffing proposals and had arranged the relevant public officers to attend the meeting to answer members' questions, none of the proposals were discussed. He therefore felt that the public officers' time was wasted. He was also worried about the tight time frame as it was the Administration's plan to effect changes to the directorate establishment so as to make the accountability system cost-neutral before 1 July 2003, and to that it was necessary to obtain FC's approval for the staffing proposals before 1 July 2003. He clarified that he was just suggesting to his colleague about the way forward when he said that the matter should be reported to the Chief Secretary for Administration (CS), since it was the normal procedure within the Administration to report to CS on matters relating FC and ESC. He had not said that he would complain to CS.

5. Ms Emily LAU reiterated that at the meeting of the Panel on Environmental Affairs on 26 May 2003, she had asked the Permanent Secretary for the Environment, Transport and Works (Environment & Transport) to convey to SCA her request for a paper setting out the full picture of the establishment changes since the implementation of the accountability system. In fact, members had already requested the provision of such information when the staffing proposals relating to the accountability system were discussed in June 2002. Moreover, as indicated by the voting result on her motion at the last ESC meeting, the request for comprehensive information on the establishment changes was supported by a majority of ESC members.

6. Dr Raymond HO said that DS(Tsy)'s remarks made after the meeting on 28 May were improper and would do no good to the relationship between the Administration and the Legislative Council (LegCo). He cited the Tamar project and said that Members were indeed very disappointed with the Administration in

that after a lot of discussions at the Planning, Lands and Works Panel and at the Public Works Subcommittee, the Administration announced to put the project on hold without any prior consultation with Members.

7. Dr David LI said that he was abhorred by DS(Tsy)'s response. Not only that he had not apologised for failing to provide timely and detailed information to members, he had also criticised members for wasting public officers' time. Dr LI stressed that all Members worked for and were accountable to the people of Hong Kong. DS(Tsy) himself should be accountable to LegCo for his work, but instead he criticised ESC members for a matter attributed to his failure to do his own work properly. He was abhorred by such an attitude.

8. Ms Emily LAU referred to the Chief Executive's announcement in his Policy Address to reduce the civil service establishment by 10% by 2006-07, and said that LegCo's Seven Party Coalition (the Coalition) had reached the consensus view that both the directorate and non-directorate establishments should be downsized by about the same percentage. She then asked -

- (a) whether the net deletion of 18 directorate and 146 non-directorate posts since 1 July 2002 was congruent with the above consensus view of the Coalition; and
- (b) whether the annual savings of \$46.398 million resulted from the deletion of 18 directorate posts would also be counted towards the savings to be achieved under the other targets of reducing government expenditure.

9. In reply, SCA said that the Administration's undertaking was to effect sufficient savings by way of staff cost savings at the directorate level within 12 months to make the implementation of the accountability system cost neutral. The Administration had earnestly fulfilled this undertaking; the annual staff cost savings of \$46.398 million resulted from the deletion of 18 directorate posts was in excess of the \$42.228 million incurred in connection with the implementation of the accountability system. Apart from downsizing the directorate establishment, the Administration also made ongoing efforts to downsize the non-directorate establishment through various streamlining and reorganization exercises, enabling a net deletion of 146 non-directorate posts.

10. As regards the consensus view of the Coalition that both the directorate and non-directorate establishments should be downsized by about the same extent in attaining the target of reducing the overall civil service establishment by 10% by 2006-07, SCA said that in principle, the Administration would not wish to reduce only the non-directorate establishment. However, the suggestion to reduce the directorate establishment by 10% was a new topic, and Members would need to raise this separately with the resource bureaux.

11. SCA further explained that the current directorate establishment was around 1 400 - 1 500 while the non-directorate establishment was around 170 000. The directorate establishment accounted for less than 1% of the whole civil service. If the above consensus view of the Coalition was taken as the basis for downsizing, then roughly a deletion of 100 non-directorate posts should go with a deletion of 1 directorate post. Hence, the deletion of 18 directorate posts represented a higher proportion of downsizing at the directorate level vis-à-vis the deletion of 146 non-directorate posts.

12. On Ms Emily LAU's concern as to whether the annual savings of \$46.398 million resulted from the deletion of 18 directorate posts would also be counted towards the savings to be achieved under the other targets of reducing government expenditure, SCA said that all government bureaux and departments were required to work together to achieve the following three targets -

- (a) to achieve collectively full annual average staff cost savings of \$42.228 million at the directorate level;
- (b) to achieve efficiency savings of at least 1.8% in 2003-04; and
- (c) to restore fiscal balance and downsize the civil service establishment by 10% by 2006-07.

SCA said that these three targets were to be achieved in parallel. He also highlighted that government bureaux were not provided with additional resources for the remuneration of their Principal Officials, and thus must make the necessary savings to offset the additional staff costs.

13. Reiterating the Coalition's concern on how the downsizing of the civil service by 10% by 2006-07 would be effected respectively at the directorate and non-directorate levels, Ms Emily LAU enquired about the appropriate forum to follow up the matter.

14. DS(CS) said that the overall target was to reduce the civil service establishment to 160 000 by 2006-07. At this stage, the Administration did not see a need to set specific downsizing targets in relation to various staff levels, but considered that there should be room for downsizing at each level. In this regard, the Civil Service Bureau (CSB) had invited individual bureaux to submit their respective manpower plans in October which would enable the centre to obtain an overview of the manpower situation in the civil service up to 2006-07. DS(CS) stressed that departments would exercise vigilance in considering deletion of posts taking into account the need not to compromise service delivery to the public and the need to maintain an appropriate grade structure. She suggested that the Panel on Public Services would be an appropriate forum to discuss the subject.

15. Mr TAM Yiu-Chung, Chairman of the Panel on Public Service, said that the Panel would continue to monitor the changes in the civil service establishment in the light of the overall downsizing target, and would invite the Administration to make periodical reports to the Panel. He commented that the streamlining exercises undertaken by various bureaux since the implementation of the accountability system were in the correct direction, and there was indeed a need to downsize the civil service.

16. Mr Howard YOUNG said that while he agreed to the need to monitor how the downsizing of the civil service by 10% at different levels would be effected, he considered that this should be taken as a separate issue from the financial implications of the accountability system. He also commented that in taking forward the downsizing exercise, the Administration should not apply a rigid ratio based on the overall directorate and non-directorate establishments to determine the number of directorate and non-directorate posts to be deleted in individual bureaux/departments.

17. SCA clarified that he did not mean that the ratio of 1 to 100 between directorate and non-directorate posts should be applied across-the-board for the downsizing exercise of individual bureaux/departments. The ratio was quoted only to address Ms Emily LAU's concern on whether the bulk of the downsizing so far had been effected at the non-directorate level. He agreed with Mr YOUNG that each bureau/department should draw up their staffing plans based on their own situation.

18. Dr Raymond HO recalled that during the discussions on the accountability system in May/June 2002, the distribution of responsibilities between the two Permanent Secretary (PS) posts in the Environment, Transport and Works Bureau (ETWB) was decided only at a very late stage. It was only after his repeated enquiries on the matter that the then SCA advised that one PS would assume the policy responsibilities of environment and the other would assume those of transport and works. However, after a short period of implementation of the accountability system, the distribution of responsibilities between the two PS was changed. Whilst he accepted the current arrangement of one PS assuming policy responsibilities of environment and transport and the other PS assuming those of works, he considered that the series of events leading to the previous arrangement demonstrated that the accountability system had not been well thought out by the Administration at that time.

19. Dr Raymond HO also expressed disappointment that when the staffing proposal on ETWB (under item EC(2003-04)6) was discussed at the Transport Panel, neither the Secretary for the Environment, Transport and Works nor the two Permanent Secretaries of the bureau attended the meeting to brief members on the proposal.

20. Dr Raymond HO noted that the posts of PS for Constitutional Affairs and PS for Security had temporarily been re-ranked at the D6 level pending a further review. The Permanent Secretary posts in the other nine bureaux would continue to be ranked at the D8 level. Dr HO enquired about the relevant criteria in determining the ranking of PS posts and how far the said arrangements were permanent.

21. In reply, SCA advised that the Constitutional Affairs Bureau (CAB) and the Security Bureau would review the ranking of their PS posts one year later. Generally speaking, in determining the ranking of PS posts, the Administration would consider the following factors -

- (a) the scope of responsibilities and complexity of the portfolio;
- (b) the span of control and size of the resources under the steer of the office; and
- (c) the demand for policy formulation work and high administrative skills.

SCA added that the Directors of Bureau would constantly monitor the resource requirements of their own bureau having regard to their ongoing work and new commitments/initiatives.

22. Dr Raymond HO expressed his view that given the overall objective of achieving staff cost savings, all bureaux should adopt a very flexible approach in the deployment of resources and maximize opportunities to streamline staffing structure to reduce staff cost.

23. Mr James TIEN said that Members of the Liberal Party considered that in regard to the role of the Administration, there should be a balance between governance and delivering public services. He appreciated that for certain work areas such as the development of the logistics industry, the Administration might need more directorate staff to formulate policies and new initiatives. He further said that as the primary objective of downsizing the civil service by 10% was to achieve savings to tackle the fiscal deficit problem, it was important that the downsizing could achieve savings in operating expenditure by at least 10%. That said, Members of the Liberal Party supported the view that the downsizing should be effected at both the directorate and non-directorate levels by about the same extent.

24. Mr James TIEN further opined that the target of downsizing the civil service by 10% in 2006-07 should be complemented by interim targets to be achieved in the years leading to 2006-07 to demonstrate that the 10% downsizing target was realistic and achievable. The Administration should make progress reports to LegCo on the staff cost savings realised every year.

25. In response, SCA assured members that every bureaux had the responsibility to help solve the fiscal deficit problem collectively. The downsizing of the civil service would be an ongoing exercise but the Administration needed to implement various measures to attain the target in a very flexible manner in the light of changing circumstances. He said that the second Voluntary Retirement Scheme was one such measure which had attracted almost 6 000 applications from staff. Further deletion of posts would be achieved through natural wastage and redeployment of staffing resources. These measures would enable the Administration to make progress collectively.

26. Mr James TIEN said that Members of the Liberal Party would be prepared to support staffing proposals to strengthen the Administration's capability to formulate effective strategies and measures to improve the business environment and the delivery of public services. On the other hand, he would also like to comment that based on his observation, despite the creation of additional directorate posts over the past few years, the overall environment was getting more difficult for the conduct of business.

27. Mr Henry WU requested a breakdown of the savings that had been realized and those savings that had been identified but not yet realized, and asked whether the stated amounts of savings had included the savings from vacant posts. Mr Henry WU also referred to the statement in paragraph 20 of the information paper that the Administration would reserve the right to deploy the resources saved (i.e. \$46.398 million) in excess of the expenditure incurred (i.e. \$42.228 million) in connection with implementation of the accountability system for other use in future. He considered the tone of the statement absurd and sought elaboration on the statement.

28. SCA said that the Administration would honour fully any undertaking given to LegCo. Paragraph 20 only sought to report the fact that the savings realised and identified were in excess of the pledged amount of savings. Having regard to Members' view that any new directorate post should be offset by the deletion of an existing post of equivalent or higher ranking, and the newly expressed view that the directorate and non-directorate establishments should both be reduced by about 10% by 2006-07, the Administration considered it appropriate to state in advance that the actual savings in excess of the pledged savings might be flexibly deployed for other uses in future.

29. On Mr WU's concern about the present status of the 18 directorate posts identified for deletion, SCA advised that if all the six proposals scheduled for consideration at this meeting were approved, deletion of 12 directorate posts would be confirmed. The net deletion of an additional five D1 posts had been identified and the proposal would be put to ESC for consideration on 18 June 2003. The remaining one directorate post identified for deletion was in the Health, Welfare and Food Bureau (HWFB), and a paper on the relevant proposal had been issued to the Panel on Welfare Services and would be put to ESC shortly.

In short, 17 directorate posts could be deleted by the end of this legislative session, resulting in annual staff cost savings of about \$44 million.

30. SCA also confirmed that all the stated amounts of savings were savings directly resulted from deletion of posts. Under the one-line vote arrangement applicable to all bureaux and departments since 2003-04, individual bureaux/departments had the discretion to deploy savings from vacant posts to other uses.

31. On Mr Henry WU's query on whether implementation of the accountability system in the first year was cost neutral or had incurred additional expenditure, SCA explained that in June 2002, FC had approved provision of \$42.228 million for the implementation of the accountability system. The Administration's undertaking was to effect sufficient staff cost savings at the directorate level within 12 months, so that from 2003-04 onwards, there would be no need to allocate additional funds for the remuneration of Principal Officials under the accountability system. The Administration had fulfilled its undertaking made in June 2002, and the Administration had not expended more than the amount approved by FC for the implementation of the accountability system.

32. Mr Henry WU enquired about the actual amount of staff cost savings at the directorate level realized since the implementation of the accountability system on 1 July 2002. SCA advised that he did not have the exact figure, but could confirm that some staff cost savings at the directorate level had been realized since 1 July 2002 as a result of the merger of the Education and Manpower Bureau with the Education Department and that of the former Housing Bureau with the Housing Department.

33. Ms LI Fung-ying said that she agreed in principle that the Administration should exercise vigilance in controlling and reducing Government expenditure in view of the fiscal deficit problem. She was however concerned about how the savings were to be effected. She opined that the Administration should be cautious not to impose a rigid downsizing requirement across-the-board on all bureaux/departments. She recalled that when the accountability system was introduced, she together with some other Members had expressed the view that there should be a Principal Official fully dedicated to labour policies and issues. The outcome of having the Secretary for Economic Development and Labour somehow fell short of this demand. She pointed out that at this time of difficult economic environment, employer-employee relationship was in high tension and the Government had to do a lot of mediation work and handle numerous labour issues. Hence, she was particularly concerned that the restructuring of the Economic Development and Labour Bureau (EDLB) and the Labour Department, whilst enabling savings, should not adversely affect the capability of EDLB and the Labour Department in tackling labour issues.

34. Mr Abraham SHEK said that under the current economic situation, a number of professionals and senior and middle management personnel had become unemployed or underemployed. He asked whether the Administration would give more thoughts on recruiting professionals and management personnel outside the civil service to fill posts at senior ranks to save staff cost and to bring new ideas into the Administration.

35. In response, SCA said that over the past few years, the Administration had been reducing the civil service establishment and had instead made a number of appointments at different levels and for different types of work on non-civil service terms.

36. Ms Emily LAU also opined that the Administration should set interim targets to complement the target of downsizing of the civil service by 10% by 2006-07, and should set out clearly the respective percentage of downsizing to be achieved at the directorate and non-directorate levels. She demanded that when reporting to Members on the savings achieved under various expenditure control targets, the Administration should provide comprehensive and precise quantitative information to facilitate Members' monitoring of the progress. In this connection, she requested the LegCo Secretariat to devise a mechanism to assist Members to monitor the establishment changes at the directorate and non-directorate levels and to facilitate Members' understanding of the implications of individual staffing proposals on the overall establishments.

LegCo
Secretariat

37. Ms Emily LAU also urged the Administration to critically review the need and ranking of the various PS posts. She noted that according to the information paper, there was only an ongoing review of the organizational structure of the Housing Department which was scheduled for completion by end 2003. She asked whether there were plans to also review the organizational structure and ranking of directorate posts at other bureaux/departments.

38. In response, SCA reiterated that the Financial Secretary had not provided additional resources for the remuneration of the Principal Officials. In addition, individual bureaux and departments were required to achieve savings in operating expenditure as explained before. Given the expenditure reduction targets, it was indeed necessary for individual bureaux and departments to monitor constantly the deployment of resources and conduct periodical reviews of their staffing establishment to achieve savings without compromising their service commitments. SCA further said that the Administration had made strenuous efforts to make the accountability exercise cost neutral and to cut costs. He remarked that the salary of Principal Officials had been reduced by 4.4% in October 2002 and further reduced by 10% with effect from 1 April 2003. Thus, the additional full annual staff cost for the remuneration of Principal Officials had been reduced to some \$35 million. Notwithstanding these changes, the Administration had still worked on the target of effecting annual staff cost savings of \$42.228 million at the directorate level.

39. Ms Emily LAU asked when the Administration would report to LegCo on its achievement against the target of achieving efficiency savings of at least 1.8% in 2003-04. SCA said that the actual expenditure of the Government was accounted for in the annual Estimates presented to LegCo. DS(Tsy) supplemented that as explained in the reply to an oral question raised by Hon YEUNG Sum at a Council meeting in October 2002, the arrangement was for Bureaux to deliver savings of 1.8% on their baseline operating expenditure requirements in 2003-04. DS(Tsy) confirmed that the provision of \$214 billion in the 2003-04 Estimates of Expenditure approved by LegCo had already effected the 1.8% savings.

EC(2003-04)8

Proposed creation of one permanent post of Administrative Officer Staff Grade C (D2)/non-civil service position at D2-equivalent as Principal Assistant Secretary cum Administrative Assistant to Secretary for Constitutional Affairs with effect from 1 July 2003, to be offset by deletion of one permanent post of Administrative Officer Staff Grade C (D2) in the Constitutional Affairs Bureau of the Government Secretariat

40. Noting that the present proposal was a revised version of the proposal submitted for the meeting on 28 May 2003, Ms Emily LAU enquired what revisions had been made to the proposal. SCA said that in the previous proposal, it was proposed that the Principal Assistant Secretary for Constitutional Affairs (PAS(CA)1) post be frozen from mid-2003 onwards, pending a review in the light of experience. Subsequent to the meeting, CAB had further examined the situation and decided to delete the PAS(CA)1 post. Other than this change, there had been no change to the staffing deployment arrangements and redistribution of duties, and the relevant details were the same in the previous and revised versions.

41. Ms Emily LAU sought elaboration on the work relating to the applicability of Hong Kong Special Administrative Region (HKSAR) laws to the Central People's Government offices in the HKSAR, which was one of the original responsibilities of the PAS(CA)3 post and proposed to continue to be undertaken by the Administrative Assistant to SCA. SCA said that this was a very specific area of work and LegCo had started the scrutiny of proposals to extend the applicability of some Ordinances in 1998, and the Administration was working on the applicability of some other Ordinances. CAB needed to continue the relevant research and co-ordination work.

42. On Ms Emily LAU's concern about the slow progress of the adaptation of laws exercise, SCA said that this area of work had started before 1997. At present, the work had been completed for about 90% of all the HKSAR laws.

The remaining laws pending adaptation were the more complicated ones. CAB would continue the co-ordination work and would endeavour to complete the adaptation of laws exercise as soon as possible.

43. Ms Emily LAU noted from the table in paragraph 10 of the discussion paper that there had been no change to the establishment in CAB for the last two years and sought explanation on the lack of achievement in streamlining the organizational structure of the bureau. In response, SCA said that the table only set out the establishment situation up to 1 May 2003. If the present proposal was approved, one directorate post in CAB would be deleted on 1 July 2003. As regards non-directorate posts, the bureau would continue to identify opportunities for savings. In the near term, the situation would be dependent on the outcome of the second Voluntary Retirement Scheme.

44. The item was put to vote and endorsed.

EC(2003-04)4

Proposed creation of two permanent posts of one Administrative Officer Staff Grade A1 (D8) and one Administrative Officer Staff Grade C (D2)/non-civil service position at D2-equivalent in the Health, Welfare and Food Bureau of Government Secretariat with effect from 1 July 2003, to be offset by deletion of two permanent posts of one Administrative Officer Staff Grade A1 (D8) and one Administrative Officer Staff Grade C (D2); and re-distribution of duties among the directorate posts in the Food and Environmental Hygiene Division of the Bureau

45. Ms Emily LAU referred to paragraph 5 of the discussion paper and said that she agreed that the portfolio of policy responsibilities of HWFB was very heavy. In this connection, she suggested that the distribution of policy responsibilities among various bureaux should be critically reviewed. Ms LAU then referred to paragraph 14 of the paper and sought explanation on why there had been increase in the establishment of the HWFB in the past two years.

46. DS(Tsy) remarked that the increase in the total establishment from 115 as at 1 April 2002 to 153 as at 1 April 2003 was largely attributed to the transfer of 37 posts from the then Environment and Food Bureau to HWFB in July 2002.

47. The Deputy Secretary for Health, Welfare and Food (Women) said that HWFB had carefully reviewed the organizational structure and deployment of resources in the bureau and found that the duties of the three Principal Assistant Secretary posts for the Food and Environmental Hygiene Division could be redistributed to enable the deletion of one Principal Assistant Secretary post, which had been used to create the supernumerary post of Administrative Assistant

to the Secretary for Health, Welfare and Food. At the PS level, despite the very heavy policy responsibilities of the bureau, HWFB considered it not opportune to create an additional PS post given the stringent financial position of the Government. HWFB would review the situation as and when appropriate. A review of the organizational structure of the Bureau and its departments commenced soon after the implementation of the accountability system. Due to the need to focus efforts on tackling the Severe Acute Respiratory Syndrome in the past few months, the pace of the review slowed down a bit. However, following a recent review of staffing levels in the Bureau, it was considered that one Senior Principal Executive Officer (D2) post, which had been vacant for some time, could be deleted. This would result in full annual staff cost savings of \$2.353 million. The details were set out in paragraph 19 of information paper ECI(2003-04)2. She assured members that the bureau would continue to identify opportunities for savings.

48. The item was voted on and endorsed.

EC(2003-04)5 **Proposed creation of one permanent post of Administrative Officer Staff Grade C (D2)/non-civil service position at D2-equivalent in the Home Affairs Bureau of Government Secretariat with effect from 1 July 2003 as Administrative Assistant to Secretary for Home Affairs, to be offset by deletion of one permanent post of Administrative Officer Staff Grade C (D2); deletion of one permanent post of Administrative Officer Staff Grade C (D2); and redistribution the duties and responsibilities among the directorate posts on the establishment of the Bureau and the Home Affairs Department**

49. Ms Emily LAU referred to the establishment changes in the Home Affairs Bureau (HAB) as set out in paragraph 14 of the discussion paper, and enquired about the work on streamlining the organization of the bureau. Ms Emily LAU considered that not sufficient efforts had been made to streamline the structure of HAB in the past. Deputy Secretary for Home Affairs responded that the table in paragraph 14 showed the position on 1 April 2003: two supernumerary directorate posts had been deleted. By 1 July 2003 there would be a further deletion of a D2 post. He further said that the bureau would review the staff deployment in six months' time to examine the possibility of further streamlining the directorate structure of HAB and its executive departments.

50. Ms Emily LAU urged the bureau to make more efforts to further streamline the structure, in particular at the directorate level.

51. The item was voted on and endorsed.

EC(2003-04)6

Proposed creation of one permanent post of Administrative Officer Staff Grade A1 (D8) with effect from 1 July 2003; creation of one permanent post of Administrative Officer Staff Grade B (D3) with immediate effect and deletion of two permanent posts of Administrative Officer Staff Grade A1 (D8) with effect from 1 July 2003 in the Environment and Transport Branch of Environment, Transport and Works Bureau of Government Secretariat; and deletion of one permanent post of Principal Executive Officer (D1) with effect from 1 November 2003 in the Works Branch of the Bureau

52. Ms Emily LAU asked the Administration to take note of Dr Raymond HO's comment about the attendance of public officers of suitable ranking at the meeting of the Panel on Transport to explain this staffing proposal, and make appropriate arrangements in future.

53. Referring to the establishment changes in the ETWB for the last two years set out in paragraph 19 of the paper, Ms Emily LAU sought elaboration on the efforts made to streamline the organization of the bureau during the period. The Deputy Secretary for the Environment, Transport and Works (Environment and Transport)T1 (DS(ET)T1) advised that there would be a net deletion of one Principal Executive Officer (D1) post in the Works Branch with effect from 1 November 2003. Besides, the creation of one D8 (with effect from 1 July 2003) and one D3 posts (with immediate effect) would be offset by the deletion of two D8 posts on 1 July 2003, resulting in some savings. He stressed that the workload of the bureaux had been and would continue to be very heavy, but the bureau would monitor the situation to see if there was room for further streamlining.

54. Ms Emily LAU observed that the bureau had not made significant achievement in streamlining the establishment so far and strongly urged the Administration to critically review the bureau's establishment to identify further staff cost savings.

55. As regards the level of public officers attending the Transport Panel meeting, DS(ET)T1 explained that as he and his colleague the Deputy Secretary for the Environment, Transport and Works (Environment and Transport)E2 had been responsible for co-ordinating the review of the bureau's establishment, they were more knowledgeable about the details of the review. Therefore, the Secretary for the Environment, Transport and Works considered it appropriate to authorize them to attend the Panel meeting to represent the bureau to answer members' questions on the staffing proposal.

56. The item was voted on and endorsed.

EC(2003-04)7

Proposed merger of the Labour Branch of Economic Development and Labour Bureau of the Government Secretariat and the Labour Department; and creation of one permanent post of Administrative Officer Staff Grade C (D2)/non-civil service position at D2-equivalent as Administrative Assistant to the Secretary for Economic Development and Labour with effect from 1 July 2003

57. Ms Emily LAU noted that the vacant post of Secretary for Transport (D8) had been used to hold against the supernumerary post of Permanent Secretary for Economic Development and Labour (Labour) (PSL) since 1 July 2002. (The Secretary for Transport post was proposed for deletion under item EC(2003-04)6.) In reply to her enquiry, PSL referred to paragraph 15 of information paper ECI(2003-04)2 discussed earlier on and advised that the reorganizations of ETWB and EDLB and related departments taken together, would result in a net deletion of one directorate post and savings of \$2.898 million.

58. According to the Administration, the proposed deletion of one of the two Assistant Commissioner for Labour posts was possible because the bulk of the work relating to occupational safety and health legislation had largely been completed. Ms Emily LAU enquired about the progress made in occupational safety in Hong Kong over the past years.

59. PSL confirmed that the work on the legislation on occupational safety and health, covering both blue-collar and white-collar employees, had been completed. The main focus now was on enforcement of the legislation. EDLB was confident that, through careful redistribution of duties at the directorate level, the work relating to occupational safety and health could be adequately taken care of after the deletion of an Assistant Commissioner for Labour post. Ms Emily LAU requested statistical information on the trend of occupational safety and health in Hong Kong. PSL said that there had been significant decrease in industry accident rates, especially for the construction industry. He agreed to provide more detailed information to members after the meeting.

Admin

60. Ms Emily LAU said that while she appreciated the high pressure of work facing the Labour Department and the importance of the Department's work in assisting the unemployed to secure employment, she sought explanation on the overall increase in EDLB's directorate establishment over the past two years.

61. PSL said that the Labour Department had indeed been facing immense work pressure over the past few years under the difficult economic environment, but had restrained from seeking additional resources. With the merger of the Labour Branch of EDLB with the Labour Department, there would be a net deletion of one directorate post, and this indicated the earnest efforts made by the

Labour Branch and Labour Department to achieve savings through streamlining the structure.

62. On the situation of the Economic Development Branch of EDLB, the Deputy Secretary for Economic Development and Labour (Economic Development) explained that the policy responsibilities of the branch covered a wide spectrum of policy areas, including aviation, port and maritime, energy, competition, consumer protection, logistics, tourism etc. Notwithstanding the extension in the scope of policy responsibility and the substantial increase in workload in various areas over the past year or so, only one directorate post of Deputy Commissioner for Tourism had been created.

63. Mr TAM Yiu-chung pointed out that under the current difficult economic situation, more disputes between employers and employees and incidents of layoffs were bound to arise. He understood that Labour Department had been facing immense work pressure, and urged the Administration to ensure that the department had sufficient manpower to cope with the work demand. He also understood that a few directorate officers of the department had applied for voluntary retirement and asked how the Administration would consider their applications.

64. PSL assured members that the priority consideration in vetting applications for voluntary retirement was that approval of the applications should not adversely affect the operation and services of the department.

65. The item was voted on and endorsed.

EC(2003-04)9

Proposed creation of one permanent post of Administrative Officer Staff Grade C (D2)/non-civil service position at D2-equivalent in the Treasury Branch of Financial Services and the Treasury Bureau of Government Secretariat with effect from 1 July 2003 as Administrative Assistant to Secretary for Financial Services and the Treasury, to be offset by deletion of one permanent post of Principal Valuation Surveyor (D1) in Rating and Valuation Department

66. Mr Henry WU noted that the proposal involved the creation of one D2 post to be offset by the deletion of one D1 post. Although paragraph 4 of the discussion paper sought to present this proposal in conjunction with the previous proposal on the merger of three executive departments under the Financial Services and the Treasury Bureau, he considered that the present proposal was not entirely consistent with the agreed arrangement that creation of a directorate post should be offset by the deletion of an existing directorate post of equivalent or higher ranking.

67. In response, DS(Tsy) said that there were two major reorganization exercises in Financial Services and the Treasury Bureau (FSTB) and its executive departments since the implementation of the accountability system, i.e. the merger of three executive departments into the Government Logistics Department and the reorganization of the Rating and Valuation Department with which the present proposal was concerned. He highlighted that the new staffing arrangements under both reorganization exercises would take effect from 1 July 2003. Taking the two reorganization exercises together, there would be net savings at both directorate and non-directorate levels.

68. DS(Tsy) further said that if the two proposals had been presented to ESC at the same time, members might have a better understanding of the overall establishment changes. The main reason for putting up the merger proposal, which involved more changes and affected more staff, at an earlier time was to allow more lead time to notify and explain the changes to the affected staff to ensure a smooth transition to the new organizational structure.

69. Mr Henry WU said that he did not fully subscribe to DS(Tsy)'s explanation. He considered that since the two reorganization exercises were separate exercises undertaken at different times, it was not justified to deploy the savings resulted from a previous exercise to offset the additional cost arising from the present proposal. This approach was inconsistent with the overall objective and direction of achieving savings.

70. Mr HUI Cheung-ching also expressed reservation about the Administration's argument that the present proposal should be considered in conjunction with the previous proposal on the merger of three executive departments under FSTB, and asked whether it was due to poor planning that the two proposals were put to ESC at different times.

71. DS(Tsy) reiterated that the main reason for submitting the merger proposal a few months earlier was to allow more lead time for implementation of the new organizational structure. Although the two proposals were submitted to members at different times, the new staffing arrangements under the two proposals were to be effected at the same time, and the Administration hoped that by setting out the relevant background information in the present proposal, members would consider the proposal in conjunction with the overall establishment changes of FSTB and its departments since the implementation of the accountability system.

72. Ms Emily LAU noted that the supernumerary post of Administrative Assistant to the Secretary for Financial Services and the Treasury was created on 1 July 2002 by holding against one vacant post of Deputy Secretary (Monetary Affairs) in the Hong Kong Monetary Authority (HKMA). In reply to her enquiry, DS(Tsy) said that when HKMA was established on 1 April 1993 through a merger of the then Office of the Exchange Fund and the Office of the

Commissioner of Banking, the civil servants serving in the two Offices were offered the option of retaining their civil servant status upon transfer to HKMA. Hence, some civil service posts had been retained in HKMA and a mechanism established for HKMA to account for the subsequent creation and deletion of civil service posts in HKMA.

73. DS(Tsy) said that each year, the Administration provided ESC with an information note on the creation and deletion of civil service posts in HKMA. The information note for the year 2002-03 was issued in April 2003 (ECI(2003-04)1). There were a total of 84 civil service posts, of which 8 were directorate posts, in HKMA as at 31 March 2003. There were 16 directorate civil service posts in HKMA when the latter was established in April 1993.

Admin

74. Whilst expressing concern about the monitoring of the deployment of vacant directorate posts in HKMA for other uses, Ms Emily LAU enquired whether there were other similar vacant civil service directorate posts in non-government organizations. DS(Tsy) agreed to check and confirm the position after the meeting.

75. The item was voted on and endorsed.

76. Mr Henry WU requested that his objection to the proposal be recorded.

77. The meeting ended at 10:29 am.