

立法會
Legislative Council

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Establishment Subcommittee of the Finance Committee

**Minutes of the 5th meeting
held at the Legislative Council Chamber
on Wednesday, 28 April 2004, at 9:00 am**

Members present:

Hon CHAN Kwok-keung, JP (Chairman)
Hon NG Leung-sing, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Dr Hon David LI Kwok-po, GBS, JP
Hon Margaret NG
Hon CHEUNG Man-kwong
Hon Andrew WONG Wang-fat, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, SBS, JP
Hon SZETO Wah
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 Albert CHAN Wai-yip
Hon LEUNG Fu-wah, MH, JP
Hon MA Fung-kwok, JP

Members absent:

Hon Albert HO Chun-yan
Dr Hon Eric LI Ka-cheung, GBS, JP
Hon HUI Cheung-ching, JP
Hon Emily LAU Wai-hing, JP
Dr Hon LO Wing-lok, JP
Hon LAU Ping-cheung

Public Officers attending:

Miss Elizabeth TSE, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)
Miss Jennifer MAK, JP	Deputy Secretary for the Civil Service
Mr Alfred FOK	Principal Executive Officer (General), Financial Services and the Treasury Bureau (Treasury)
Ms CHANG King-yiu, JP	Director of Administration
Mr TANG Kwong-yiu, JP	Government Economist
Miss Mary CHOW, JP	Deputy Secretary for Commerce, Industry and Technology (Commerce and Industry)
Mr SO Koon-bor	Principal Assistant Secretary for Commerce, Industry and Technology (Commerce and Industry)
Mr CHAN Kim-keung	Senior Executive Officer, Financial Services and the Treasury Bureau (Financial Services Branch)
Dr Sarah LIAO, JP	Secretary for the Environment, Transport and Works
Mr LO Yiu-ching, JP	Permanent Secretary for the Environment, Transport and Works (Works)
Mr Keith KWOK, JP	Deputy Secretary for the Environment, Transport and Works (Works)
Miss Margaret FONG, JP	Acting Permanent Secretary for the Environment, Transport and Works (Environment and Transport)
Mr Thomas CHOW, JP	Acting Permanent Secretary for the Environment, Transport and Works (Environment and Transport)
Mrs Carrie LAM, JP	Permanent Secretary for Housing, Planning and Lands (Planning and Lands)
Mr MAK Chai-kwong, JP	Director of Highways
Mr TSAO Tak-kiang, JP	Director of Civil Engineering
Mr John S V CHAI, JP	Director of Territory Development
Miss Denise YUE, GBS, JP	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Mr Raymond YOUNG, JP	Deputy Secretary for Commerce, Industry and Technology (Commerce and Industry)
Miss Viola CHAN	Principal Executive Officer, Commerce, Industry and Technology Bureau (Commerce and Industry Branch)
Mr Kevin HO, JP	Director-General of Trade and Industry
Mr Philip YUNG, JP	Deputy Director-General of Trade and Industry

Clerk in attendance:

Miss Becky YU

Chief Council Secretary (1)1

Staff in attendance:

Ms Pauline NG

Assistant Secretary General 1

Mr S C TSANG

Senior Council Secretary (1)7

Ms Caris CHAN

Senior Legislative Assistant 1

Mr Frankie WOO

Legislative Assistant 2

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The Chairman drew members' attention to ECI(2004-05)1 issued before the meeting. The note summarized the changes in directorate establishment since January 2002 and the further reduction in the civil servants directorate establishment if members endorsed the seven discussion items on the agenda.

EC(2004-05)1 Proposed permanent redeployment of six permanent posts of one Government Economist (D4), four Principal Economist (D2) and one Assistant Director of Management Services (D2) to the Offices of the Chief Secretary for Administration and the Financial Secretary with effect from 1 June 2004 to form a new Economic Analysis and Business Facilitation Unit for overseeing the economic analysis and helping business functions; and adjustments in the establishment ceiling in 2004-05 under Head 142, Head 148 and Head 152 to facilitate the cost-neutral transfer of non-directorate posts

2. The item was voted on and endorsed.

EC(2004-05)2 Proposed creation of one permanent post of Administrative Officer Staff Grade A (D6) in the Environment and Transport Branch of Government Secretariat: Environment, Transport and Works Bureau designated as Permanent Secretary for the Environment, Transport and Works (Environment) to oversee the Environment portfolio; and re-titling and redistribution of duties of the Permanent Secretary for the Environment, Transport and Works (Environment and Transport) post, Administrative Officer Staff Grade A1 (D8), to oversee the Transport portfolio with effect from 1 July 2004

3.. As the creation of the permanent post of Permanent Secretary for the Environment, Transport and Works (Environment) (PSE) was only made possible through the savings achieved from amalgamation of the Civil Engineering Department (CED) and Territory Development Department (TDD), Mr Albert CHAN noted that there were grievances among CED and TDD staff, particularly those professional and frontline staff, that their interest were being sacrificed for the benefit of Administrative Officers.

4. The Secretary for the Environment, Transport and Works (SETW) clarified that the creation of the PSE post was part of the proposal to rationalize the directorate structure of the Environment, Transport and Works Bureau (ETWB), which was worked out based on operational need for additional manpower in the formulation of environmental policies in light of the increased public aspiration in this aspect. The amalgamation of CED and TDD was aimed to bring about synergy effect of the expertise of the two departments, particularly after the substantial completion of the development programme of the first two generations of new town development. It also offered opportunities for significant savings and streamlining of organizational structures.

5. The Permanent Secretary for the Environment, Transport and Works (Works) (PSW) supplemented that an external consultant had been engaged to review the organizational structure of the Works Branch of ETWB and selected works departments. The consultant agreed that the organizational structure and resources of works departments were well geared for fulfilling its mission as an agent for implementation of the Government's projects under the Public Works Programme. There was neither any over-staffing nor mismatch of resources at the professional level. PSW added that while reduction in the number of engineering and professional grade posts was inevitable in line with the streamlining initiatives within the Government, opportunities for career advancement remained unchanged. By way of illustration, six Government Engineers had been appointed for substantive promotion to Principal Government Engineers at the recent round of annual promotion exercise.

6. The item was voted on and endorsed.

EC(2004-05)3 Proposed creation of two supernumerary posts of one Administrative Officer Staff Grade B (D3) and one Administrative Officer Staff Grade C (D2) in the Environment, Transport and Works Bureau of Government Secretariat with effect from 1 July 2004 for a period of two years to cope with the additional workload arising from a possible merger of the Mass Transit Railway Corporation Limited and Kowloon-Canton Railway Corporation

7. Given that the merger talks between the MTR Corporation (MTRC) and the Kowloon-Canton Railway Corporation (KCRC) would not be concluded until end of August 2004, Ms LI Fung-ying opined that it might be premature at this stage to create the proposed two supernumerary directorate posts for a period of two years. SETW explained that the merger negotiations covered a wide range of transport policy issues, such as review of fare structure, fare adjustment mechanism, interchange arrangements for railway projects under planning and the development of the proposal concerning the transaction structure. While the two railway corporations were asked to report the outcome of their negotiations before end August 2004, it was expected that the negotiations would reach a critical stage

towards July 2004. It was anticipated that by then, there would be increasing demand for policy guidance at Bureau level, and ETWB would be actively involved in intensive discussions with the two corporations to examine in detail the policy issues arising therefrom to facilitate the timely conclusion of the negotiations within the parameters set by the Government. These complicated issues required the full attention of the two directorate officers but at present, the workload was absorbed within existing resources in ETWB, which had in turn affected other policy areas of transport, such as the review of the cross-boundary quota system.

8. While recognizing the operational need for the two posts, Ms LI Fung-ying remained concerned about the proposed duration of two years for these posts given that a decision had yet to be made on the merger. She asked if consideration could be given for ETWB to continue absorbing the workload arising from the merger negotiations until a final decision on the merger was reached. SETW reiterated that the creation of the two directorate posts for a period of two years was appropriate taking into account the complexity of the procedures required for the merger exercise. However, in light of the concern expressed, she would be prepared to review the duration of these posts and report to this Subcommittee in one year's time, if considered necessary. Mr Andrew WONG welcomed SETW's suggestion. Mr Abraham SHEK however held a different view. He supported the proposed creation of the two directorate posts for a period of two years having regard to the significant implications of the merger on the overall transport strategy and its benefits to the society as a whole. Given the Administration's effort in containing the size of directorate establishment since 2002 as set out in ECI(2004-05)1, Mr James TIEN said that Members of the Liberal Party were supportive of the proposal given the need for flexibility for the Government to deploy and re-deploy directorate posts through creation and deletion of posts subject to the overall number of directorate posts being contained. The Chairman remarked that Mr CHEUNG Man-kwong had asked him to relay to the Finance Committee (FC) the support of Members of the Democratic Party to the proposal.

9. As the merger would improve cost effectiveness and lead to fare reduction, Mr Albert CHAN expressed support for the proposal in principle. He however considered it necessary for the Administration to make clear its stance on the merger and how the proposed two posts would be disposed of if the merger was eventually found not feasible. SETW advised that the Administration had spent almost two years to examine the feasibility and benefits of the merger from both operation and policy perspectives. Feedback from the public also indicated strong support for the merger. Therefore, the Administration was optimistic that the merger could be worked out. However, in the event that the Government, having regard to the outcome of the negotiations and all relevant factors, decided not to proceed with the merger, the Administration would allow the two posts, which was supernumerary in nature, to lapse earlier and report to the Establishment Subcommittee (ESC) as soon as possible.

10. Noting that KCRC was facing financial difficulty, particularly after the coming into operation of the West Rail which had a low passenger throughput, Mr TAM Yiu-chung expressed concern that the Government might need to provide a substantial discount to KCRC's asset value in order to gain the acceptance of MTRC's minority shareholders for the merger. As the sole shareholder of KCRC, the Government should put in place suitable financial arrangements to safeguard the public interest at stake. Contingency measures should also be worked out in the event that the merger was found not feasible. SETW noted Mr TAM's view.

11. The item was voted on and endorsed.

EC(2004-05)4 Proposed creation of two supernumerary posts of one Principal Government Engineer (D3) and one Chief Engineer (D1) in Highways Department and redeployment of one permanent post of Chief Engineer (D1) of the Major Works Project Management Office for a period of six years with effect from 1 July 2004 to plan and implement the Hong Kong-Zhuhai-Macao Bridge and related highway infrastructure projects

12. Mr Henry WU remarked that the proposed creation of two supernumerary posts of one Principal Government Engineer (PGE) and one Chief Engineer (CE) for a period of six years was at variance with the prevailing practices where supernumerary posts were normally created for less than four years. He asked if the exceptionally long duration for the two posts was attributed to the complexity of the works involved and if so, consideration should be given to deploying existing permanent staff within the Highways Department (HyD) to take up the jobs. SETW explained that in order to reduce fiscal deficit, all Bureau Directors were required to streamline the organizational structure of their respective bureaux to cut cost. As a result, supernumerary posts would have to be created to allow greater flexibility to cope with sudden surge in workload, particularly in relation to ad hoc projects. As regards the PGE and CE posts in question, SETW advised that these posts were mainly created for the planning and implementation of the proposed Hong Kong-Zhuhai-Macao Bridge (HZMB) and related highway infrastructure projects. Given the size and complexity of the project, and the fact that it straddled three different jurisdictions which required longer time for co-ordination, the Administration considered it appropriate to create the two posts for a period of six years to take forward HZMB project.

13. Mr Henry WU remained concerned about the appropriateness of creating supernumerary posts for such a long period. He asked if consideration could be given to creating the posts for an initial period of three years subject to further review of the continued need for these posts. Mr James TIEN echoed that the posts would no longer be required in the event of early completion of the HZMB project. SETW explained that HZMB and its connecting infrastructure project within the boundary of Hong Kong were complicated mega projects and the length of HZMB

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of 37 kilometres was unprecedented in Hong Kong. Taking into account the project duration of the Shenzhen Western Corridor which was only 3.2 kilometres in length, it was estimated that the HZMB project would take no less than six years from inception to completion. Besides, co-ordination among the three jurisdictions would also take time. The Administration would review the continued need for the posts, taking into account the progress of the HZMB project and the projected workload, before the end of the six-year period. Mr Andrew WONG remarked that the Administration should report any changes, including extension and abolition, of these posts to ESC.

14. Mr Albert CHAN queried the timing for creation of the two posts given that a final decision on the design and location of HZMB had yet to be reached. SETW advised that in July 2003, the first feasibility study on the transport linkage between Hong Kong and the Pearl River West commissioned by the National Development and Reform Commission concluded that the construction of a land transport link between Hong Kong and the Pearl River West would promote the economic integration between the two regions. It had also identified three design options for such a link, but none of these involved a double “Y” design. In August 2003, an HZMB Advance Work Co-ordination Group (AWCG) was established by the Governments of the Hong Kong Administrative Region, Guangdong and Macao Special Administrative Region to co-ordinate and take forward the advance work for HZMB, including detailed studies on alignment, environmental impact and hydrology. Pending the outcome of these detailed studies to be completed in end 2004, AWCG would decide on the modes of tendering of the engineering works.

15. Referring to paragraph 23 of the paper, Mr Henry WU sought elaboration on the way forward for the supernumerary PGE post which had been created under delegated authority for not more than 12 months since 16 February 2004. The Director of Highways (D of Hy) explained that the post was created to undertake the early planning work of the HZMB project pending approval for the present staffing proposal by the FC/ESC.

16. Mr James TIEN noted that the number of directorate staff in HyD had remained unchanged since 2002 while there was a reduction in the number of non-directorate staff. He was concerned that the Administration was trying to cut cost at the expenses of non-directorate staff. D of Hy advised that there was no room for reduction at the directorate level, particularly after the implementation of a number of new projects, including the Shenzhen Western Corridor and of the excavation permit fee. However, in line with the streamlining initiatives within the Government, it was expected that 126 posts would be deleted from HyD by 2006-07. At members' request, the Administration undertook to provide the staff cost of directorate grade posts in monetary term and as a percentage of the total staff cost incurred by HyD.

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17. The item was voted on and endorsed.

EC(2004-05)5 Proposed Merger of Civil Engineering Department and Territory Development Department into a new Civil Engineering and Development Department with effect from 1 July 2004 and rationalise the provision of directorate support for the new department in Works Branch of the Environment, Transport and Works Bureau of Government Secretariat with immediate effect

18. Mr Henry WU enquired about the establishment of top echelon of the new Civil Engineering and Development Department as a result of the amalgamation of CED and TDD. PSW advised that one post of Director of Civil Engineering (D5) and one post of Director of Territory Development (D6) posts would be deleted and a new post of Director of Civil Engineering and Development (D6) under a new grade and rank would be created.

19. The item was voted on and endorsed.

EC(2004-05)6 Proposed deletion of two permanent posts of Administrative Officer Staff Grade C (D2) in the Hong Kong Economic and Trade Offices of Government Secretariat (HKETOs) with immediate effect and effect from 1 April 2006 respectively, redeployment of one permanent post of Assistant Director of Marine (D2) to Marine Department with immediate effect; and redistribution of duties and responsibilities among some directorate posts of HKETOs

20. Referring to the transfer of the post of Marine Adviser (MA) from the Hong Kong Economic Trade Office (ETO) in London to the Marine Department, Mr Henry WU asked if there were similar advisers in other ETOs suitable for transfer. The Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) (PSCI) answered in the negative. She said that the MA referred to was in fact an Assistant Director of Marine (D2) but included in the establishment of the London ETO. Given that the responsibilities of MA fell within the policy portfolio of the Secretary for Economic Development and Labour rather than the Secretary for Commerce, Industry and Technology, the Administration considered it appropriate to transfer the post from the London ETO to the Marine Department in keeping with the line of command. The new arrangement would have an added benefit of being in line with the accountability system and the “financial envelope” approach to resource allocation.

21. The item was voted on and endorsed.

EC(2004-05)7 Proposed creation of three supernumerary posts of one Administrative Officer Staff Grade B1 (D4) and two Administrative Officer Staff Grade C (D2)/non-civil service position at D2-equivalent in the Trade and Industry Department for 15 months; and an increase in the establishment ceiling in 2004-05 from \$205,805,000 by \$19,517,376 to \$225,322,376 for creating 35 time-limited non-directorate posts to form a dedicated team to facilitate the hosting of the Sixth Ministerial Conference of the World Trade Organization

22. Mr Howard YOUNG noted with appreciation the Administration's effort in containing the size of directorate establishment since 2002. He then enquired about the latest position on Hong Kong's bid to host the Sixth Ministerial Conference (MC6) of the World Trade Organization (WTO). PSCI advised that the Administration had secured the agreement of WTO members to Hong Kong's bid at the WTO General Council (GC) meeting held on 21 October 2003, but a decision on the exact timing for MC6 had yet to be made by WTO. However, the Administration was quite certain that MC6 would be held in 2005 since the WTO Agreement provided that a MC should meet at least once every two years, the last of which was held in September 2003. In response to Mr Henry WU's enquiry on the time at which previous MCs were held, PSCI said that the MC in 1996 was held in December, the MC in 1998 was held in May, the MCs in 1999 and 2001 were held in November, and the MC in 2003 was held in September. She however stressed that this did not necessarily mean that the MC in 2005 would be held in these months. To ensure that MCs were successful, GC would endeavour to avoid major religious events and general elections of member countries when deciding the dates for MCs. It was hoped that GC would be able to make a decision on the exact dates for MC6 at its meetings on 29 to 30 July 2004.

23. On the timing for creation of the three proposed supernumerary directorate posts, PCSI advised that consideration was being given to creating one post first with the remaining two posts being created in light of the build-up of workload and operational needs. Mr MA Fung-kiwok asked whether the staff costs of \$45 million previously approved by FC at its meeting on 18 July 2003 were inclusive of the costs for the three directorate and 35 time-limited non-directorate posts required for hosting MC. PSCI replied in the affirmative, she further explained that a WTO MC6 Co-ordination Office comprising three directorate and 44 non-directorate time-limited posts would be set up to plan and implement the event. Of the 44 non-directorate posts, nine would be filled through internal deployment and the remaining 35 posts would be created by phases in light of the build-up of workload and for a period of no more than 15 months. All these posts would lapse upon the conclusion of MC6. After reviewing the financial arrangements for MC6, the Administration was able to reduce the estimated staff costs from \$45 million to \$31 million.

24. The item was voted on and endorsed.

25. The Subcommittee was adjourned at 10:15 am.

Council Business Division 1
Legislative Council Secretariat
13 May 2004