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Establishment Subcommittee of the Finance Committee

**Minutes of the 2nd meeting
held at the Legislative Council Chamber
on Wednesday, 17 November 2004, at 10:45 am**

Members present:

Hon LI Fung-ying, BBS, JP (Chairman)
Hon KWONG Chi-kin (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Ir Dr Hon Raymond HO Chung-tai, S.B.St.J., JP
Hon Margaret NG
Hon Bernard CHAN, JP
Hon SIN Chung-kai, JP
Hon WONG Yung-kan, JP
Hon Howard YOUNG, SBS, JP
Hon Abraham SHEK Lai-him, JP
Hon WONG Kwok-hing, MH
Hon MA Lik, JP
Hon Patrick LAU Sau-shing, SBS, JP

Members absent:

Dr Hon David LI Kwok-po, GBS, JP
Hon CHEUNG Man-kwong
Dr Hon KWOK Ka-ki
Hon WONG Ting-kwong, BBS

Public Officers attending:

Miss Elizabeth TSE, JP Deputy Secretary for Financial Services and the
Treasury (Treasury)

Miss Jennifer MAK, JP Mr Alfred FOK	Deputy Secretary for the Civil Service Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Dr Sarah LIAO, JP	Secretary for the Environment, Transport and Works
Mr Roy TANG	Acting Permanent Secretary for the Environment, Transport and Works (Environment)
Dr Michael CHIU	Deputy Director of Environmental Protection

Clerk in attendance:

Miss Becky YU	Chief Council Secretary (1)1
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Staff in attendance:

Ms Pauline NG	Assistant Secretary General 1
Mrs Mary TANG	Senior Council Secretary (1)2
Ms Caris CHAN	Senior Legislative Assistant (1)1
Mr Frankie WOO	Legislative Assistant (1)2

Action

EC(2004-05)10 Proposed merger of the Environment Branch of the Environment, Transport and Works Bureau of Government Secretariat with the Environmental Protection Department with effect from 1 April 2005

Mr MA Lik noted that the Environmental Protection Department (EPD) was originally part of the then policy branch and became a separate department in 1986 to take over the environmental protection work. Mr MA questioned whether the proposed merger of EPD with the Environment Branch (EB) of the Environment, Transport and Works Bureau (ETWB) was a retrogression. He was also concerned that EPD would lose its independence as result of the merger. The Secretary for the Environment, Transport and Works (SETW) explained that before 1986, EPD was merely an agency with no executive authority. Its establishment in 1986 was a result of the McKinsey Report which recommended that policy formulation should be separated from implementation to ensure independence of the policy making process. Since then, EPD was responsible for policy implementation while policy formulation was left to the policy bureau. However, time had changed and with increased transparency in the formulation of government policies, it was considered more appropriate to merge policy formulation and implementation for more effective operation to meet the needs of the community.

2. Mr James TIEN said that notwithstanding the Liberal Party's support to the proposal, he was disappointed that the proposed merger was not able to bring about any savings. His view was echoed by Mr Howard YOUNG who also expressed disappointment that the merger had not resulted in any net reduction of directorate posts. SETW clarified that there were actually savings arising from the deletion of one D5 post which was currently occupied by the incumbent Director of Environmental Protection (DEP). The Acting Permanent Secretary for the Environment, Transport and Works (Environment) (PSE(Atg)) supplemented that while the five directorate posts to be deleted from EB were offset by five directorate posts to be created in the new EPD, the proposed merger would release four directorate posts, namely, DEP (D5), two Principal Environmental Protection Officer (D1) posts from EPD and one Administrative Officer Staff Grade C (D2) post from EB. The savings arising from the deletion of these posts would be \$8.55 million per annum. However, as some new and urgent tasks, including cross-boundary liaison work, might require support at the directorate level, the Administration was currently reviewing the extent of directorate resources necessary to handle these new tasks, and would make recommendations on the deletion or permanent redeployment of these four directorate posts as soon as practicable.

3. Referring to the new and urgent tasks, Mr WONG Kwok-hing expressed concern that there might not be sufficient professional staff to take forward these tasks after the proposed merger. He enquired if there was a need to outsource these tasks. PSE(Atg) confirmed that in this merger exercise, other than the release of three professional directorate posts, all other professional staff in EPD would remain unchanged. As such, there would be sufficient professional staff to take forward the tasks referred to through proper staff redeployment.

4. Mr James TIEN noted that the new and urgent tasks included cross-boundary environmental issues, such as deteriorating regional air quality, which were of much concern to the Hong Kong community. The poor air quality, in particular, had already dampened foreign investments in Hong Kong. Hence, there was an urgent need for closer cooperation with the Mainland authorities to identify solutions to tackle the pollution problem. He however noted that the ranking of the two Assistant Directors of Environmental Protection (ADEP) responsible for dealing with cross-boundary pollution issues, designated as ADEP (Water Policy) and ADEP (Air Policy), was only pitched at D2 level. He held the view that the officers being given the formidable task of seeking cooperation with the Mainland authorities should at least be D3 officers.

5. SETW agreed with members that the deteriorating regional air quality would not only dampen investments but also affect public health. To improve the air quality of the Pearl River Delta Region, EPD and the Environmental Protection Bureau of Guangdong province had conducted a Joint Study on Regional Air Quality during 1999-2002. A Working Group was set up to follow up the findings and recommendations of the study. At present, the coordination and liaison work were undertaken by officers at D1 and D2 level as part of their regular duties. Having regard to the disparity in environmental practices and legislation between Hong

Kong and the Mainland and the increased complexity of the liaison work, there was a need for dedicated officers at sufficiently high rank to deal with cross-boundary issues with the Mainland authorities at a policy level. Justifications for the creation of the two additional directorate posts would be submitted to the relevant Panel and the Establishment Subcommittee (ESC) at a later stage. PSE(Atg) added that the Deputy Secretary for Environment, Transport and Works (Environment), a D3 post, was currently responsible for environmental policies as part of his regular duties. The two additional directorate posts to be created would help maintain close liaison with the Mainland authorities on the physical monitoring of the progress of implementation of environmental policies. They would also enhance cross-boundary liaison work.

6. Mr James TIEN noted that 29 non-directorate posts would be redeployed from EB to EPD when the proposed merger took place on 1 April 2005, and that 50 non-directorate posts would be deleted by the end of March 2007. However, there was no definite timetable on how these could be achieved. Mr Howard YOUNG also enquired whether the 50 non-directorate posts would be made redundant as a result of the proposed merger. PSE(Atg) clarified that the deletion of the 50 non-directorate posts would be part of Government's general efficiency drive to achieve a balanced budget by 2007-08 and would be made possible through the proposed merger. The posts to be deleted would include both professional and general grades and would be achieved through natural wastage, the Second Voluntary Retirement Scheme and internal redeployment. In response to Mr WONG Kwok-hing's concern about the possibility of mismatch of staff resources, PSE(Atg) advised that care would be taken to ensure that staff being redeployed would be able to meet the job requirements to optimize the manpower resources.

7. Ir Dr Raymond HO said that he supported the proposed merger in principle. He noted that the five directorate grade posts created under the merger were Environmental Protection Officer and Administrative Officer (AO) staff grade posts. He enquired if other professional grade staff of EPD, such as engineers of the environmental discipline, would be eligible for filling these new posts. PSE(Atg) made reference to the letter from the Environmental Protection Officer Branch of the Hong Kong Chinese Civil Servants' Association (the Association) to the Administration which was tabled at the meeting. The Association was in support of the upgrading of the DEP post to D6 and the filling of the two Deputy Director of Environmental Protection (DDEP) posts by existing AO grade staff, but it did express concern about the promotion prospect of professional staff. In response to the Association's concern, the Administration had made it clear that there were opportunities for both departmental and AO grade staff to fill these senior directorate posts in future based on proven abilities and competence and operational requirements of the department. Ir Dr HO welcomed the Administration's undertaking.

8. Mr WONG Kwok-hing pointed out that it would appear from the Association's letter that despite staff's support for the merger, their morale had been affected with the diminished promotion prospect. PSE(Atg) advised that there had been on-going discussion between the Administration and EPD staff about the need for organizational change since late 2001. The Administration had issued seven open letters and held 13 meetings with different levels of staff before the proposed merger was finalized in September 2004. The staff were generally in support of the proposal. With the upgrading of the DEP post from D5 to D6 and the re-designation of the two existing Deputy Secretary (D3) posts as DDEPs, making a total of three DDEPs in the new EPD (as opposed to one DDEP under the existing organizational structure), the opportunities for eligible professional staff would actually be improved under the new environment.

9. Mr KWONG Chi-kin noted that when the proposed merger was discussed by the Panel on Environmental Affairs on 25 October 2004, members requested the Administration to maintain dialogue with the staff to ensure a smooth merger. Such a request was consistent with that in the Association's letter which also urged that the views of the staff should be reflected to the relevant decision-making parties. He then enquired about the progress in this respect. SETW said that the Administration attached great importance to the views of the staff and would follow up with every suggestion made. It would maintain dialogue with the staff both before and after the merger. Consultants had been engaged by EPD in the past two years to work out a staff deployment plan with a view to optimizing the use of available manpower resources on the one hand and to meeting the need for staff development on the other.

10. Miss Margaret NG noted that the Prosecutions Unit (PU) in the new EPD would be a free-standing unit under a DDEP. She enquired about the difference between the new and the existing organizational structures, particularly in respect of the decision-making process for prosecution, as well as the working relationship between PU and the Department of Justice (D of J). DDEP advised that under the existing structure, the staff responsible for investigation were the same staff who carried out prosecution work. On the advice of D of J, PU was made independent under the new structure. It would be overseen by a Deputy Director and headed by a Senior Environmental Protection Officer who would decide whether prosecution should take place. Where sufficient evidence was established, prosecution actions would be taken in accordance with the standing prosecution policy and in line with the legislative provisions. At present, relatively simple prosecution cases were taken up by PU, while more complicated cases were referred to D of J for prosecution. Of the 700 to 800 prosecution cases last year, over a hundred of them were complicated cases.

11. Miss Margaret NG pointed out that as the Basic Law had provided that prosecution had to be instituted by D of J, it would not be appropriate for PU to undertake prosecution. She held the view that it was more appropriate for D of J to carry out prosecution work. Staff in PU could be redeployed to perform other environmental protection duties. Miss NG suggested that the matter should be

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followed up in greater detail at another forum. In response to her request, the Administration undertook to provide further information on the number and details of prosecution cases which Local Control Division (LCD) had handled over the past few years and the circumstances under which LCD would outsource prosecution cases.

12. Mr Howard YOUNG recalled that a directorate post had been earlier created to oversee railway development. He enquired if the post was responsible for the Railway Transport Model. PSE(Atg) advised that at present the operation of the Railway Transport Model was overseen by a Chief Engineer whose post was created as a supernumerary one until the first quarter of 2005. As railway development was an on-going process, there was a need to make the post a permanent one. Justifications for the creation of this permanent post would be submitted to the relevant Panel and ESC in due course. Mr YOUNG however opined that given the circumstances of the case, it was more appropriate to extend the supernumerary post than to make the post permanent.

13. Mr Abraham SHEK said that while Members of the Alliance were supportive of the proposed merger to rationalize the organizational structure which had set a good example for other departments/bureaux to follow, they considered that efforts should also be made to streamline procedural matters. SETW said that a number of procedures, such as those related to the Environmental Impact Assessment and application for licences, had already been streamlined. She nevertheless agreed that further streamlining might be made possible administratively or through technological advancement. She also stressed the importance of education and publicity, without which the implementation of environmental policies could not be successful.

14. Mr Abraham SHEK further enquired on the means to foster the concept of sustainable development within the community. SETW said that sustainable development was meant to resolve the conflict between economic needs and environmental protection. The Council for Sustainable Development (the Council) chaired by the Chief Secretary had just begun its engagement process for building a sustainable development strategy for Hong Kong. As two of the pilot areas identified for sustainability studies, namely, renewable energy and solid waste management, fell within the purview of ETWB, there would be a close working relationship between ETWB and the Council. However, the division of work to take forward the concept of sustainable development had yet to be decided after the completion of the engagement process.

15. The item was voted on and endorsed.

16. The Subcommittee was adjourned at 11:25 am.