

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 95 – LEISURE AND CULTURAL SERVICES DEPARTMENT Subhead 000 Operational expenses

Members are invited to recommend to the Finance Committee the following establishment changes in the Leisure and Cultural Services Department with immediate effect –

(a) the creation of the following permanent post –

1 Assistant Director of Accounting Services
(D2) (\$110,000 - \$116,800); and

(b) the downgrading of an Assistant Director
(Administration) post ranked at

Senior Principal Executive Officer
(D2) (\$110,000 - \$116,800)

to a Departmental Secretary post ranked at

Principal Executive Officer
(D1) (\$92,650 - \$98,300).

PROBLEM

The Leisure and Cultural Services Department (LCSD) needs to rationalise the existing directorate structure of its Administration Branch following a review of its directorate complement to further enhance operational efficiency and cost-effectiveness.

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PROPOSAL

2. We propose –
 - (a) to create one permanent post of Assistant Director of Accounting Services (ADAS) (D2) for undertaking the duties of an Assistant Director (Finance) (AD(F)) overseeing the Finance and Supplies Division in the LCSD; and
 - (b) to downgrade the Assistant Director (Administration) (AD(A)) post ranked at Senior Principal Executive Officer (SPEO) (D2) to a Departmental Secretary (DS) post ranked at Principal Executive Officer (PEO) (D1) to perform administration and human resource management functions in the LCSD.

JUSTIFICATION

3. The LCSD has three branches, viz. the Leisure Services Branch, the Cultural Services Branch and the Administration Branch. The two operation branches are each headed by a Deputy Director (DD) at D3 level. The Administration Branch is currently headed by a Deputy Director (Administration) (DD(A)) filling a supernumerary post at the rank of Administrative Officer Staff Grade B (AOSGB) (D3). The existing organisation chart of the LCSD is at Encl. 1 Enclosure 1.

4. In order to further enhance operational efficiency and cost-effectiveness, the Department has critically reviewed the directorate complement of its Administration Branch. The Department has laid down a new management framework and has consolidated the operation of the human resources teams, the financial and contract management teams, the facility planning teams, the information technology (IT) teams as well as the quality audit team. In the light of the experience gained during the review, we propose to slightly adjust the division of labour such that an AD(F) will oversee the accounting, value for money/quality audits, supplies as well as IT functions; and a DS will perform the housekeeping, human resource management and planning functions. Also, we consider that operationally, the Information and Public Relations Section should report directly to the Director of Leisure and Cultural Services (DLCS) in order to render timely support on emergency and operation matters. The proposed staff complement is both cost-effective and functional.

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The AD(F) Post

5. Given the multi-faceted operation of the LCSD which not only includes sports and cultural promotion, but also major event organisation, subvention management and monitoring as well as outsourcing, the Department needs to put in place prudent financial control to ensure that its operating expenditure budget (\$4.9 billion for 2006-07) is well spent. The LCSD has earlier reviewed its overall financial operations and come to the view that it requires a professional and experienced Treasury Accountant at ADAS level to lead a dedicated Finance and Supplies Division to oversee financial management, contract management, information and control systems as well as supplies and stores management. A supernumerary AD(F) post was therefore created on a trial basis by holding against the AD(A) post.

6. With the experience gained during the review, the Department considers it necessary to make permanent the AD(F) post to direct and oversee the operation of a revamped Finance and Supplies Division, which includes the Finance Section, Supplies Section, Management Services and Statistics Section and the Information Technology Section. The AD(F) will also provide functional support to the DLCS in supervising the work of the Quality Assurance Section. Detailed justifications for the proposed AD(F) post are set out in paragraphs 7 to 10 below.

Increased Responsibilities and Complexity of the Work of the AD(F)

7. The LCSD has a substantial annual operating expenditure envelope of about \$4.9 billion and an estimated revenue collection of over \$750 million for 2006-07. The LCSD also manages \$328 million in subventions for 2006-07. Besides, the Department processes and manages over 859 contracts ranging from the provision of cleansing services, acquisition of bird food, bathing sheds to catering services with an aggregate contract value of \$3 billion as at the end of 2005.

8. For a department with a complex financial structure and an annual recurrent budget of such scale, we consider it operationally justified to have an experienced professional at ADAS level to serve as the departmental finance manager. The AD(F) will be a key member of the Department's senior management team and plays a major role in the Department's policy formulation and planning processes. He will also plan, supervise, monitor and control the accounting, costing and procurement activities, as well as assess the financial and resource implications of both new and established policies and services, and formulate options to ensure that objectives are achieved with optimum efficiency.

9. The proposed AD(F) will report to the DLCS and work closely with the operational DDs and their branch administration teams. As the departmental finance manager, the AD(F) will supervise and oversee the whole range of financial and supplies functions, and be responsible in particular for the following –

- (a) *Strategic Financial Management* – The AD(F) will take up managerial, accounting and controlling responsibilities for the finances of the LCSD. The work includes the formulation of financial policies and objectives, and developing and managing financial performance indicators in support of various financial management processes.
- (b) *Subvention Management* – The AD(F) will manage and monitor the subventions to sports and arts organisations. The work includes the allocation and payment of subventions, expenditure control of the subvented organisations, and the development of information and control systems to ensure the effective use of subvention funds.
- (c) *Contract Management* – The AD(F) will be responsible for the development and management of an effective contract management system to improve the standards and practices in the selection and supervision of contractors. He will monitor the contractors' performance, refine and review the financial and accounting arrangements and enforce contract terms and conditions across the Department. He will also direct and oversee the development of a comprehensive computer system, i.e. the Contract Management System for automating the procurement and contract management processes.
- (d) *Value-for-money Studies* – The AD(F) will provide financial advice, analyse and evaluate efficiency enhancement projects and direct value-for-money and business process re-engineering studies on the Department's operations.
- (e) *Development of Financial Management and Information Systems* – The AD(F) will be responsible for the development, management and maintenance of the departmental financial management and information systems, examples of which are the full launching of the Purchasing Card System and the Direct Purchasing Authority System in 2006. Both programmes will facilitate work flow and enhance efficiency on low value purchases that account for an annual expenditure of over \$200 million.

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- (f) *Management of Internal Audit* – The Quality Assurance Section, which undertakes the Department’s internal audit and subvention inspection functions will directly report to the DLCS to maintain independence of the Section. The AD(F) will advise the DLCS on the management and development of the functions to assure the professional quality of service delivery. These functions have become increasingly important and complex with the growth of the Department and the subvented organisations.

Alternatives Considered

10. We have considered the alternative of creating a Chief Treasury Accountant (CTA) (D1) post instead of an ADAS (D2) post to lead the Finance and Supplies Division. However, the duties and responsibilities of the AD(F) as the departmental finance manager are very significant both in terms of complexity and importance. We consider that it is more appropriate to have an ADAS to undertake the financial responsibility to support a large department like the LCSD for the provision of cost-effective services to the public. We have consulted the Director of Accounting Services who fully supports the proposed creation of the ADAS post.

The DS Post

Departmental Administration

11. The proposed DS will report directly to the DLCS. He will supervise and oversee the operation of a new Administration Division after the dissolution of the Administration Branch. The Administration Division will consist of the General Administration Section, Personnel Services Section, Personnel Resources Section, Translation and Interpretation Section and the Training Section. The DS will work independently on the whole range of departmental administration functions. These include developing strategies to enhance occupational safety and health, formulating and enforcing departmental policy on the protection of personal data and equal opportunities, developing a cross-branch training strategy to cater for operational needs and fostering green management within the Department. We consider that a directorate officer at the PEO rank is appropriate to undertake these responsibilities and therefore propose to downgrade the AD(A) post from SPEO to PEO for taking up the duties of the proposed DS post.

/Human

Human Resource Management

12. The LCSD employs about 9 600 staff and has a complex staff mix. In addition, the Department employs a few thousand part-time staff such as part-time instructors, carnival organisers, ushers, ticketing assistants, etc. during the peak periods each year. As the departmental human resource manager, the proposed DS will be responsible for the full range of human resource management functions regarding recruitment, employment terms and benefits, training and development, promotion, establishment control, manpower and succession planning, discipline, conditions of service, etc. He will also oversee staff relations matters. There are currently 19 staff unions/associations representing the various grades and groups of staff in the Department. Apart from communicating with staff through the formal consultative machinery such as the Departmental Consultative Committee and the General Grades Consultative Committee, the Department, as a good practice, organises regular meetings with individual staff unions twice a year. The DS will steer his staff relations team in fostering vertical and lateral communication within the Department and he will also be the head of over 1 800 general grades staff in the Department. He will play a crucial role in the formulation of human resource strategy for the management of all departmental staff as well as non-civil service contract staff of the Department.

Overall Facility Planning

13. The Deputy Director (Leisure Services) (DD(LS)) will serve as the overall departmental coordinator for planning policies and strategies which cover both leisure and cultural facilities and overseeing the interface with the District Councils on the planning of such projects. The DS will provide support to the DD(LS) in monitoring the implementation of all projects and will work with the two operation branches to identify priority projects.

Alternatives Considered

14. We have considered the alternative of retaining the AD(A) post at SPEO (D2) rank, but concluded that with the responsibilities of the post pared down to mainly supervision of the daily operation of the Administration Division and the execution of human resource management and staff relations functions, it is more appropriate that the duties be undertaken by a DS at PEO (D1) level. We have also considered the feasibility of absorbing the above duties by existing directorate or non-directorate staff. However, for a large department of this scale, it is impracticable for the existing directorate officers to share out the DS's duties without adversely affecting the discharge of their own schedules of duties. It is also not suitable nor practicable for the existing Chief Executive Officers in the Department to take up the duties in view of the complexity and volume of work involved. There are thus no better alternatives than the proposed downgrading of the AD(A) post at SPEO rank to a DS post at PEO rank.

Encls. 15. The job descriptions of the proposed AD(F) and DS posts are at
2 & 3 Enclosures 2 and 3 respectively. The proposed new organisation chart of the
Encl. 4 LCSD is at Enclosure 4.

FINANCIAL IMPLICATIONS

16. The staffing proposals will bring about an additional notional annual salary cost at mid-point (NAMS) of \$1,144,200 as follows –

Post	NAMS \$	No. of Post
<i>Creation of permanent posts</i>		
ADAS (D2)	1,360,800	1
PEO (D1)	1,144,200	1
<i>Sub-total (a)</i>	<i>2,505,000</i>	<i>2</i>
<i>Deletion of permanent post</i>		
SPEO(D2)	1,360,800	1
<i>Sub-total (b)</i>	<i>1,360,800</i>	<i>1</i>
Net additional cost (a) – (b)	1,144,200	1

17. The net additional full annual average staff cost of the proposals, including salaries and staff on-cost, is \$1,784,000. There are sufficient funds in the 2006-07 Estimates of the LCSD to meet the cost of the proposals.

CONSULTATION WITH LEGISLATIVE COUNCIL PANEL

18. We consulted the Legislative Council Panel on Home Affairs on 7 April 2006. The majority of the Members of the Panel supported the proposals.

BACKGROUND INFORMATION

19. The LCSD is one of the five largest government departments in terms of establishment. It manages some 2 000 sports and cultural venues. The number of permanent directorate posts deployed on the delivery of leisure and cultural services has been significantly reduced to 10 from 17 in the days of the former Municipal Councils.

/ESTABLISHMENT

ESTABLISHMENT CHANGES

20. The establishment changes of the LCSD in the last two years are as follows –

Establishment (Note)	Number of posts		
	Existing (as at 1 April 2006)	As at 1 April 2005	As at 1 April 2004
A	10 [#]	10	10
B	299	298	306
C	7 087	7 187	7 554
Total	7 396	7 495	7 870

Note:

- A – ranks in the directorate pay scale or equivalent
- B – non-directorate ranks, the maximum pay point of which is above MPS Point 33 or equivalent
- C – non-directorate ranks, the maximum pay point of which is at or below MPS Point 33 or equivalent
- # – As at 1 April 2006, there was no unfilled permanent directorate post in the LCSD.

CIVIL SERVICE BUREAU COMMENTS

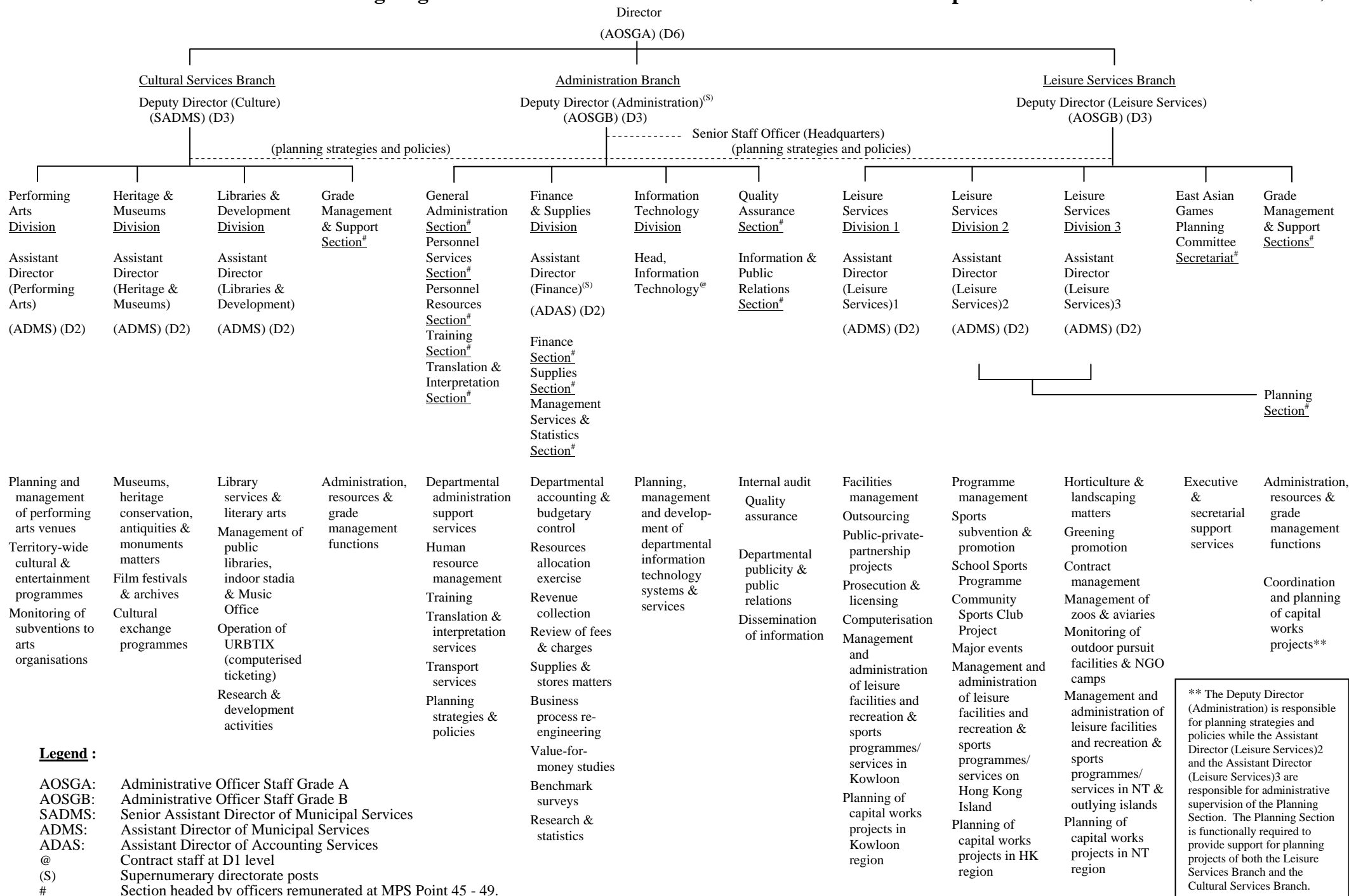
21. Having regard to the need for dedicated directorate support on financial and human resource management functions, the Civil Service Bureau considers that the proposed staffing proposals contained in this paper are functionally justified. The grading and ranking of the posts to be created are appropriate having regard to the level and scope of responsibilities involved.

ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

22. The Standing Committee on Directorate Salaries and Conditions of Service has advised that the grading proposed for the posts would be appropriate if the proposals were to be implemented.

Existing Organisation Chart of the Leisure and Cultural Services Department

Enclosure 1 to EC(2006-07)4



JOB DESCRIPTION

Post Title : Assistant Director (Finance)

Rank : Assistant Director of Accounting Services (D2)

Responsible to : Director of Leisure and Cultural Services

Main Duties and Responsibilities –

1. To oversee the provision of financial, accounting and procurement services in the department, provide professional advice on financial and procurement issues and direct the implementation of financial management policies and initiatives.
2. To serve as member of various planning and resource committees/steering groups and be responsible for strategic financial planning for development of new or expanding services, advise on financial implications in policy formulation, evaluate efficiency enhancement initiatives and direct Value-for-money Studies.
3. To direct the preparation of annual estimates and monitor the deployment of financial resources to meet the requirements of individual branches/divisions and corporate objectives of the department.
4. As Chairman of the Working Group on Contract Management; to develop, review and monitor the implementation of departmental policies and practices in strategic contract management and administration with a view to improving uniformity of standards and practices in the selection and supervision of contractors, management of their performance and enforcement of contract provisions across the department.
5. To advise, monitor and review the policy and mechanism for administering subventions to leisure and cultural organisations following corporatisation of the flagship performing companies and the dissolution of the Hong Kong Sports Development Board.
6. To oversee the development, implementation and maintenance of all financial management information systems and financial indicators. This includes responsibility for the effective use of IT in financial systems and activities of the department.

7. To coordinate reviews of fees and charges on leisure and cultural services in consultation with the Home Affairs Bureau and the Financial Services and the Treasury Bureau in the light of the relevant policy objectives and costing factors.
8. To oversee and direct the work of the Management Services and Statistics Section, and provide advice on and support for business process re-engineering, cutting red tapes and better modes of service delivery with a view to achieving productivity gains.
9. To supervise and oversee the operation of the Information Technology Section.
10. To provide functional support to the Director in supervising the work of the Quality Assurance Section.

JOB DESCRIPTION

Post Title : Departmental Secretary
Rank : Principal Executive Officer (D1)
Responsible to : Director of Leisure and Cultural Services

Main Duties and Responsibilities –

1. To supervise and oversee the day-to-day operation of the General Administration Section, Personnel Services Section, Personnel Resources Section, Translation and Interpretation Section and Training Section.
2. To supervise and oversee the execution of the department's human resource management functions regarding recruitment, employment terms and benefits, training and development, promotion, establishment control, manpower and succession planning, discipline, conditions of service, etc.
3. To devise and provide strategic and logistic support to the senior directorate on formulating and implementing human resource policy and planning.
4. To formulate staff relations and staff consultation strategies and action plans, to deal with staff relations and training issues, to serve as a management representative on the Departmental Consultative Committee and to chair the Departmental Training Committee.
5. To be the head of all general grades staff in the department and to chair the General Grades Consultative Committee.
6. To oversee the provision of administration support to the department, in the areas of office organisation, procedures, security, accommodation, equipment, record-keeping, translation, clerical and secretarial services, etc.
7. To provide support to DD(LS) in monitoring the progress of implementation of projects under planning/construction and work with the two operation branches to identify priority projects.
8. To formulate and implement strategies on other management initiatives relating to, inter alia, the greater use of Chinese, compliance with the Code on Access to Information, protection of personal data, compliance with discrimination ordinances, occupational safety and health, and promotion of environmental awareness in the department.
