

**立法會**  
**Legislative Council**

LC Paper No. ESC 27/06-07  
(These minutes have been seen  
by the Administration)

Ref : CB1/F/3/2

**Establishment Subcommittee of the Finance Committee**

**Minutes of the 4<sup>th</sup> meeting  
held at the Conference Room A  
on Tuesday, 22 May 2007, at 10:45 am**

**Members present:**

Hon LI Fung-ying, BBS, JP (Chairman)  
Hon WONG Kwok-hing, MH (Deputy Chairman)  
Hon James TIEN Pei-chun, GBS, JP  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Dr Hon David LI Kwok-po, GBS, JP  
Hon Margaret NG  
Hon CHEUNG Man-kwong  
Hon SIN Chung-kai, JP  
Hon WONG Yung-kan, JP  
Hon Howard YOUNG, SBS, JP  
Dr Hon YUENG Sum  
Hon Abraham SHEK Lai-him, JP  
Dr Hon KWOK Ka-ki  
Hon WONG Ting-kwong, BBS  
Hon Patrick LAU Sau-shing, SBS, JP  
Hon KWONG Chi-kin

**Members absent:**

Hon MA Lik, GBS, JP

**Non-Subcommittee Member attending:**

Hon TAM Heung-man

**Public Officers attending:**

|                                   |   |
|-----------------------------------|---|
| Miss Amy 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),<br>Financial Services and the Treasury Bureau<br>(The Treasury Branch) |
| Mr Stephen LAM Sui-lung, JP       | Secretary for Constitutional Affairs  |
| Miss Denise YUE, JP               | Secretary for the Civil Service   |
| Mrs Cherry TSE LING Kit-ching, JP | Permanent Secretary for Constitutional<br>Affairs   |
| Mr Andrew WONG Ho-yuen, JP        | Permanent Secretary for the Civil Service   |
| Ms CHANG King-yiu, JP             | Permanent Secretary, Chief Executive's<br>Office  |
| Mr Gary POON Wai-wing             | Principal Assistant Secretary for<br>Constitutional Affairs   |
| Mr Robin IP Man-fai, JP           | The Deputy Head, Central Policy Unit  |
| Mr Raymond TAM Chi-yuen           | Secretary to the Commission on Strategic<br>Development   |
| Mr Joshua LAW, JP                 | Permanent Secretary for the Environment,<br>Transport and Works (Transport)                                   |
| Mr Patrick HO                     | Deputy Secretary for the Environment,<br>Transport and Works (Transport) <sup>4</sup>                         |

**Clerk in attendance:**

|               |                               |
|---------------|-------------------------------|
| Ms Debbie YAU | Senior Council Secretary (1)1 |
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**Staff in attendance:**

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|-----------------|-----------------------------------|
| Ms Pauline NG   | Assistant Secretary General 1     |
| Ms Guy YIP      | Council Secretary (1)1            |
| Ms Alice CHEUNG | Senior Legislative Assistant (1)1 |
| Mr Frankie WOO  | Legislative Assistant (1)2        |

Action

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The Chairman drew members' attention to an information paper (ECI(2007-08)2) provided by the Administration before the meeting, which provided an update on the latest changes in directorate establishment approved since 2002. According to the Administration, there would be a net increase of one permanent post in the directorate establishment of civil servants if the proposals to be considered at the meeting were endorsed and then approved by the Finance Committee (FC).

2. In view of the complexity of the staffing proposals to be considered at the meeting, the Chairman suggested that the speaking time for each member (including the Administration's corresponding response) should be limited to five minutes. Members agreed. Members also noted that any items on the agenda scheduled for discussion but not dealt with at the meeting would be carried over to the next Establishment Subcommittee (ESC) meeting.

**EC(2007-08)2                      Proposed re-organisation of policy bureaux with effect from 1 July 2007**

3. The Chairman informed members that the Panel on Constitutional Affairs (CA Panel) was consulted on the proposal at the meetings on 8 and 11 May 2007.

Procedures in considering the proposed re-organization of policy bureaux

4. Dr YEUNG Sum highlighted the established procedures for endorsing and approving the Administration's establishment proposals by the ESC and the FC respectively after consulting the relevant panels or committees of the Legislative Council (LegCo). As the proposed re-organization of policy bureaux of the Government Secretariat and related issues were still being considered by the CA Panel and the relevant legislative amendments by way of a resolution to effect the proposed re-organization would be scrutinized by the Subcommittee on Legislative Amendments Relating to the Proposed Re-organization of Policy Bureaux of the Government Secretariat (the Subcommittee) formed under the House Committee, Dr YEUNG considered that the Administration should submit the relevant staffing proposal to the ESC for consideration after these bodies had completed their deliberations.

5. The Secretary for Civil Service (SCS) understood that the ESC was charged by FC to examine proposals on changes to the structure of government bureaux and departments (B/Ds) and to the creation/deletion of directorate posts such as those in the re-organization proposal. Due to time constraint, the examination of the re-organization proposal was being taken forward simultaneously on two fronts. On one front, the Administration had acted in line with the standing procedure of submitting the present establishment proposals for the ESC's consideration after consulting the CA Panel. On another front, the Administration was actively assisting the work of the Subcommittee which had been formed to scrutinize the relevant legislative proposal. SCS remarked that if any subsequent changes were to be made to the re-organization proposals after discussion with the Subcommittee, she undertook to provide a supplementary information paper to ESC and, if time allowed, to also reflect the changes in the submission to FC.

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6. Dr YEUNG Sum said that Members of the Democratic Party (DP) welcomed the Administration's proposed re-organization to trim down the span of responsibilities under the existing Health, Welfare and Food Bureau (HWFB) and the Environment, Transport and Works Bureau by transferring some of the policy portfolios to other bureaux, and to bring labour and welfare issues under the same

policy bureau with a view to alleviating poverty by promoting self-reliance through job creation. However, they could not agree to not allowing the Subcommittee to complete its deliberation on the related legislative amendments first before deciding on the proposals in the ESC item. As such, DP Members would abstain from voting on the ESC item.

7. Sharing similar views expressed by Dr YEUNG Sum, Dr KWOK Ka-ki said that he could not support the establishment proposals. He considered that the Administration had by-passed the established procedures by submitting the present proposals for the ESC's endorsement prior to the scrutiny of the legislative amendments by the Subcommittee which was going to meet for the first time the next morning.

8. In response, SCS referred to the meeting schedules of the ESC and FC which had been fixed to scrutinize the Administration's establishment and financial proposals. She remarked that if the ESC were to consider the relevant establishment proposals after the Subcommittee had completed the scrutiny of the legislative amendments, it might not be possible for the proposals to be put before ESC at its meeting in May 2007.

9. The Secretary for Constitutional Affairs (SCA) stressed that the present establishment proposals had been considered by the CA Panel at two meetings on 8 and 11 May 2007. The Administration was grateful to Members for their understanding on the need to hold extra meetings to consider the proposals relating to the proposed re-organization of policy bureaux.

10. Dr KWOK Ka-ki was unconvinced and pointed out that the present meeting had been deferred to facilitate the consideration of the establishment proposals related to the proposed re-organization. In this connection, he sought clarification from the LegCo Secretariat on the arrangements in scheduling the ESC meetings.

11. In response, the Assistant Secretary General 1 advised that the schedule of the ESC meetings for a session was usually set out at the beginning of the session and members as well as the Administration had duly been informed of the meeting dates already. However, where needed, the ESC Chairman could convene additional meetings to deal with urgent proposals.

12. Mr Howard YOUNG said that Members of the Liberal Party (LP) supported the present establishment proposals. He considered that the re-organization of the Government Secretariat and re-shuffling of duties among B/Ds were purely an administrative matter for the Administration. Mr YOUNG further commented that under the proposed re-organization, certain policy issues would straddle across various LegCo Panels thereby increasing the workload of the responsible Directors of Bureaux (Ds of B). He enquired whether this would give rise to the need for the creation of more posts.

13. While the number and terms of reference of LegCo Panels were matters to be decided by LegCo, SCS assured members that all Ds of B and their supporting

staff would strive to consult all relevant LegCo Panels on matters under their policy portfolios. She also confirmed that if certain policy issues straddled across different Panels as a result of the re-organization proposal, this alone would not constitute a ground for proposing the creation of additional posts.

14. Mr WONG Ting-kwong said that Members of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) were in support of the establishment proposals under the proposed re-organization which was conducive to improving the effectiveness of the implementation of public policies. He considered that the ESC's task was to scrutinize the establishment aspect of the proposal while the Subcommittee's task was to examine the legislative implications.

15. Speaking on behalf of Members of The Alliance, Mr Abraham SHEK expressed support for the re-organization of the policy bureaux and the related establishment proposals. He considered that under an executive-led government system, the re-organization of the Government Secretariat was an administrative matter which should be determined by the Administration while the approval or otherwise of the relevant establishment proposals was vested in LegCo.

#### Proposed re-organization of policy bureaux

##### *Labour and Welfare Bureau (LWB)*

16. Mr WONG Kwok-hing welcomed the Administration's proposal to place the policy responsibility for matters relating to, inter alia, labour and welfare under a new bureau, the LWB. Regarding the reinstatement of the Commissioner for Labour (C for L) post by redeploying an Administrative Officer Staff Grade A (AOSGA) (D6) post from elsewhere, he considered it a departure from the present arrangement in which the Permanent Secretary for Economic Development and Labour (Labour) (PSL), a D8 officer, was also serving as the head of the Labour Department (LD). The redeployment would represent a downgrading of the C for L post from D8 to D6 and would adversely affect the incumbent's effectiveness to tackle complex labour issues such as the Wage Protection Movement and the introduction of a statutory minimum wage. He therefore urged the Administration to consider either pitching the reinstated C for L post at D8 or to continue the existing arrangement for PSL to concurrently serve as the head of LD.

17. SCS explained that apart from creating an additional non-civil service D of B position as the Secretary for Labour and Welfare, and a D2 post as his/her administrative assistant and three other non-directorate supporting staff, it was the Administration's aim to take forward the proposed re-organization without any net increase in the total number of civil service posts at any of the ranks on the directorate scale. In light of this, there was no room for upgrading the C for L post from D6 to D8. SCS further pointed out that after the proposed re-organization, the future Permanent Secretary for Labour and Welfare (PSLW) would be responsible for matters relating to poverty, welfare, women and manpower, in addition to labour. The span of responsibilities would become too heavy for PSLW to continue to concurrently serve as the head of LD. As the Chief Executive (CE) had advocated

in his election platform to, inter alia, alleviate poverty through job creation, the Administration had therefore proposed to reinstate the C for L post by offsetting a D6 post under Environmental Protection Department (EPD).

18. Mr WONG Kwok-hing did not subscribe to the Administration's explanation. Pointing out that the Administration had proposed to upgrade the Permanent Secretary for the Environment, Transport and Works (Environment) (to be re-titled as Permanent Secretary for the Environment (PSE)) post from D6 to D8, who would continue to assume the title of the Director of Environmental Protection (DEP), he criticized that the Administration had put less emphasis on labour issues.

19. In this connection, Miss TAM Heung-man sought information on the factors taken into consideration in determining the number of Permanent Secretary (PS) posts in a bureau as she noted that there would be two PS posts in the proposed Transport and Housing Bureau (THB), Food and Health Bureau (FHB) and Development Bureau (DEVB) but only one in the proposed LWB.

20. In reply, SCS advised that the span of responsibilities was the major factor accounting for the number of PS post(s) in each bureau. She explained that for the proposed DEVB, two PSs would be required, one to take charge of planning, land-use, buildings, and urban renewal; and another to be responsible for construction, works, and development-related heritage conservation. As for the proposed LWB, while the future PSLW would undertake an expanded scope of responsibilities covering both welfare- and labour-related matters, the Administration had already proposed to reinstate the C for L post.

21. In reply to Ms Margaret NG's enquiry, SCS advised that the proposed re-organization would not affect the structure and establishment of the Social Welfare Department. The Director of Social Welfare post would continue to be pitched at D6.

#### *Environment Bureau (ENB)*

22. Noting that the proposed ENB would be charged with the portfolios of environmental protection and sustainable development, Ir Dr Raymond HO considered that it was probably the bureau tasked with the least workload. He was also concerned about the adverse impact of the Administration's proposal to upgrade the PSE/DEP post from D6 to D8 on the promotion prospects of professional staff belonging to the Environmental Protection Officer (EPO) grade. Although environmental-related issues should best be tackled by professional officers, it was inconceivable for officers in the EPO grade, whose highest rank was currently pitched at D3, to aspire to be promoted to the DEP (D8) post. In fact, EPOs had expressed their grave concern that the re-organization of the bureau had time and again affected their promotion prospects. Dr KWOK Ka-ki expressed similar concern. In this connection, Ir Dr HO urged the Administration to address concern expressed by officers in the EPO grade. A possible option was to upgrade the PSE post from D6 to D8 while at the same time creating an additional D6 post as DEP and designating it as a promotional rank for EPOs.

23. While sharing EPOs' concern on the reduced prospect for officers in the grade to be promoted to DEP pitched at D8 rank, Miss TAM Heung-man noted with concern that this would also result in professional EPOs being led by AO grade staff, who might not possess the professional knowledge, in spearheading environmental protection policies. Miss TAM cast doubt on whether the upgrading proposal would help realize the Government's determination to improve Hong Kong's living environment.

24. SCS highlighted the Administration's appreciation that maintaining a quality environment was a widely held aspiration of Members and the community. That was why the CE had highlighted the need to advocate a progressive view on raising quality of life, and why the Administration had proposed to establish a dedicated ENB to deal with the closely related policy areas of environmental protection, sustainable development and energy with a view to implementing effective measures to improve the environment through a closer interface of these policy areas.

25. On the suggestions of splitting the concurrent appointment of PSE and DEP by creating an additional post of DEP pitched at D6, SCS reiterated the need to ensure that unless absolutely necessary, the proposed re-organization should not result in a net increase in the number of civil service posts at any of the ranks in the directorate scale. In view of the additional responsibilities involved, the Administration had already proposed to upgrade the PSE/DEP post from D6 to D8. It was therefore not justified to create an additional post at D6 as the DEP.

26. On EPOs' concern about their career development prospects, SCS stressed that she had previously undertaken at a meeting of the CA Panel to deal with the matter in the latter half of 2007 in consultation with the management of EPD and EPOs. Furthermore, it remained the Government's policy to open up directorate posts for all serving staff. She elaborated that the most suitable civil servant, including non-AO grade staff, would be selected to fill D8 posts. For example, the incumbent Permanent Secretary for the Environment, Transport and Works (Works) was an Engineer grade officer before he was appointed to his present post. SCA supplemented that the CE as well as the third term Government of the Hong Kong Special Administrative Region (HKSARG) would attach great importance to environmental protection issues. With the assistance of professional staff, the Secretary for the Environment would be dedicated to tackle environment-related issues for maintaining a quality living environment for the community.

*Home Affairs Bureau (HAB)*

27. Ms Margaret NG said that Members of the Civic Party (CP) were opposed to the present establishment proposals because the proposed arrangements for some policy portfolios were inappropriate. For instance, she was very concerned about the transfer of the legal aid portfolio from the Administration Wing to HAB. Sharing her concern, Dr YEUNG Sum was worried that HAB might not be able to maintain an impartial role when dealing with legal aid matters which might have an impact on

district administration policies.

28. In response, the Permanent Secretary for the Civil Service stressed that the proposal would not affect the operation of the Legal Aid Department *per se*. It was just a transfer of policy responsibility relating to legal aid, currently under the Administration Wing, to HAB. To effect the proposed change, an AOSGC (D2) post responsible for legal aid matters under the Administration Wing would be transferred to HAB and report directly to a Deputy Secretary for Home Affairs (DSHA).

29. Noting that the DSHA in question would also be responsible for policies relating to gambling and youth development etc, Ms Margaret NG was concerned that duties relating to legal aid matters might not be discharged independently. She considered that under the current arrangement, the Administration Wing, being free from taking responsibility for any specific policies, could carry out legal aid-related duties in a neutral manner. Ms NG questioned whether the proposed change was aimed to rectify any shortfall under the existing arrangement.

30. In reply, SCA reiterated that under the present proposal, the same civil service staff currently filling the concerned AOSGC (D2) post would be transferred to HAB and continue to take charge of legal aid-related matters by reporting to the Secretary for Home Affairs through the PS. Ms Margaret NG remained concerned about the proposed change and reiterated that the proposed transfer was unacceptable to CP Members.

#### *Transport and Housing Bureau (THB)*

31. Mr WONG Ting-kwong expressed concern on the proposed arrangement to place the housing and transport portfolios under one bureau, and urged the Administration to fine-tune the present proposal. Mr Howard YOUNG and Miss TAM Heung-man shared his view.

32. In response, SCA advised that the Administration had carefully examined the feasibility of placing the housing portfolio under the proposed DEVB but considered that its resultant scope of responsibilities would be too wide. As matters relating to housing and transport were major local issues extensively discussed at meetings with the District Councils, the Administration therefore considered it appropriate to place these two portfolios under the same bureau.

33. Miss TAM Heung-man further enquired about the financial implications for setting up a new bureau. She was of the view that if the cost was modest, the Administration should consider having two bureaux to deal with transport and housing separately. SCS advised that setting up a new bureau would require an additional funding of about \$8 million per year for an additional D of B post and a team of supporting staff.

*Food and Health Bureau (FHB)*

34. Mr WONG Yung-kan welcomed the proposal to transfer the welfare and women portfolios to LWB from the existing HWFB (to be renamed as FHB) as HWFB's span of responsibilities was exceptionally wide. He sought information on the future arrangement for the food portfolio, particularly matters relating to food safety regulation pertaining to the agricultural and fisheries industries.

35. SCS confirmed that the future arrangement for the food safety portfolio would remain unchanged and the scope of duties of the Permanent Secretary for Food and Health (Food) would not be affected by the present re-organization proposal.

*Commerce and Economic Development Bureau (CEDB)*

36. Mr SIN Chung-kai reiterated his concern raised at a previous meeting of the CA Panel about the need to include "technology" in the title of the future CEDB and said that he would move a motion to effect such a change if the Administration would not take on board his request.

Aligning the terms of employment of Director of Chief Executive's Office (DCEO) with those of a D of B

37. Dr YEUNG Sum remarked that there was a general understanding among the public that Ds of B were political appointments created to spearhead public policies. He failed to see how DCEO, whose duties were apparently much less complex, could be compared to a D of B in terms of his scope of responsibilities. Hence, Members of the DP did not consider it justified to bring the terms of employment of the DCEO on a par with those of a D of B. Dr KWOK Ka-ki echoed Dr YEUNG's opinion.

38. Ms Margaret NG and Miss TAM Heung-man stated that Members of the CP were also opposed to the alignment proposal as they did not consider the responsibilities vested in the DCEO were comparable to those of a D of B.

39. SCA explained that similar to all Ds of B, the DCEO was a non-civil service political appointment position created in 2002 under the accountability system. The DCEO was the CE's Chief of Staff and he assumed important duties such as working with Principal Officials in policy formulation and setting policy priorities to ensure full implementation of the CE's Policy Address and decisions; enhancing communication with the Executive Council and LegCo; and liaising with political parties and groups, various sectors of the community and district personalities to secure their support for the Government's work. As the DCEO was a political appointee performing the role and responsibilities akin to that of Principal Officials under the accountability system, the Administration proposed to bring his/her terms of employment on a par with those of a D of B. The proposed change would also facilitate the CE's future redeployment of his Chief of Staff and Ds of B, if necessary. As such, SCA urged Members to give their support to the proposal.

### Civil service establishment

40. Mr SIN Chung-kai noted from the establishment changes between April 2005 and April 2007 (paragraph 37 of EC(2007-08)2) that there was an increase in the number of posts in the directorate and higher non-directorate ranks (i.e. Staff Categories A & B) but a decrease in the lower non-directorate ranks (i.e. Staff Category C). He criticized that the Administration's advocacy to contain the size of the civil service through the reduction in civil service establishment was in fact achieved by deleting posts in the lower ranks alone. Moreover, Mr SIN was also concerned about the effectiveness of downsizing the civil service as savings thus achieved had actually been offset by the expenditure required for outsourcing various government services.

41. Stressing that the Administration was mindful of the need to use public money in a prudent manner, SCS said that there would be a net increase of only one directorate post within the civil service, i.e. the proposed AOSGC (D2) post to serve as the Administrative Assistant to the new D of B to be created, under the present proposal. She further remarked that it was an established government practice to review on a regular basis the feasibility of deleting posts no longer justified and only creating new posts when fully justified. She reported that with the continuous efforts to contain the size of the civil service by B/Ds in the past few years, the civil service establishment had been downsized from 198 000 in early 2000 to the present 161 000. On outsourcing, SCS pointed out that the Government was always conscious of the need to deliver public services in the most cost-effective and efficient manner, including involving the participation of the private sector after consulting the affected staff. She further added that any surplus manpower/posts achieved through the outsourcing exercises would be re-deployed as appropriate to meet the growing public expectation for new government services, such as those relating to food safety and the ban on smoking.

### Financial implications

42. Mr James TIEN highlighted that Members of the LP had all along been very concerned about the number of posts in the civil service establishment and their salaries. He noted with concern that the Administration had recently announced one decision after another on pay for the civil service, including the new higher starting salaries for civil service recruits based on the Starting Salaries Survey (SSS) and the findings of the Pay Trend Survey (PTS) which might lead to a pay rise. While he did not agree with the PTS findings that there was an average pay adjustment of over 4% in the private sector over the period from 2 April 2006 to 1 April 2007, Mr TIEN was concerned whether the Government would, based on the findings of the surveys, adjust the pay of the additional D of B, whose remuneration package would amount to \$3,595,188 per year.

43. SCS explained that in addition to the periodic conduct of SSS to ensure that civil service starting salaries offered to new recruits were on a par with the prevailing entry pay in the private sector, the Government had undertaken in

2002/2003, in the context of the civil service reform, new policies to improve the methodology of the annual PTS to ascertain the year-on-year pay movements in the private sector and to conduct on a regular basis Pay Level Survey (PLS) to ascertain whether civil service pay was broadly in line with that of the private sector. She advised that it was purely coincidental that the 2006 PLS, the 2006 SSS and the 2007 PTS were all completed within a short time of each other. Because of this, the findings of these three surveys were announced one after another. She pointed out that the same "confluence" situation would be repeated once every six years, given that in future, a PLS would be conducted once every six years, a SSS once every three years, and a PTS on an annual basis. On Mr TIEN's concern about the remuneration package of Principal Officials, SCS confirmed that the findings and implications of the surveys would only be relevant for the civil service and would not be applicable to Ds of B who were politically appointed.

44. Noting the Administration's explanation, Mr SIN Chung-kai was concerned whether the salary and staff on-cost of PSs would be higher than the remuneration package of the Ds of B as a result of the pay adjustment for civil servants. If yes, he questioned whether the Administration would seek approval from the FC to adjust the latter's pay upwards with a view to keeping a reasonable differentiation between the remuneration package of Ds of B and that of PSs to reflect their levels of responsibilities. SCS confirmed that a PS's total remuneration package was not higher than that of a D of B.

45. The item was voted on and endorsed.

**EC(2007-08)3                      Proposed retention of one supernumerary post of Administrative Officer Staff Grade C (D2) in the Central Policy Unit under the Offices of the Chief Secretary for Administration and the Financial Secretary of Government Secretariat as Assistant Secretary to the Commission on Strategic Development for a period of two years, from 1 July 2007 to 30 June 2009**

46. At the request of the Chairman, Mr WONG Kwok-hing, Deputy Chairman, took over the chair of the meeting. He informed members that the Panel on Public Services (PS Panel) was consulted on the proposal at the meeting on 16 April 2007.

47. Mr Howard YOUNG, Chairman of the PS Panel, reported that members had divided views on the proposal to retain the supernumerary AOSGC (D2) post in the Central Policy Unit (CPU) as Assistant Secretary to the Commission on Strategic Development (AS/CSD). Some members supported the proposal and considered that the CSD provided a platform and avenue for different sectors of the community to offer advice to the Government on political, economic and social development and governance issues of strategic importance. However, some other members had queried the functions, status and effectiveness of CSD and hence expressed strong reservation on the proposal.

48. Dr KWOK Ka-ki recalled that the proposed expansion of the CSD in 2005 had attracted much controversy due to the public's concern on the work nature of CSD and its contribution in the past. Noting that from 15 November 2005 to 30 April 2007, the CSD Secretariat had only organized 33 meetings, ten workshops and one informal meeting, he questioned about the difference between the CSD and other advisory bodies in respect of their roles and functions in the formulation of public policies. In particular, Dr KWOK was concerned how far the CSD had contributed to working towards the target of the election of the CE and formation of LegCo by universal suffrage by 2012.

49. The Deputy Head of the CPU (DH/CPU) highlighted that at a recent review on the operation of the CSD during the past 18 months, the Administration considered that the CSD had offered insightful views and expert advice on a wide range of political, economic and social issues of strategic importance to the long-term development of Hong Kong. It had also been instrumental and effective in taking forward community discussion on certain controversial issues such as Hong Kong's future constitutional development. The Administration hence considered that during the third term HKSARG, the CSD should continue to operate and serve as a platform for the Government and various sectors of the community to explore and exchange views with each other on major strategic issues pertaining to the long-term development of Hong Kong, including those issues outlined under the main themes set out in the CE's Election Platform Policy Blueprint.

50. On Hong Kong's future constitutional development, the Secretary to CSD, CPU (S/CSD) advised that in 2005, the Administration had pledged to follow up the discussion on the issue of a roadmap and timetable for universal suffrage in the CSD. It had since then canvassed community views on the issue for its further deliberation. In response to Dr KWOK's further concern whether the CSD could undertake to implement universal suffrage by 2012, S/CSD explained that according to Annexes I and II to the Basic Law, any amendments to the two electoral methods must be made with the endorsement of a two-thirds majority of all LegCo Members and the consent of the CE, and the changes shall be reported to the Standing Committee of the National People's Congress for approval or for record. Nevertheless, the CSD would continue to promote public discussion on the subject of universal suffrage.

51. In reply to Dr KWOK Ka-ki's enquiry on the estimated staff cost per CSD meeting, S/CSD referred members to paragraph 16 of EC(2007-08)3 which had set out the total notional annual salary cost of all staff in the CSD Secretariat.

52. Ms Margaret NG referred to her earlier request for further information on the justification for the continual operation of the CSD and was disappointed to note that the paper provided by the Administration to the CA Panel for its meeting on 21 May 2007 did not address her concern. As such, she would not support the proposal.

53. Miss TAM Heung-man considered that the role of CSD should not be strengthened any further to avoid duplicating one of the functions of LegCo as a public platform. As such, she did not see it necessary to retain the supernumerary

post in the Secretariat to the CSD because without the incumbent staff, the CSD could still operate.

54. DH/CPU remarked that as the most important advisory body to the CE, the CSD had been very effective in providing a platform for the Government to gauge community views on issues of strategic importance to the future development of Hong Kong, as well as to build up broad consensus on the controversial and difficult issues. The input from the CSD would facilitate the formulation of public policies which could then be submitted for the consideration of LegCo. The Administration was therefore of the view that during the third term HKSARG, the CSD should continue to operate and offer expert advice on political, economic and social issues of strategic importance to the long-term development of Hong Kong.

55. S/CSD supplemented that as the future workload of the CSD would remain heavy in the coming few years, it was necessary to retain the supernumerary AOSGC (D2) post for sustaining its efficient and effective operation. As deputy to the S/CSD, the AS/CSD was responsible for planning and preparation of the meetings of the CSD, preparing discussion papers and overseeing the administration of the CSD Secretariat.

56. Ir Dr Raymond HO observed that in many advanced economies, there were different platforms for various sectors in the community to express and exchange views on public policies. He noted that any member of the CSD could fully express his views on different issues at the meetings of the CSD. Ir Dr HO was concerned why the proposed period of extending the supernumerary post, i.e. two years until 30 June 2009, did not tie in with the full term of the CE, i.e. five years until 30 June 2012.

57. Mr James TIEN held a different view on the proposed period of extending the said post. He recalled that Members of the LP had stated objection to the creation of the said post on a permanent basis given that the CSD was only a time-limited committee. As public policies deliberated and developed by the CSD would be formulated and implemented by the relevant B/Ds, he believed that the CE would ensure the implementation of the public policies concerned within his term of office. In this connection, Mr TIEN enquired whether it was the Administration's intention for the CSD to deliberate on major issues of strategic importance to the future of Hong Kong within the next two years so that the Ds of B could undertake implementation during the remaining three years of the CE's term of office. If this was the case, the Administration should make it clear that it would not seek further extension of the supernumerary AOSGC post.

58. In response, DH/CPU said that the CSD Secretariat had reviewed the work of the AS/CSD in the light of actual operational experience and considered the proposed period of two years appropriate. CPU would critically review the continued need or otherwise for the post before the expiry of the proposed two-year extension in the light of the prevailing workload and operational requirements of the CSD at that time. On major issues of strategic importance to be deliberated by the CSD, S/CSD said that the new term of HKSARG would certainly put forward those

issues to the CSD for timely discussion without delay.

59. Mr WONG Ting-kwong said that Members of the DAB were in support of the staffing proposal. He considered that the CSD was one of the important democratic platforms to canvass community views and urged it to continue to discuss major strategic issues pertaining to Hong Kong's future development, including those undertaken by the CE during election such as a roadmap and time table for universal suffrage. He believed that the Administration had given due consideration to the operational needs of the CSD Secretariat before proposing a two-year extension of the supernumerary post.

60. The item was voted on and endorsed.

**EC(2007-08)4                      Proposed retention of two supernumerary posts of one Administrative Officer Staff Grade B (D3) and one Administrative Officer Staff Grade C (D2) in the Transport Branch of the Environment, Transport and Works Bureau of Government Secretariat for six months from 1 July 2007 to 31 December 2007 to follow through the implementation of the proposed merger of the Mass Transit Railway and Kowloon-Canton Railway systems**

61. The Chairman resumed as chair of the meeting. She informed members that the Panel on Transport was consulted on the proposal at the meeting on 5 May 2007.

62. Mr Abraham SHEK declared that he was a board member of the Kowloon-Canton Railway Corporation.

63. The item was voted on and endorsed.

64. The Subcommittee was adjourned at 12:25 pm.