

LEGISLATIVE COUNCIL BRIEF

RE-ORGANISATION OF POLICY BUREAUX OF THE GOVERNMENT SECRETARIAT

INTRODUCTION

This note sets out the proposed re-organisation of the Government Secretariat to be implemented with effect from 1 July 2007, including the creation of an additional Director of Bureau post. We shall also take the opportunity to align the terms of employment of the post of Director of Chief Executive's Office (DCEO) with those of a Director of Bureau.

JUSTIFICATIONS

Re-organisation of the Government Secretariat

A 2. At present, the Government Secretariat comprises 11 policy bureaux, each headed by a Director of Bureau. They are underpinned by 18 Permanent Secretaries. The existing distribution of key policy responsibilities among policy bureaux (and the departments under their charge) is set out at Annex A. Economic, social and other developments experienced by Hong Kong since the implementation of the accountability system in 2002 has necessitated a review to ascertain if the current structure can enable Hong Kong to meet the challenges which the third term HKSAR Government has to address. In his election platform, the Chief Executive (CE) has highlighted, inter alia, that the third term HKSAR Government will advocate a progressive view on development, alleviate poverty through job creation, raise quality of life, optimise demographic structure, and promote democratic development. In addition, there is also a need to ensure an even distribution of work among policy bureaux. Arising from these considerations, the CE has decided to re-organise the Government Secretariat with effect from 1 July 2007.

3. Major changes involved in the re-organisation are as follows-
- (a) **Development:** The CE has pledged in his election platform to consolidate the structure of government bodies involved in infrastructure projects, so as to speed up the implementation of large-scale projects and enhance planning and implementation efficiency. With effect from 1 July, they will be put under the same Director of Bureau (namely the Secretary for Development). He will also be in charge of development-related heritage conservation, so as to enable a closer interface at the policy level between development and heritage conservation. The fairly self-contained housing portfolio would be transferred to the bureau responsible for transport to help keep the work of the Development Bureau at a manageable level.
 - (b) **Food and Health:** At present, one Director of Bureau is responsible for health, food safety, environmental hygiene and social welfare policies. The span of responsibilities has been exceptionally wide and covers a number of strategically important but contentious issues, including healthcare reform and financing as well as enhancing food safety. Given the close relation between health, food safety and environmental hygiene, they will remain with the same Director of Bureau. However, the social welfare policy portfolio will be transferred to another bureau (see (c) below) after the re-organisation.
 - (c) **Labour and Welfare:** The provision of welfare alone will not be an adequate means to alleviate and prevent poverty. Promotion of employment and appropriate related training is a must. The CE has pledged in his election platform to alleviate poverty and promote self-reliance through job creation. Therefore, in the third term government, policy responsibilities for poverty, labour, manpower and welfare issues will come under a new Director of Bureau to help enhance policy interface.
 - (d) **Environment:** Maintaining a quality environment is a widely held aspiration of the community. It requires a consistent and vigorous adoption of the principle of sustainable development in all policy formulation. A closer interface between the policies relating to environmental protection and energy should help improve the quality of the environment. To establish a more focused structure to deal with these

closely related policy areas and to make better use of our expertise and resources, the portfolios will be put under the same Director of Bureau in the third term government.

- (e) **Transport and Housing:** Matters relating to our internal and external transportation, including air services, maritime transport, land transport and logistics, will be put under the same roof for a more integrated approach to support Hong Kong as the premier international transportation and logistics hub, and maritime centre in Asia. The relevant Director of Bureau will also take charge of housing policy given the interface between public transportation and major housing developments.
- (f) **Commerce and Economic Development:** Adoption of a more integrated approach to policy deliberation on related economic issues is pertinent to promoting Hong Kong's competitiveness. We see merits in merging the portfolio of the present Secretary for Commerce, Industry and Technology with that of the present Secretary for Economic Development and Labour in respect of matters relating to tourism, consumer protection and competition policy. Competition policy ensures that the business environment of Hong Kong will continue to be pro-competition. As one of the economic pillars of Hong Kong, tourism contributes to many related sectors such as retail, restaurant, hotels etc. and plays a key role in reinforcing Hong Kong's position as a centre of international trade. Consumer protection in turn is closely related to an open and competitive business environment and the growth of our tourism industry. We shall also put creative industry together with film industry and technology matters, as doing so will help bring out the synergy among them. Recognising the expanded remit of the bureau, it will be retitled the Commerce and Economic Development Bureau.
- (g) **Home Affairs:** The CE has pledged in his election platform to further promote the development of social enterprise by promoting tri-partite collaboration among the Government, the business sector and the community. Policy on social enterprise will be put under the Secretary of Home Affairs, having regard to overseas experience which demonstrates the effectiveness of a district-approach to promotion of social enterprise. Considering that legal aid is a complex stand-alone policy subject and that it involves provision of

services to the community, it is appropriate for the subject to be placed under the portfolio of the Secretary for Home Affairs. Matters relating to human rights and access to information will be transferred to another bureau (see (h) below), after the re-organisation, partly to keep the responsibilities of Home Affairs Bureau at a manageable level and partly having regard to the nature of human rights and access to information issues. Development-related heritage conservation will come under the new Development Bureau (see (a) above).

- (h) Constitutional and Mainland Affairs: The title of Constitutional Affairs Bureau will be renamed as the “Constitutional and Mainland Affairs Bureau” to reflect more accurately the fact that, with the establishment of the Mainland Affairs Liaison Office in April 2006, the Bureau is responsible for coordination of the HKSAR’s relations with the Mainland. The HKSAR Government Office in Beijing and the three Economic and Trade Offices in Guangdong, Shanghai and Chengdu will continue to be managed by the Bureau. Moreover, the Bureau will also take up matters relating to human rights and access to information. Fundamental rights and freedoms of Hong Kong residents and HKSAR’s obligations under the relevant international covenants are guaranteed in the Basic Law whose implementation is an integral part of the Constitutional Affairs portfolio.

4. After the re-organisation, there will be 12 Directors of Bureau, with the net addition of one, being the Secretary for Labour and Welfare. In broad terms, Directors of Bureau will report on the day-to-day business of their bureaux to either the Chief Secretary for Administration or the Financial Secretary, who will in turn support the CE in ensuring the effective conduct of government business. In addition, there are in-built matrix mechanisms whereby coordination across bureaux and departments can be re-oriented quickly and resources mobilized flexibly to deal with cross-cutting issues promptly and effectively. As principal officials appointed by the Central People’s Government, Directors of Bureau will, in addition to reporting to Chief Secretary for Administration or the Financial Secretary as the case may be, be accountable to the CE in discharging their responsibilities.

5. After the re-organisation, the post titles of the Directors of Bureau are as follows :

Secretary for the Civil Service
 Secretary for Commerce and Economic Development
 Secretary for Constitutional and Mainland Affairs
 Secretary for Development
 Secretary for Education
 Secretary for the Environment
 Secretary for Financial Services and the Treasury
 Secretary for Food and Health
 Secretary for Home Affairs
 Secretary for Labour and Welfare
 Secretary for Security
 Secretary for Transport and Housing

6. We will need to provide the additional Director of Bureau with the necessary administrative support. In line with the arrangement for other Directors of Bureau, this comprises an administrative assistant, a press secretary, a personal assistant and a driver. Other than this, the proposed re-organisation will not result in a net increase in the number of civil service posts.

7. Each Director of Bureau will be underpinned by one or two Permanent Secretaries. There will also be re-deployment of posts within the Government Secretariat as well as some changes to the grading and distribution of duties of civil service posts under the proposed re-organisation including the reinstatement of the post of Commissioner for Labour, to be offset by the deletion of a D6 Permanent Secretary post. To tie in with the changes in portfolios among policy bureaux, some departments may come under a different policy bureau, but there will be no change of responsibilities or organisation structure at the departmental level. The proposed distribution of responsibilities from 1 July 2007 onwards is at Annex B.

B

Aligning the Terms of Employment of DCEO with those of a Director of Bureau

8. Similar to all Directors of Bureau, DCEO was a non-civil service position created in 2002 under the accountability system. He is accountable to the CE and subject to the CE's political appointment. At present, DCEO's remuneration is pegged to that of a directorate civil servant at D8 level. Though not a Principal Official himself, the post-holder has to abide by the Code applicable to Principal Officials under the accountability system. Similar to the arrangements for the

Principal Officials, DCEO's term of office will tie in with that of the CE who appoints him.

9. DCEO is the CE's Chief of Staff. His major roles include 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 the Legislative Council (LegCo); and liaising with political parties and groups, the Commission on Strategic Development, various sectors of the community and district personalities to secure their support for the Government's work. In addition, DCEO is the head of the CE's Office and helps oversee the effective operation of the CE's Office to facilitate best support to the CE. As DCEO is a political appointee performing the roles and responsibilities akin to that of Principal Officials under the accountability system, it is reasonable and logical that his terms of employment should be identical to those of Directors of Bureau.

10. In accordance with the employment package approved by the Finance Committee of the Legislative Council in June 2002, the cash remuneration for each Director of Bureau is \$311,900 per month subject to adjustment according to the 2002 civil service pay cut (-4.42%) i.e. \$298,115 per month. In January 2003, pursuant to the then CE's announcement in the Policy Address, all Directors of Bureau voluntarily accepted a 10% reduction of their remuneration from April 2003 to share the hard times with the community to solve the fiscal deficit problem. The 10% cut will no longer apply from the new term of government from 1 July 2007. Accordingly, the approved cash remuneration for Director of Bureau is \$298,115 per month.

LEGISLATIVE AMENDMENTS

11. Pursuant to section 54A¹ of the Interpretation and General Clauses Ordinance (Cap. 1), the LegCo may by resolution provide for the transfer of statutory functions vested in one public officer to another public officer. After the Resolution has been passed, the Chief Executive in Council also needs to make an order to amend the list of public officers specified in Schedule 6 to Cap 1, so as to reflect the changes to the post titles of the various Directors of Bureau who are to take charge of the relevant re-organised bureaux. We intend to submit

¹ Section 54A(1) of Cap. 1 provides that,
 "The Legislative Council may by resolution provide for the transfer to any public officer of any functions exercisable by virtue of any Ordinance by another public officer."

the legislative amendments to the LegCo shortly. The Resolution and the Order have to come into force on 1 July 2007.

IMPLICATIONS OF THE PROPOSAL

C 12. The envisaged re-organisation of the Government Secretariat and the alignment of the terms of employment of the DCEO post with those of a Director of Bureau will have economic, financial and civil service implications as set out at Annex C. We have earmarked sufficient funds for such additional expenditure.

13. The proposal is in conformity with the Basic Law, including the provisions concerning human rights. It has no productivity, environmental or sustainability implications.

PUBLIC CONSULTATION

14. We have, over the last few years, in the context of consulting the community and Members of LegCo and various advisory groups, received feedback that there is a need to review the existing alignment of policy responsibilities to take account of the changes in workload and scope of various policies. The changes outlined in paragraph 3 and Annex B constitute a considered response by the Government to such comments.

PUBLICITY

15. A LegCo brief and a press statement have been issued on 3 May 2007.

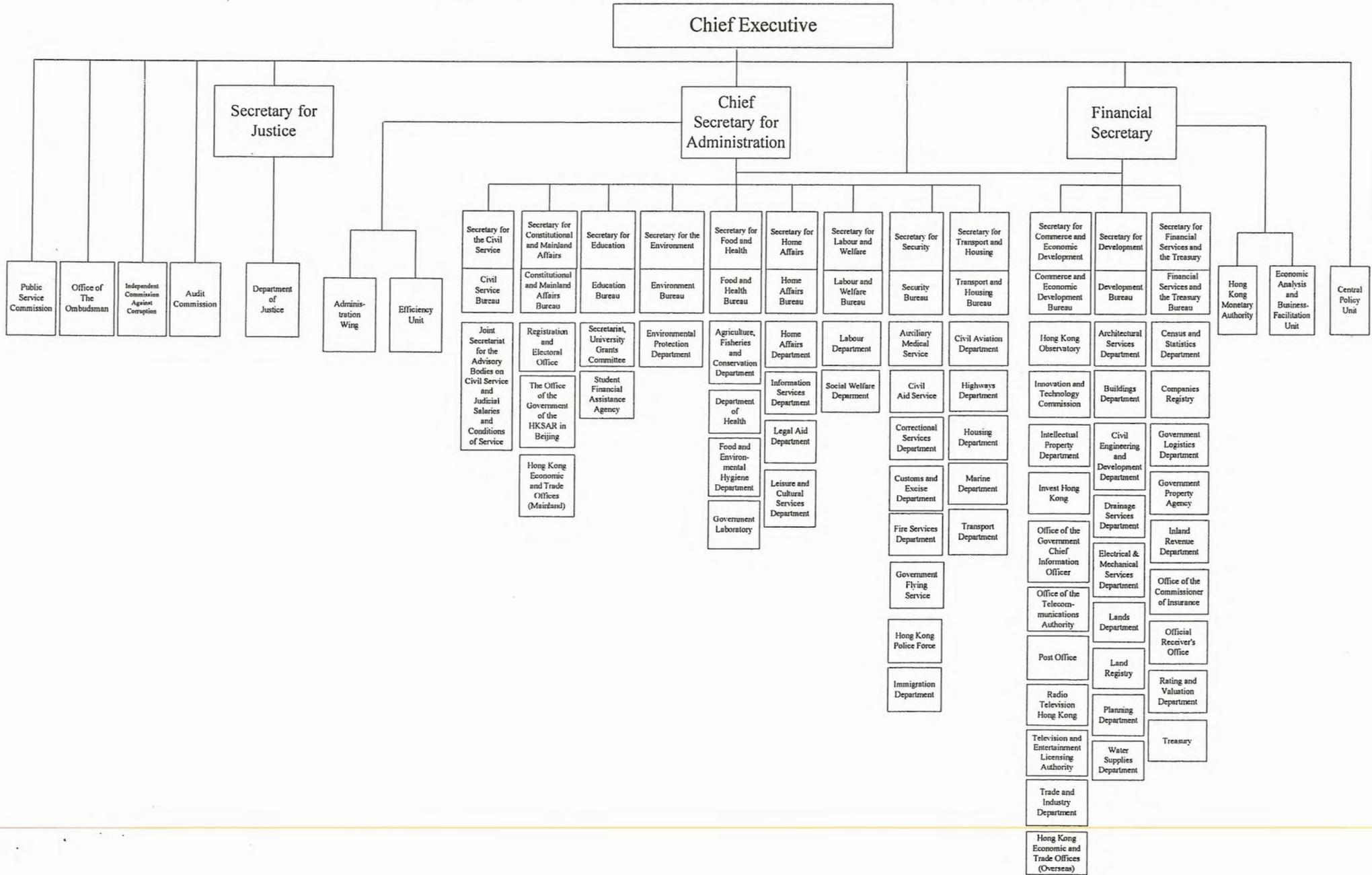
ENQUIRIES

16. For enquiries about this brief, please contact Mr Gary POON, Principal Assistant Secretary (Constitutional Affairs) 5, at 2810 2852.

Constitutional Affairs Bureau
3 May 2007

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ORGANISATION CHART OF
THE GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION (Proposed)



Economic Implications

1. Hong Kong's rapid economic transformation and restructuring have created new demands and challenges to our public policy decision making and implementation process, as well as to the institutional structure of the Administration. Specifically, we need to ensure that we have the capacity to handle adequately increasingly complex cross-boundary, environmental and sustainability issues, as well as the wealth divide and the related issues of income disparity and adaptability of the labour force. The proposed re-organisation helps enhance the effectiveness of the Administration in dealing with these evolving issues, and is conducive to promoting Hong Kong's further economic development.

Financial Implications

2. The proposed restructuring of the Government Secretariat will entail additional expenditure of \$3,595,188 per year for the remuneration package of the additional Director of Bureau. The total staff cost for providing administrative support to the additional Director of Bureau will be \$4,258,584 per year. To bring the terms of employment of the DCEO on par with those of the Directors of Bureau, the additional cost will be \$396,288 per year.

Civil Service Implications

3. To provide necessary administrative support to the additional Director of Bureau, we will need to create an administrative assistant, a press secretary, a personal assistant and a driver. These positions can be filled by civil servants on postings or by way of direct appointment to non-civil service positions. Apart from this, there will be no net increase in the number of civil service posts, although the proposed re-organisation will necessitate re-deployment of posts within the Government Secretariat as well as some changes to the grading and distribution of duties of civil service posts. We will seek necessary approval for the above-mentioned changes in the usual manner.