

**立法會**  
**Legislative Council**

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(These minutes have been  
seen by the Administration)

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**Establishment Subcommittee of the Finance Committee**

**Minutes of the 2<sup>nd</sup> meeting**  
**held in Conference Room A of Legislative Council Building**  
**on Wednesday, 26 November 2008, at 9:30 am**

**Members present:**

Hon WONG Yung-kan, SBS, JP (Chairman)  
Dr Hon Margaret NG (Deputy Chairman)  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Dr Hon David LI Kwok-po, GBM, GBS, JP  
Hon CHEUNG Man-kwong  
Hon LAU Kong-wah, JP  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon LI Fung-ying, BBS, JP  
Hon WONG Ting-kwong, BBS  
Prof Hon Patrick LAU Sau-shing, SBS, JP  
Hon WONG Sing-chi  
Hon WONG Yuk-man  
Hon Mrs Regina IP LAU Suk-yea, GBS, JP  
Dr Hon PAN Pey-chyou

**Member absent:**

Hon IP Wai-ming, MH

**Public Officers attending:**

Ms Bernadette LINN, JP

Deputy Secretary for Financial Services and  
the Treasury (Treasury)

Mrs Ingrid YEUNG, JP

Deputy Secretary for the Civil Service

Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Miss AU King-chi, JP	Commissioner for Tourism, Commerce and Economic Development Bureau
Miss Patricia SO Pui-sai	Assistant Commissioner for Tourism (4), Commerce and Economic Development Bureau

**Clerk in attendance:**

Ms Rosalind MA	Chief Council Secretary (1)5
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**Staff in attendance:**

Mrs Constance LI	Assistant Secretary General 1
Mr Noel SUNG	Senior Council Secretary (1)4
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Mr Frankie WOO	Legislative Assistant (1)2

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The Chairman drew members' attention to an information paper (EC1(2008-09)8) provided by the Administration before the meeting, which set out the latest changes in the directorate establishment approved since 2002.

**EC(2008-09)11      Proposed retention of one supernumerary post of Administrative Officer Staff Grade C (D2) in the Tourism Commission of Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) for a period of five years and nine months from 1 April 2009 to 31 December 2014 to oversee the implementation of the cruise terminal project**

2. The Chairman informed members that the Panel on Economic Development (EDev Panel) was consulted on the staffing proposal at its meeting on 24 October 2008. Whilst the EDev Panel supported the proposal in principle, members expressed the view that the incumbent should work closely with cruise operators in developing new cruise markets and exploring alternative cruise itineraries. The incumbent should also attend to matters relating to the development in the vicinity of the cruise terminal.

Development of cruise industry in Hong Kong

3. Mrs Regina IP said that she supported the proposed retention of the supernumerary post in principle. Given that the tasks involved in strengthening the

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position of Hong Kong as a regional cruise hub would require both hardware and software developments, such as construction of a cruise terminal and development of cruise itineraries, Mrs IP considered the proposed retention acceptable. Mrs IP however pointed out that the demand for cruise services would fluctuate with economic cycles. She was concerned that, as a result of the current global financial turmoil and economic downturn, the demand might drop drastically in the next few years and the cruise terminal might turn out to be another "white elephant".

4. In response, the Commissioner for Tourism (C for T) advised that on software development, the dedicated team led by the post proposed to be retained to oversee the development of the new cruise terminal (the dedicated team) would continue to provide support to the Advisory Committee on the Cruise Industry (ACCI). In collaboration with the Hong Kong Tourism Board and the trade, ACCI would develop strategies to strengthen the position of Hong Kong as a regional cruise hub. In fact, Hong Kong was one of the ports of call for many global and regional cruise lines. The Tourism Commission would maintain close contact with the cruise industry, and the neighbouring ports in the region and in the Mainland to promote Hong Kong as a destination for cruise lines. To enrich cruise passengers' experience in Hong Kong, various hospitality activities had been arranged for cruise vessels visiting Hong Kong, such as free shuttle services between the disembarkation points and tourist attractions in Hong Kong. C for T noted Mrs IP's concern about economic cycles and demand for cruise services. She said as she understood from her recent discussion with major cruise operators, while European and the American cruise markets were slowing down, cruise operators were actively exploring the development of Asian markets, in particular the Mainland. In addition, some international cruise terminal operators considered Hong Kong had the potential to develop from a seasonal cruise hub to an all-year-round one. These new developments would likely benefit Hong Kong's cruise industry, with the commissioning of a new cruise terminal.

5. Mr WONG Ting-kwong supported the staffing proposal for promotion of cruise industry in Hong Kong. He said that the new cruise terminal in Hong Kong had been long-awaited and should be taken forward expeditiously. He opined that the development of new cruise itineraries, in particular those targeting the Mainland market, would be crucial to the future development of the cruise industry. As such, the Administration should make more efforts to promote the new cruise terminal to the Mainland market.

6. C for T shared Mr WONG's view that the development of both new cruise itineraries and new markets was important for growth of cruise industry in the future. She advised that the Tourism Commission had been maintaining close liaison with the relevant Mainland authorities for the development and promotion of Hong Kong's cruise industry, especially in leveraging tourist attractions and source markets in the Mainland.

Manpower requirements and work of the dedicated team

7. Ms LI Fung-ying expressed support in principle for the staffing proposal. She was concerned about the composition of the dedicated team, which comprised mainly administrative and general grade staff. Ms LI pointed out that professional input of architectural and engineering experts was important in the tendering and construction work of the cruise terminal. Ms LI was concerned whether there would be adequate manpower support in the relevant professional fields for the development of the cruise terminal project.

8. In response, C for T advised that expertise of professionals from the relevant fields would be engaged in the project implementation, through secondment of officers from relevant works departments, such as engineers and architects. Different professional staff in works departments would be involved at different stages of the project implementation, for example, civil engineers would be required for the site formation works. The administrative and executive staff in the dedicated team would be responsible for the co-ordination with various departments and the trade in the planning and implementation of the project. Responding to Mr WONG Ting-kwong's enquiry, C for T said that at present the non-directorate posts in the dedicated team were filled by internal deployment or officers on loan from other departments.

9. Dr PAN Pey-chyou stated that Members belonging to the Hong Kong Federation of Trade Unions supported the cruise terminal project as it would create jobs for the construction and tourist industries. Noting that the Architectural Services Department would create three additional time-limited non-directorate posts to take up extra workload arising from the implementation of the project, Dr PAN opined that the Administration should provide more information on the overall manpower requirements for the project. Given that the contribution of a number of bureaux/departments would be required for implementation of the project, and that consultation with the trade and the public would be necessary, Dr PAN was concerned about the capability of the dedicated team in co-ordinating the work of different bureaux/departments and other parties concerned.

10. C for T responded that the dedicated team had been in smooth operation since April 2007, having regular meetings with representatives from relevant works departments and law enforcement authorities. An inter-departmental committee had been set up to co-ordinate the work for the cruise terminal project, with C for T as the chairman, and comprised representatives of relevant bureaux/departments, such as the works departments, the Hong Kong Police Force, the Customs and Excise Department and the Immigration Department. A number of working groups were also formed under the committee to take forward specific areas of work related to the planning and implementation of the project. In parallel, the dedicated team provided support to ACCI, and worked in collaboration with the Hong Kong Tourism Board and the trade, to facilitate the cruise industry in making alternative berthing arrangements as and when necessary before the commissioning of the new cruise terminal. It also sought to promote software development, such as training of talents for the cruise industry, arrangement of hospitality activities for cruise

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passengers and marketing Hong Kong as a cruise destination overseas. She took note of Dr PAN's concern about the importance of ensuring the efficiency of the co-ordination work.

Merits and duration of the supernumerary post

11. Mr CHEUNG Man-kwong opined that the efforts of the dedicated team for preparation of the open land tender were wasted because the Government had made wrong judgement on the interest of tenderers. Noting that the Administration planned to consult the EDev Panel on the proposed creation of another supernumerary Assistant Commissioner (Tourism)5 (AC(T)5) post, Mr CHEUNG asked the Administration to elaborate on the need for creating two separate posts relating to tourism. He also questioned the duration for the retention of the supernumerary Assistant Commissioner (Tourism)4 (AC(T)4) post under the current proposal, and asked whether the responsibilities of these two posts could be taken up by one directorate officer.

12. C for T said that the initial plan of developing the new cruise terminal through open land tender had been worked out after extensive discussion, and received broad support from the travel industry, cruise market, relevant professional and trade bodies in the construction and development sectors, and the Legislative Council (LegCo) in 2006 and 2007. The drastic economic downturn since the issue of the land tender was not then envisaged and this had affected the market's appetite for risk. C for T noted that the preparatory work undertaken by the dedicated team in the open land tender exercise would not be wasted, as this would provide a solid foundation for the government to take forward the project.

13. As regards the responsibilities of the AC(T)5 post, C for T advised that the post sought to support the negotiations on matters related to the future development of the Hong Kong Disneyland (HKD) and the Administration would consult the EDev Panel in December 2008. That staffing proposal would be submitted to the Establishment Subcommittee (ESC) and Finance Committee (FC) for consideration after consultation with the Panel. The current proposal for retention of the AC(T)4 post was put forward after detailed assessment of the workload arising from the implementation of the cruise terminal project. Given the tight implementation timeframe, the incumbent was expected to face heavy workload and would unlikely have spare capacity to take up responsibilities relating to other projects. In response to Mr CHEUNG Man-kwong's further enquiry on the overall increase in directorate establishment in 2007-2008, C for T explained that increase in the directorate establishment in the Commerce and Economic Development Bureau (CEDB) from 10 posts on 1 April 2007 to 21 posts on 1 April 2008 was mainly the result of the re-organization of the policy bureaux of the Government Secretariat on 1 July 2007, including the transfer of the Tourism Commission from the former Economic Development and Labour Bureau to CEDB.

14. Mr CHEUNG Man-kwong, Dr Margaret NG and Mr WONG Yuk-man expressed grave concern about the exceptionally long duration of retention of the AC(T)4 post which would last for five years and nine months. Mr CHEUNG and

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Dr NG pointed out that supernumerary posts were normally created for short periods of two to three years. Noting the support of the EDev Panel to the proposed retention, Dr NG said that she would not object to the proposal, but the Administration should provide information on precedent cases of supernumerary posts of such a long duration. Pointing out that supernumerary posts should only be created to cope with unexpected and time-limited workload, Dr NG considered that the Administration should re-examine its current practice in the creation of supernumerary posts.

15. Prof Patrick LAU and Ms LI Fung-ying also raised concern about the duration of the proposed AC(T)4 post. Prof LAU asked about the reason for retaining the post for five years and nine months instead of six years. Ms LI was concerned that the project implementation work might not be completed within five years and nine months. She asked the Administration to review the need for retaining the post through regular reports to LegCo on the progress of the cruise terminal project.

16. In reply, C for T explained that the proposed retention period would tie in with the scheduled completion of the major construction works for the cruise terminal, and had taken into consideration the need to monitor the performance of the cruise terminal operator during the initial period of commissioning until end 2014. C for T advised that for some major infrastructure projects such as the Hong Kong-Zuhai-Macao Bridge project, supernumerary posts had been created for over three years. C for T pointed out that given the tight schedule for the cruise terminal project, the dedicated team had been working in full gear to cope with the heavy workload, which covered both hardware and software developments such as the planning and construction of the cruise terminal building, and strengthening the position of Hong Kong as a regional cruise hub. The team also had to take care of interim arrangements before the full commissioning of the cruise terminal, such as arrangement of berthing facilities. C for T advised that the Government would keep track of the progress of the cruise terminal project and report the progress to the relevant LegCo Panel.

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17. Mr Abraham SHEK considered it reasonable to retain the supernumerary post for five years and nine months, which would tie in with the scheduled completion of the major construction works for the project and the initial monitoring work up to 2014. Mr SHEK was of the view that a new and modern cruise terminal should be completed expeditiously in order to meet the current demands of the cruise industry in the face of competition from neighbouring ports.

18. Mr CHEUNG Man-kwong and Dr Margaret NG expressed grave concern about the Administration's practice of creating supernumerary directorate posts dedicated for specific projects rather than providing flexibility for re-deployment of existing posts to meet short-term work demands. Dr NG queried the cost-effectiveness of the current and anticipated staffing proposals. Mr CHEUNG said that without a comprehensive picture on the staffing proposals for the coming year, Members would not be able to assess whether the workload of the various supernumerary posts under request were fully justifiable. Citing the Hong

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Kong-Zuhai-Macao Bridge project as an example, Mr CHEUNG pointed out that if supernumerary posts were created solely for taking forward a specific project, some of the manpower resources allocated might be left idle when that particular project was making little or no progress. To maximize the utilization of manpower resources, Mr CHEUNG suggested the supernumerary post be retained for an initial period of three years, and that the job description of the post should include possible deployment for other duties, such as negotiations related to the future development of HKD. The need of this supernumerary post could be reviewed after three years, having regard to the progress and manpower requirements of the cruise terminal and HKD projects. Dr Margaret NG and Ir Dr Raymond HO concurred with Mr CHEUNG.

19. Mr WONG Yuk-man shared the concern that the retention of supernumerary posts for long duration was not conducive to effective use of manpower resources. Referring to the supernumerary posts created for the Commission on Strategic Development (CSD) Secretariat, Mr WONG said that such posts would only lapse in June 2009 although CSD had been inactive for some time. Mr WONG opined that it was the duty of LegCo Members to ensure that the creation/retention of directorate posts were fully justified, and public money was spent properly. He considered that Members should be given a complete picture of all the directorate staffing proposals to be submitted to ESC in 2008-2009. Noting from an information paper issued by the Administration to ESC that about 24 directorate posts would be created/retained in 2008-2009, Mr CHEUNG Man-kwong requested the Administration to brief ESC on the overall picture of directorate staffing proposals in 2008-2009 before submitting individual proposals for ESC's consideration.

20. In view of the concerns raised by Mr CHEUNG Man-kwong and other members, the Chairman instructed the Clerk to liaise with the Administration for arrangement of a briefing on the forecast of submissions to ESC in the 2008-2009 session.

*(Post-meeting note: With the concurrence of the Chairman, a meeting was arranged on Friday, 5 December 2008 for the Administration to brief Members on the forecast of proposed creation/deletion of directorate posts in the 2008-2009 legislative session.)*

21. C for T explained that the duration of the current post was to tie in with the scheduled completion of the major construction works of the cruise terminal and the need to monitor its initial operation after commissioning. Since there was a clear target timeframe for project completion and commissioning of the cruise terminal in 2014-2015, recommending a shorter duration for retention of the post would not be justified. The Deputy Secretary for Financial Services and the Treasury (Treasury) (DS(Tsy)) supplemented that given the clear target project timeframe, it was appropriate and reasonable to provide the required manpower resources for a duration which would tie in with the implementation schedule of the project. DS(Tsy) advised that directorate staffing proposals from bureaux/departments had to obtain the support of the Civil Service Bureau (CSB) before submitting to ESC. The grading, ranking as well as duration of the posts would be seriously examined

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and only those which were considered fully justified would be presented to ESC. To enable LegCo Members to monitor the changes in the directorate establishment, annual updates were provided to all Members for information.

22. Mr CHEUNG Man-kwong commented that he could not take a view on the staffing proposal without knowing details of the other directorate posts proposed for similar projects.

Contract for the construction of the cruise terminal building

23. Ir Dr Raymond HO remarked that the Administration had over-relied on the consultant in preparing the tender documents, resulting in inappropriate tender terms which could not attract conforming submissions from the market. Ir Dr HO criticized that the consultant for the land tender had failed to take into consideration the latest market trends when advising on the tender requirements. Ir Dr HO expressed concern about the selection of consultants for the preparation of the new contract for the construction of the cruise terminal building. Prof Patrick LAU shared similar concerns.

24. C for T explained that the Government had consulted the tourism industry, cruise market and relevant professional and trade bodies in the construction and development sectors on requirements for the land tender in the second and third quarters of 2007, when there were positive and favourable responses from the market. Nevertheless, potential tenderers had to reassess the risks and financial viability of the tender in light of the subsequent changes in market conditions towards the close of tender in March 2008. Under the current proposal, the Government would finance and develop the new cruise terminal and lease it to a cruise terminal operator. Interested cruise terminal operators could therefore focus their assessments more on the technical requirements for their services rather than the financial risks involved in the project development. As regards appointment of consultants, C for T advised that the Government would seek to engage cruise terminal consultants with international experience through a competitive tender, who would be required to draw up specific requirements for the building contract for the cruise terminal building.

25. C for T acknowledged Ir Dr HO's concern about the preparation of appropriate tender requirements for the cruise terminal building. She assured members that the Administration would carry out market consultation on the draft requirements provided by the consultants. Major cruise operators would be invited to give views on the draft requirements. The Government would finalize the tender requirements for the cruise terminal building having regard to feedback from the cruise industry.

26. Prof Patrick LAU and Dr Margaret NG expressed concern about the construction of the cruise terminal building through a design and build contract. Prof LAU pointed out that the architectural sector had reservations about the design and build approach. Prof LAU suggested the Administration consider holding an open design competition for the cruise terminal building before tendering for the

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construction of the building. Referring to the unsuccessful experience in adopting the design and build approach for the development of the West Kowloon Cultural District, Dr NG expressed reservation about adopting such an approach for the cruise terminal building.

27. C for T said that the Administration had earlier received positive response from the stakeholders on development of the cruise terminal through the Government Design, Build and Lease Approach. She advised, however, that in light of a submission from the Hong Kong Institute of Architects the week before expressing concern on the approach, the Administration was examining the proposal further with a view to identifying the most appropriate procurement approach to take forward the building project. C for T pointed out that all possible options, such as conducting an open design competition followed by contract for construction of the cruise terminal; awarding a design and build contract; and awarding two separate contracts for the design and the building of the cruise terminal; would be considered further. The most important issues were to ensure adherence to the overall development timeframe of the new cruise terminal; an iconic design that would meet users' needs; and smooth and effective coordination between consultancies and construction works.

28. The item was voted on and endorsed. Mr CHEUNG Man-kwong and Mr WONG Sing-chi requested to put on record their abstention.

29. The Subcommittee was adjourned at 10:47 am.

Council Business Division 1  
Legislative Council Secretariat  
11 December 2008