

立法會
Legislative Council

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(These notes have been
seen by the Administration)

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Establishment Subcommittee of the Finance Committee

**Notes of the briefing on forecast of
proposed creation/deletion of directorate posts
in the 2008-2009 legislative session
held in Conference Room A of Legislative Council Building
on Friday, 5 December 2008, at 10:45 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 WONG Ting-kwong, BBS
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon WONG Sing-chi

Member attending:

Hon Emily LAU Wai-hing, JP

Members absent:

Hon LAU Kong-wah, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon LI Fung-ying, BBS, JP
Hon WONG Yuk-man
Hon IP Wai-ming, MH
Hon Mrs Regina IP LAU Suk-yea, GBS, JP
Dr Hon PAN Pey-chyou

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

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

Action

Forecast of proposed creation/deletion of directorate posts in the 2008-2009 legislative session

The Chairman said that as some members had expressed concern about the forecast of directorate staffing proposals to be submitted in the 2008-2009 session as set out in ECI(2008-09)7, this meeting was arranged for the Administration to brief members on the overall picture of the staffing proposals to be submitted within the current session to enable them to have a preliminary understanding of individual proposals. The Chairman drew members' attention to the supplementary information as provided by the Administration in ECI(2008-09)9. He added that the Administration would brief the relevant Panels on individual proposals before these were to be considered by the Establishment Subcommittee (ESC). It was therefore not necessary to take a decision on these proposals at this meeting.

Provision of information by the Administration

2. Dr Margaret NG expressed concern about the late provision of the information note ECI(2008-09)9 for the meeting, and sought an explanation from the Administration. The Deputy Secretary for the Civil Service (DS(CS)) apologized for the late provision of the information note and explained that as this meeting had been arranged urgently after the ESC meeting on 26 November 2008, the Administration had been working under a tight timeframe to collate and compile the supplementary information and had only been able to complete and issue the information note shortly before the meeting.

Briefing by the Administration

3. At the invitation of the Chairman, DS(CS) briefed members on the forecast of proposed creation/deletion of directorate posts in the 2008-2009 session. DS(CS) said that the forecast of directorate staffing proposals in ECI(2008-09)7 represented the assessment of respective bureaux/departments at the time when the paper was prepared. Bureaux/departments might need to adjust their staffing requirements in due course if there were changes in circumstances. DS(CS) emphasized that the Administration had all along exercised prudence in monitoring the size of the directorate establishment. A rigorous vetting system was in place to scrutinize proposals relating to the directorate establishment. Each proposal for the creation of directorate posts had to be vetted by the relevant policy bureau, and also the Civil Service Bureau (CSB) and the Financial Services and the Treasury Bureau (FSTB), before being submitted to the Legislative Council (LegCo) for consideration. Independent advisory bodies on civil service salaries and conditions of service were also consulted on the appropriate grading and ranking of the proposed posts where necessary.

Overall directorate establishment

4. Mr CHEUNG Man-kwong noted that while the directorate establishment had been reduced by 100 between January 2002 and August 2008, the percentage of reduction was still lower than that (12%) of the total civil service establishment during the same period. Mr CHEUNG pointed out that the directorate establishment should be about 1 268 instead of the current level of 1 333 if the 12% reduction was also applied. Mr CHEUNG was of the view that changes in the civil service establishment in the past few years had tilted in favour of the upper tier with a greater reduction at the middle and junior levels. Mr CHEUNG considered it unfair for taxpayers to shoulder the public expenses arising from the increase in the directorate establishment in the midst of the current economic downturn. He questioned the justifications for the Administration to create a total of 24 directorate posts (i.e. eight permanent posts and 16 supernumerary posts) in the current session, and whether the bureaux/departments concerned had made real efforts to absorb the additional duties at the directorate level through redeployment or streamlining of work.

5. DS(CS) reiterated that the forecast of directorate staffing proposals as set out in ECI(2008-09)7 was based on the assessment made by bureaux/departments of their additional manpower requirements at the directorate level at the start of the 2008-2009 session. The directorate staffing proposals to be submitted to ESC for consideration might be adjusted or refined in the light of the latest changes in circumstances and new developments. DS(CS) explained that some of the staffing proposals for the 2008-2009 session were required to expedite the implementation of infrastructure and public works projects, so as to create more jobs and revive the economy. Some other proposals were related to initiatives widely supported by the community, such as the proposed supernumerary directorate post to oversee the legislative work for the introduction of statutory minimum wage.

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6. Noting that a number of directorate posts would be created or extended to take forward projects/new initiatives for job creation, Ms Emily LAU expressed concern that without detailed information on the number of jobs to be created under these projects/initiatives, Members could hardly assess whether it would be justifiable to create the directorate posts in question at such high costs. DS(CS) responded that while information on the number of jobs to be created was not readily available at the present stage, bureaux/departments would include the relevant information, such as the effect on job creation, in the papers for LegCo.

7. Ms Emily LAU also queried the need for creating a total of eight permanent and 16 supernumerary directorate posts under the current economic condition. Ms LAU recalled that to contain the size of the civil service in the face of recurrent fiscal deficits a few years ago, the Administration had agreed to the request put forward by LegCo Members from all political parties that the creation of directorate posts should be offset by the deletion of corresponding posts. Ms LAU questioned whether such an arrangement was still in force.

8. DS(CS) said that each staffing proposal would be subject to a rigorous vetting process and the scrutiny of the relevant policy bureau, CSB and FSTB. Only those directorate posts which were fully justified and where the additional workload could not be absorbed by existing manpower resources would be put forward to LegCo for approval. She pointed out that the Administration had made continuous efforts to reduce public expenditure and contain the size of the civil service to cope with the fiscal deficits in the past years. In the face of the latest economic downturn, the Administration had decided that it would be appropriate to adopt a new approach to stimulate the economy by expediting the implementation of infrastructure projects to create jobs and revive the economy.

9. DS(CS) further said that as far as she could recall, LegCo had indeed requested some years ago that the creation of directorate posts should be offset by the deletion of corresponding posts. In response, the Administration had advised that the need for net creation of civil service posts including directorate posts, where justified on a case by case basis, could not be precluded. It would not therefore be practicable for the Administration to propose the deletion of a corresponding directorate post for each staffing proposal. To address the concern of LegCo Members over the size of the overall directorate establishment, the Administration had indeed undertaken to provide, at the beginning of each legislative session, a forecast of the proposed creation/deletion of directorate posts.

10. Responding to Ms Emily LAU's further enquiry, the Clerk advised that LegCo Members had discussed a few years ago the monitoring of the overall directorate establishment and agreed that the proposed creation of a directorate post should be offset by the deletion of a corresponding post. Noting Members' request, the Administration had advised that all proposals to create directorate posts were carefully scrutinized and would only be submitted to LegCo for consideration where there was a clear and proven operational need for additional manpower. To give Members an overview of the directorate establishment position and possible changes in each legislative session, the Administration would submit a forecast of the

proposed creation/deletion of directorate posts at the beginning of each session.

11. Ms Emily LAU sought further clarification on whether the Administration had at one stage acceded to Members' request to cap the level of the directorate establishment but had subsequently revised the arrangement to provide an annual forecast of the creation/deletion of posts instead. In response, the Deputy Secretary for Financial Services and the Treasury (Treasury) (DS(Tsy)) advised that the Administration had noted Members' request for offsetting the creation of directorate posts with corresponding deletions a few years ago and had responded in writing that it would not be practicable to apply such an offsetting arrangement across-the-board, as proposals for creation of posts were put forward on the basis of operational needs and corresponding post deletions might not always be feasible. DS(Tsy) added that, in considering proposals for the creation of posts, the relevant bureaux/departments were required to examine whether the additional workload could be absorbed by existing manpower through redeployment or streamlining of work, and whether savings in other areas could be identified to offset the additional costs incurred.

12. Mr CHEUNG Man-kwong recalled that during the economic downturn a few years ago, the Administration had set a target to reduce the size of civil service from 180 000 to 160 000, and had broadly complied with Members' request for capping the level of directorate establishment by putting forward proposals for post creation together with deletion of posts. He noticed that the Administration had relaxed its control over the size of the directorate establishment when there were signs of economic improvement in 2007-2008, and net creation of posts was proposed for specific tasks. Pointing out that the forecast of staffing requirements in the 2008-2009 session did not include information on the alternatives explored by bureaux/departments to take up the new tasks/duties, Mr CHEUNG questioned whether CSB and FSTB had performed their gate-keeping role properly by requiring bureaux/departments to consider alternative arrangements to cope with the additional workload before seeking additional manpower provision. Noting from Enclosure 3 to ECI(2008-09)7 that some possible additional post requirements were under review by the bureaux/departments, Mr CHEUNG was concerned that the Administration might be submitting more staffing proposals than the 24 posts included in the forecast.

13 DS(CS) stressed that CSB and FSTB had been exercising rigorous control over the creation of directorate and non-directorate posts to ensure proper use of public money. The relevant bureaux and departments were reminded to explore alternatives such as redeployment of existing staff before seeking additional manpower, and full justifications had to be provided for each staffing request. Responding to Mr CHEUNG's concern about the proposals under review as mentioned in Enclosure 3 to ECI(2008-09)7, DS(CS) advised that the bureaux and departments concerned were reviewing in these cases the feasibility of staff redeployment or re-shuffling of duties to take up the more urgent tasks, and taking forward these proposals would unlikely bring about a net increase in the number of directorate posts.

Scrutiny of individual staffing proposals

14. Mr CHEUNG Man-kwong expressed concern about the Administration's practice of creating dedicated additional posts for the implementation of new projects or initiatives. He said that under the current arrangement, the relevant Panels of LegCo were consulted on the directorate establishment proposal within their purview. As the Panels were more concerned with the relevant polices and operational matters and in the absence of information on the overall staff establishment, they would be inclined to support the staffing proposals. When the proposals were submitted to ESC with the support of the relevant Panels, it would be difficult for ESC members to vote against such proposals.

15. Dr Margaret NG shared Mr CHEUNG's concern. She considered that the Administration should avoid expanding the bureaucratic set-up by creating more directorate posts. She urged the bureaux and departments to prioritise the various tasks and re-deploy existing staff to meet new and on-going commitments, instead of creating new dedicated posts for each new project. She opined that to justify each staffing request, the Administration should provide detailed information on the day-to-day duties of the existing directorate staff and the reasons for their not being able to take up the additional duties.

16. DS(CS) advised that before submitting new staff requests, bureaux and departments would be required to examine the workload and duties of existing directorate staff to see if they had any spare capacity, due to changes in the ongoing tasks under their portfolios, to absorb the new duties. CSB and FSTB would examine the staffing proposals having regard to the operational needs and the feasibility of staff re-deployment or re-distribution of duties. DS(CS) stressed that the staffing proposals listed in ECI(2008-2009)7 were only a preliminary forecast, and the actual staffing requirements would be subject to close scrutiny based on the latest circumstances and operational need of the bureaux/departments concerned. Full justifications would have to be provided in each staffing request for submission to the relevant Panels and ESC.

17. Dr Margaret NG queried the need for some of the posts proposed in the forecast. While supporting the creation of one permanent post of Chief Chemist in the Government Laboratory to enhance food safety, Dr NG expressed doubts about the need for some proposed posts such as a Chief Labour Officer post in the Labour Department to take forward the legislative work for the introduction of statutory minimum wage and an Administrative Officer Staff Grade C (AOSGC) post in FSTB for combating money-laundering and terrorist financing.

18. DS(CS) responded that staffing proposals had to go through a rigorous vetting process during which the feasibility of redeploying existing resources and reshuffling duties among existing directorate staff to absorb the work arising from new initiatives would be fully explored before the proposals were put forward to LegCo. In assessing the need for the AOSGC post for combating money laundering and terrorist financing, FSTB had critically reviewed the workload of the existing officers at the same level and work priorities of its Financial Services

Branch. Given the various important policy reviews and legislative exercises (such as the rewrite of the Company Ordinance) currently undertaken by FSTB, it would not be possible for existing officers in FSTB to take up the pressing task of following up the recommendations of the Mutual Evaluation conducted by the Financial Action Task Force on Money Laundering without affecting the discharge of their daily duties. She added that the supernumerary AOSGC post would lapse on completion of the follow-up work.

19. Mr CHEUNG Man-kwong pointed out that it would be difficult for LegCo Members to be satisfied with the standard explanation given in ESC papers that it would not be feasible to redeploy existing staff to cope with the additional duties. Mr CHEUNG urged CSB and FSTB to perform their gate-keeping role properly and exercise stringent control over the requests for additional directorate posts. DS(CS) took note of Mr CHEUNG's view and agreed to remind bureaux/departments of the need to provide in ESC papers more information on the possibility of staff redeployment and detailed justifications for staffing proposals.

Financial implications of the proposed directorate posts

20. Ms Emily LAU and Mr CHEUNG Man-kwong expressed concern about the financial implications of the directorate posts to be created/extended in the 2008-2009 session. In response, DS(Tsy) advised that the annual average staff costs (including on-costs) for the eight permanent posts would be about \$11 million, while the total cumulative costs for the 16 supernumerary posts to be created and the two supernumerary posts to be extended during the proposed durations would be about \$140 million. Responding to Ms Emily LAU's enquiry on the related costs such as office accommodation and supporting staff, DS(Tsy) said that since a number of these proposed posts were still at the planning stage, detailed information on additional financial implications would be provided in the submissions to the relevant Panels and ESC in due course.

21. Ms Emily LAU stressed that in view of the substantial financial implications for the creation of these directorate posts, these staffing proposals should be subject to very close scrutiny. Noting that the supernumerary directorate posts to be created/extended would be of different durations, Ms LAU requested the Administration to provide the annual staff costs for the proposed directorate posts in the forecast for members' information.

(Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. ESC15/08-09 on 15 December 2008.)

Duration of supernumerary posts

22. Noting that a number of the supernumerary posts proposed were for a long duration extending to five years or more, Dr Margaret NG expressed concern about the Administration's policy for determining the duration of supernumerary posts. Mr CHEUNG Man-kwong expressed a similar concern, pointing out that

there would be little difference between supernumerary posts of such a long duration and permanent posts.

23. DS(CS) advised that creation of permanent posts had to be justified on the long-term and functional need of the work involved. For time-limited tasks or projects, only supernumerary posts of a fixed duration would be created. For certain time-limited tasks with a long implementation timeframe such as public works or infrastructure projects, a longer duration was proposed for the supernumerary posts in line with previous practice. One example was the creation in 1999 of two supernumerary Chief Engineer posts for six years in the Highways Department to take forward railway and road projects. DS(CS) further said that supernumerary posts would ensure tighter control over the directorate establishment than permanent posts because the former were created for a specific period and would lapse automatically upon expiry if not extended. Creating supernumerary posts for time-limited tasks was therefore more appropriate and would enable the Administration and LegCo to better monitor the use of public resources.

24. Citing the Hong Kong-Zhuhai-Macao Bridge project as an example, Mr CHEUNG Man-kwong said that if specific posts were created for specific projects, it would be a waste of manpower resources when such projects were making little or no progress. He considered that supernumerary posts should be created for an initial period up to three years, so that the bureaux/departments concerned would need to review the continued need for such posts and the possibility of absorbing the work by other means before seeking extension of such posts.

25. DS(CS) responded that the Administration was mindful of the need to ensure prudent use of public resources. Bureaux and departments had been advised to keep watch on the continued need of supernumerary posts, and to delete such posts when the need for the posts ceased or when the task was completed ahead of schedule. DS(CS) added that permanent posts were also subject to monitoring and proposals for deletion of posts were put forward when they were no longer required due to reduction in workload, re-distribution of duties or reorganization. She also undertook to convey to bureaux and departments Mr CHEUNG's concern about the duration of supernumerary posts.

Judicial posts

26. Referring to ECI(2008-09)7, Dr Margaret NG noted that information on judicial posts was presented together with civil service posts. She considered that directorate posts in the Judiciary should be presented separately from the civil service posts in the future papers submitted by the Administration to LegCo. DS(CS) clarified that civil service posts and judges and judicial officer (J&JO) posts had been shown separately in ECI(2008-09)7. Moreover, for the 2008-2009 session, there was no proposed creation of J&JO posts. DS(CS) nevertheless noted Dr NG's suggestion.

Conclusion

27. In concluding, the Chairman advised the Administration to take note of members' concerns and views about prudent control of the directorate establishment and effective use of public resources.

28. The meeting ended at 11:55 am.

Council Business Division 1
Legislative Council Secretariat
12 May 2009