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本函檔號 Our Ref. : E3/72 Pt.3
來函檔號 Your Ref. : CB1/PL/FA

11 December 2008

Ms Rosalind Ma
Clerk to Establishment Subcommittee
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road, Central
Hong Kong

Dear *Rosalind*,

**Establishment Subcommittee (ESC)
Follow-up to meeting on 5 December 2008**

**Forecast of proposed creation/deletion of directorate posts in the
2008-09 legislative session**

Thank you for letter dated 5 December 2008 requesting for supplementary information on the additional annual staff cost and other related costs arising from the creation/extension of the eight permanent and 18 supernumerary posts planned for submission to the ESC in the 2008-09 legislative session. The information is set out in the attached note.

As explained at the ESC meeting, the list of posts to be created is no more than a forecast of possible submissions to the ESC during the current legislative session. The Administration will take note of the views expressed by Members at the ESC meeting on 5 December 2008 in finalising each proposal.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Elsie Yuen', written over a vertical line.

(Ms Elsie Yuen)
for Secretary for Financial Services
and the Treasury

Follow-up to ESC meeting on 5 December 2008

Forecast of proposed creation/deletion of directorate posts in the 2008-09 legislative session

Cost expected to be incurred

In response to the letter of 5 December 2008 from the Clerk to Establishment Subcommittee, this note provides more information on the staff cost expected to be incurred by the planned creation of directorate posts in the 2008-09 legislative session.

2. The Administration plans to propose the creation of eight permanent posts and 16 supernumerary posts, the deletion of two permanent posts and the extension of two supernumerary posts in the 2008-09 legislative session.

3. In terms of full annual average staff cost, which includes salaries and staff on-cost, the full year effect of the eight permanent posts will stand at \$10.2 million from 2010-11 onward. As for the 18 supernumerary posts planned to be created / extended, the additional staff cost expected to be incurred per annum will vary each year as the duration of the posts differ. It ranges from \$0.92 million in terms of full annual average staff cost in 2008-09 to the peak of about \$32.9 million in 2009-10. Taking into account planned deletion of two permanent posts, the overall additional cost for all proposals will range from \$1.2 million in 2008-09 to the highest amount of \$40.5 million in 2010-11 in terms of full annual average staff cost. Details of the financial implications in terms of both notional annual salary cost at mid-point and full annual average staff cost are contained in the Appendix.

4. Since most of the proposals included in the list are still under planning, we are not yet in a position to provide the estimated costs related to office accommodation and related supporting staff. We shall provide this information in the relevant Panel and ESC papers.

**Financial Implications of Directorate Posts Proposed to be Created / Deleted
In the 2008-09 Legislative Session**

Creation of Posts

	No. of Posts	2008-09		2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		2015-16	
		NAMS* (\$)	Staff Cost# (\$)	NAMS* (\$)	Staff Cost# (\$)	NAMS* (\$)	Staff Cost# (\$)	NAMS* (\$)	Staff Cost# (\$)	NAMS* (\$)	Staff Cost# (\$)	NAMS* (\$)	Staff Cost# (\$)	NAMS* (\$)	Staff Cost# (\$)	NAMS* (\$)	Staff Cost# (\$)
Permanent Post [^]	8	198,786	266,830	7,604,149	9,826,535	7,883,149	10,189,604	7,883,149	10,189,604	7,883,149	10,189,604	7,883,149	10,189,604	7,883,149	10,189,604	7,883,149	10,189,604
Supernumerary Post ^{**}																	
Creation	16	680,072	920,601	21,981,843	29,725,371	21,607,214	28,803,199	18,731,464	24,935,338	16,228,200	21,549,048	10,180,050	13,771,428	1,276,800	1,764,684	1,276,800	1,764,684
Extension	2	0	0	2,656,500	3,176,112	3,036,000	4,075,224	3,036,000	4,075,224	1,897,500	2,547,015	1,518,000	2,037,612	1,138,500	1,528,209	0	0
Sub-total	18	680,072	920,601	24,638,343	32,901,483	24,643,214	32,878,423	21,767,464	29,010,562	18,125,700	24,096,063	11,698,050	15,809,040	2,415,300	3,292,893	1,276,800	1,764,684
Total	26	878,858	1,187,431	32,242,492	42,728,018	32,526,364	43,068,027	29,650,613	39,200,166	26,008,849	34,285,667	19,581,199	25,998,644	10,298,449	13,482,497	9,159,949	11,954,288

Deletion of Posts

	No. of Posts	2008-09		2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		2015-16	
		NAMS* (\$)	Staff Cost# (\$)	NAMS* (\$)	Staff Cost# (\$)	NAMS* (\$)	Staff Cost# (\$)	NAMS* (\$)	Staff Cost# (\$)	NAMS* (\$)	Staff Cost# (\$)	NAMS* (\$)	Staff Cost# (\$)	NAMS* (\$)	Staff Cost# (\$)	NAMS* (\$)	Staff Cost# (\$)
Permanent Post ⁺	2	0	0	(1,915,200)	(2,577,564)	(1,915,200)	(2,577,564)	(1,915,200)	(2,577,564)	(1,915,200)	(2,577,564)	(1,915,200)	(2,577,564)	(1,915,200)	(2,577,564)	(1,915,200)	(2,577,564)
Net Total :	24	878,858	1,187,431	30,327,292	40,150,454	30,611,164	40,490,463	27,735,413	36,622,602	24,093,649	31,708,103	17,665,999	23,421,080	8,383,249	10,904,933	7,244,749	9,376,724

[^] Referring to the list of 8 posts set out in the 4th column of Encl. 1 to ECI(2008-09)7, which excludes cost-neutral regrading. The savings arising from the downgrading of a post from D2 to D1 have been incorporated.

^{**} Referring to the list of posts set out in Encl. 2 to ECI(2008-09)7. The supernumerary posts vary in duration. The staff cost indicated here is based on the start and end dates as currently planned.

⁺ Referring to the 2 posts set out in the 5th column in Encl. 1 to ECI(2008-09)7

^{*} Notional Annual Salary Cost at Mid-point

[#] Full Annual Average Staff Cost (based on prevailing Staff Cost Ready Reckoner No. 2007/1)