

**立法會**  
**Legislative Council**

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LC Paper No. CB(2)2866/11-12  
(These minutes have been seen  
by the Administration)

**Panel on Constitutional Affairs**

**Minutes of meeting**  
**held on Monday, 21 May 2012, at 2:30 pm**  
**in Conference Room 1 of the Legislative Council Complex**

- Members present** : Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
(Deputy Chairman and Chair of the meeting)  
Hon Albert HO Chun-yan  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Dr Hon Margaret NG  
Hon CHEUNG Man-kwong  
Dr Hon Philip WONG Yu-hong, GBS  
Hon Miriam LAU Kin-ye, GBS, JP  
Hon Emily LAU Wai-hing, JP  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon Audrey EU Yuet-mee, SC, JP  
Hon WONG Kwok-hing, MH  
Hon LEE Wing-tat  
Hon CHEUNG Hok-ming, GBS, JP  
Hon WONG Ting-kwong, BBS, JP  
Hon CHIM Pui-chung  
Hon Cyd HO Sau-lan  
Dr Hon LAM Tai-fai, BBS, JP  
Hon CHAN Kin-por, JP  
Hon WONG Kwok-kin, BBS  
Hon IP Kwok-him, GBS, JP  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Dr Hon Samson TAM Wai-ho, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung
- Members absent** : Hon TAM Yiu-chung, GBS, JP (Chairman)  
Hon WONG Yung-kan, SBS, JP

Hon LAU Kong-wah, JP  
Hon LAU Wong-fat, GBM, GBS, JP  
Hon Timothy FOK Tsun-ting, GBS, JP  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon Ronny TONG Ka-wah, SC  
Dr Hon Priscilla LEUNG Mei-fun, JP  
Hon WONG Yuk-man

**Public Officers : Item III  
attending**

Mr Raymond TAM Chi-yuen  
Secretary for Constitutional and Mainland Affairs

Mrs Fanny LAW FAN Chiu-fun  
Head of the Chief Executive-elect's Office

Ms Alice LAU Yim  
Secretary-General of the Chief Executive-elect's Office

Mr Joshua LAW Chi-kong  
Permanent Secretary for Constitutional and Mainland Affairs

Mr Gordon LEUNG Chung-tai  
Deputy Secretary for Constitutional and Mainland Affairs

Mr Freely CHENG Kei  
Principal Assistant Secretary  
(Constitutional and Mainland Affairs)

Mr Raymond WONG Hung-chiu  
Permanent Secretary for the Civil Service

Mrs Ingrid YEUNG Ho Poi-yan  
Deputy Secretary for Civil Service

**Item IV**

Mr Gordon LEUNG Chung-tai  
Deputy Secretary for Constitutional and Mainland Affairs

Ms Anne TENG Yu-yan  
Principal Assistant Secretary  
(Constitutional and Mainland Affairs)

Mr LI Pak-hong  
Chief Electoral Officer  
Registration and Electoral Office

Item V

Mr Gordon LEUNG Chung-tai  
Deputy Secretary for Constitutional and Mainland Affairs

Mr Ivanhoe CHANG Chi-ho  
Principal Assistant Secretary (Constitutional and Mainland  
Affairs)

**Clerk in  
attendance** : Miss Flora TAI  
Chief Council Secretary (2)3

**Staff in  
attendance** : Mr Arthur CHEUNG  
Senior Assistant Legal Adviser 2

Miss Evelyn LEE  
Assistant Legal Adviser 10

Miss Cindy HO  
Senior Council Secretary (2)3

Ms Lianne KO  
Research Officer (2)1

Ms Ivy CHENG  
Research Officer (2)2

Mrs Fanny TSANG  
Legislative Assistant (2)3

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As the Chairman was out of town, the Deputy Chairman took over to chair the meeting.

**I. Information papers issued since the last meeting**

2. Members noted that no information paper had been issued since the last meeting.

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**II. Items for discussion at the next meeting**

[LC Paper Nos. CB(2)2058/11-12(01) and (02)]

3. Members agreed to discuss the following items proposed by the Secretary for Constitutional and Mainland Affairs ("SCMA") at the next regular meeting scheduled for 18 June 2012 –

- (a) Briefing by the Chairperson of the Equal Opportunities Commission;
- (b) Electoral Affairs Commission Report on the 2012 Chief Executive ("CE") Election; and
- (c) Initial Report of the Hong Kong Special Administrative Region of the People's Republic of China under the United Nations ("UN") Convention on the Rights of Persons with Disabilities ("CRPD").

On the item referred to in paragraph 3(c) above, SCMA said that the Labour and Welfare Bureau would brief the Panel on the first China's combined reports submitted under CRPD at the next regular meeting in June 2012 before the relevant UN hearing to be held on 18 and 19 September 2012.

*(Post-meeting Note: In view of the meeting arrangements of the Finance Committee and with the concurrence of the Panel Chairman, the Panel meeting scheduled for 18 June 2012 would receive views from the public in respect of item 3(c) above; while the discussion of items 3(a)-(b) above would be deferred.)*

**III. Re-organisation of the Government Secretariat: Changes in Establishment**

[LC Paper No. CB(2)2058/11-12(03)]

Briefing by the Administration

4. At the invitation of the Chairman, SCMA updated the meeting on the further actions to be taken by the Administration subsequent to its briefings to the Panel at the two special meetings held on 9 and 15 May 2012 to take forward the proposals to re-organise the Government Secretariat with effect from 1 July 2012 and the changes in the organisational structure consequential to the proposed re-organisation as follows –

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- (a) a paper to be issued for the consideration of the Establishment Subcommittee ("ESC") at its meeting on 6 June 2012, a draft paper of which was issued to all Members vide LC Paper No. CB(2)2058/11-12(03). Subject to the endorsement of the ESC on the staffing proposals, the proposed changes to the 2012-2013 Estimates would be submitted to the Finance Committee ("FC") for approval; and
- (b) the Administration had given notice to move the proposed Resolution under section 54A of the Interpretation and General Clauses Ordinance (Cap. 1) at the Council meeting of 20 June 2012 to effect the transfer of statutory functions arising from the re-organisation ("the Resolution").

5. Permanent Secretary for the Civil Service went on to brief the meeting on the relevant changes to the civil service establishment in connection with the re-organisation proposals as set out in the draft ESC paper [LC Paper No. CB(2)2058/11-12(03)].

Discussion

6. Dr Margaret NG queried whether it was appropriate for SCMA and Head of the Chief Executive-elect's Office ("H/CEEEO") to explain to members the organisational changes which, in her view, were outside the remit of constitutional and mainland affairs. She considered that the Chief Secretary for Administration ("CS") should be the public officer responsible for explaining details of the proposed re-organisation, which involved re-distribution of responsibilities amongst policy bureaux, to members.

7. SCMA explained that the implementation of the Political Appointment System ("PAS") was under the remit of the Constitutional and Mainland Affairs Bureau ("CMAB") and the Permanent Secretary for the Civil Service was also present at the meeting to represent the Government in the discussion with members on matters relating to the civil service establishment upon the re-organisation; and the Administration's paper was jointly issued by CMAB and the Civil Service Bureau. H/CEEEO supplemented that the re-organisation proposals were worked out in consultation with the relevant policy bureaux at meetings coordinated by CS. Responding to Dr NG's suggestion that CS should join the subsequent discussion at future meetings, the Chairman suggested that the issue should be raised at a House Committee meeting.

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8. Ms Emily LAU and Dr Margaret NG said that members should be given sufficient time to study the Administration's paper with the draft ESC paper attached thereto. They were not satisfied in that they had only received a hardcopy on the meeting day. Responding to the Chairman, the Clerk confirmed that the softcopy of the document was circulated to members in the evening of 18 May 2012. Dr Margaret NG criticized the tight time-frame to take forward the re-organisation proposals and expressed concern about the additional work incurred for the Legislative Council ("LegCo") arising from the need to scrutinize the proposals which, in her view, should be dealt with by the fifth LegCo. Dr NG stressed that the established procedures for endorsement and approval of the staffing proposals by ESC and FC respectively in consultation with the relevant Panels or committees of LegCo should be adhered to.

9. Ms Emily LAU enquired whether the proposals would be considered by ESC only after the Subcommittee formed to deal with the proposed legislative amendments relating to the re-organisation of the Government Secretariat had completed its work. SCMA advised that in response to the notice given by the Administration to move the Resolution, the House Committee had already formed a Subcommittee to study the relevant transfer of statutory functions under the Resolution in line with the established procedure.

10. Some members, including Mr IP Kwok-him, Mr Abraham SHEK, Mr WONG Ting-kwong, Ir Dr Raymond HO and Mr CHAN Kin-por were supportive of the re-organisation proposals. They considered that the proposals would enable the fulfilling of the policy objectives and priorities pledged by the Chief Executive-elect ("CE-elect") in his manifesto through an improved administrative framework and to enhance efficiency of the Administration. Mr WONG Ting-kwong said that he shared the governing philosophy of the CE-elect who advocated preserving stability while seeking reforms and also his policies geared towards economic development and enhancing economic base to provide for more employment opportunities. Ir Dr Raymond HO said that the proposed re-organisation would rectify the uneven distribution of work amongst policy bureaux and improve the planning and coordination of cross-cutting policy areas more effectively. However, he was concerned about the adverse impact on the future policy address to be delivered in October 2012 if the proposals could not be implemented on 1 July 2012. Mr CHAN Kin-por said that Hong Kong was losing her competitiveness over the years when compared with the neighbouring countries. There was urgency for the Government to step up its efforts.

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Justifications

11. Speaking from her experience as the Chairman of the ESC, Dr Margaret NG expressed strong dissatisfaction that the draft ESC paper had contained only limited information and failed to explain fully the rationale for the substantial establishment changes. She stressed that in line with the established practice for scrutiny of staffing proposals, the Administration should set out its relevant considerations to justify provision of additional manpower resources, including the justifications for the proposals, the number of posts and the grades/ranks, the relevant Government policies and the inadequacies of the existing establishment to cater for its needs. In the present circumstance, Dr NG considered that the Administration should explain also the new statutory functions to be taken up by the new-term government; and that ESC should only consider the proposals after the relevant Panels were consulted on the proposed re-distribution of policy responsibilities. Mr Alan LEONG supported the view, adding that the relevant Panels should have the opportunities to discuss the feasibility of the proposals. Mr LEONG said that there were speculations that the real intention for the proposed setting up of the new Culture Bureau and the Technology and Communications Bureau was to create an impression of social harmony and to monitor expression of views on the Internet respectively. Mr LEONG also requested the Administration to consider setting out the duty lists of individual Directors of Bureaux ("DoBs") for the purpose of submission to ESC and FC, instead of providing only general duties applicable to all DoBs as set out in Enclosure 6 of the draft ESC paper.

12. H/CEEO said that the Panel on Home Affairs would discuss the formation of the new Culture Bureau at its meeting on 22 May 2012, while the Panel on Housing would discuss the implementation of housing, planning and land policies under the new structure at its meeting on 4 June 2012. Noting that a series of meetings of the Subcommittee formed to study the Resolution would be held in the ensuing weeks, H/CEEO suggested that members might wish to discuss the relevant issues at those forums as well.

13. H/CEEO further advised that the policy responsibilities of the proposed new bureaux were set out in its discussion paper [LC Paper CB(2)1908/11-12] issued for the special meeting of the Panel on Constitutional Affairs ("CA Panel") on 9 May 2012. Responding to Mr LEONG, she stressed that bringing cultural affairs under the unified

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structure of a new Culture Bureau would enhance policy coherence and facilitate strategic planning. The Technology and Communications Bureau was tasked to formulate a comprehensive technology policy to support the development of technology infrastructure that would enhance competitiveness of Hong Kong and create employment opportunities. SCMA supplemented that descriptions of the scope of duties of the new Bureaux were set out in paragraphs 18, 19 and 24 of the draft ESC paper while the duty list at Enclosure 6 set out the job descriptions of DoBs.

14. Mr LEUNG Kwok-hung suggested that the CE-elect's Office should arrange dissemination of the manifesto of the CE-elect to all members of the public so as to facilitate public monitoring of his performance; and that H/CEEO should work out 10 major performance targets to be achieved by the CE-elect within his term for that purpose.

Creation of two Deputy Secretaries of Department

15. Dr Margaret NG queried the need to create an additional layer of administration under the Accountability System and enquired about the policy portfolios to be taken up by the two Deputy Secretaries of Department ("DSoDs") and their specific duties which differentiate them from the rest of the governing team; and why such work could not be streamlined.

16. H/CEEO said that the two DSoDs were to share the work of CS and Financial Secretary ("FS"), whose span of responsibilities was too wide and some longer term planning might be compromised due to other work priorities. DSoDs would help strengthen the coordination of policy formulation and implementation that cut across policy programmes, hence improving the efficiency of the Administration. The public had high expectation on the new governing team to bring improvement to the efficiency of the Administration.

17. Ms Cyd HO did not subscribe to the view that the Administration was unable to improve its efficiency due to insufficient manpower. In her view, it was the policy priorities of the top management that mattered.

18. Ms Emily LAU enquired how the decision-making process could be expedited for more efficiency through the creation of an additional layer of the administration. H/CEEO said that in line with the civil service establishment composed of various civil service grades and ranks, decision-making by the respective layers of the administration would depend on the gravity of the subject matter. For example, while CS was to deal



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with policies relating to population policy and poverty alleviation, Deputy Chief Secretary for the Administration ("DCS") would assist CS in coordinating policy formulation and implementation in policy areas pertaining to human resources, and would chair subcommittees formed to look into topical areas in details in meeting Hong Kong's various economic and social needs.

19. Mr Alan LEONG queried how efficiency in co-ordination of cross-cutting policy issues could be enhanced, which was currently the task of the incumbent CS through the coordination of the Policy Committee of the Government. He cited the example that a proposal of replacement of environmentally-friendly buses was not taken forward due to a lack of such coordination among the DoBs concerned. SCMA said that the Policy Committee, according to its existing operation, would also include the new DSoDs and new DoBs in its composition as well; and the proposal cited by Mr LEONG, according to his knowledge, was shelved due to some other considerations including its cost implication and impact on livelihood issues, and not because of a lack of coordination.

20. Mr LEE Wing-tat suggested that the Administration might make reference to the administration structure of Singapore and consider designating a DoB to double up the duty of a DSoD in addition to his own duty. H/CEEO replied that Hong Kong would need a government structure which would most suit its operational needs. She also pointed out that the position of vice premier in Taiwan was designated to perform specifically on policy coordination functions, similar to the present proposals of the CE-elect's Office.

21. Referring to Enclosures 1 and 2 of the draft ESC paper, Mr CHEUNG Man-kwong said that he was not convinced of the need for the proposed creation of the post of Deputy Financial Secretary ("DFS"). H/CEEO advised that the post of DFS would assist FS in implementing economic cooperation agreements signed with Mainland authorities by fostering a closer cooperation with authorities at the central and provincial levels; and coordinating the formulation and implementation of policies to promote Hong Kong's development set out in the National Five-year Plan.

Creation of the Culture Bureau

22. Mr LEE Wing-tat noted that while the cultural sector generally favoured the setting up of the Culture Bureau, the prospective appointee to the post of Secretary for Culture however was disappointing, and some people even ventured to forgo the Culture Bureau if the prospective

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appointee as reported in the media was given the job. Mr LEE considered that the appointee should be competent enough to take the lead in devising a comprehensive cultural policy by turning vision into action and work in partnership with the concerned sectors; and that the appointment decision should be free from political consideration. H/CEEO said that she noted the concern but had no comment to offer on the appointment. On the other hand, Mr WONG Ting-kwong supported the creation of the Culture Bureau and he considered that the appointment of DoBs was the prerogative of the CE in accordance with the Basic Law. Dr Margaret NG remarked that if the culture-related portfolio was to be taken away, the Home Affairs Bureau was left with not many major responsibilities.

23. Ms Audrey EU enquired about the appointment criteria and requirements of the post of the Secretary for Culture in view of the worries expressed by the cultural sector on the appointment. H/CEEO advised that to qualify for appointment, the appointee should have the relevant background and knowledge in cultural fields but given that cultural work was multi-faceted, no one could be the expert of everything in culture. Hence she expected that members of the new governing team would complement one another in accordance with their background and ability.

24. Ms Cyd HO declared interest that she had received election donation from Ms Ada WONG Ying-kay who was reported by the media as the previous choice of the CE-elect for the post of the Secretary for Culture. Ms Cyd HO expressed the view that the new Culture Bureau would not be able to achieve the objective of devising a comprehensive cultural policy if its functions were only limited to those currently performed by various DoBs, namely, Secretary for Home Affairs (on development of the West Kowloon Cultural District), Secretary for Commerce and Economic Development (on work of the Create Hong Kong) and Secretary for Development (on heritage conservation). Mr IP Kwok-him expressed a similar view. He queried whether it was sufficient for the new Bureau to devise a macro cultural policy by the drawing of various responsibilities from other policy bureaux.

25. Ms Cyd HO said that she hoped that the new Culture Bureau would not turn into a publicity agent of the government and enquired about the specific work to be delivered by the Bureau. She opined that some policies in support of the development of local arts could be pursued without a Culture Bureau, for example, the proposed relaxation of the usage of industrial buildings for arts and cultural purposes, strengthening support to local artists and arts groups to enhance local characteristics in exchange and cooperation between Hong Kong and other localities.

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26. H/CEEEO said that it would be difficult to draw up an exhaustive list of cultural policies to be embarked on by the new-term government at this stage, which would be a priority of the new Culture Bureau and its set up was in response to the requests of the concerned sectors to facilitate long-term strategic planning and utilization of resources for further development. She suggested members and the public to monitor the work of the new Culture Bureau once established.

Restructuring of the Commerce and Economic Development Bureau

27. Mr CHEUNG Man-kwong opined that the expansion of policy bureaux under the remit of FS was unreasonable and would end up with a bloated structure with overlapping functions; in particular, the restructuring of the Commerce and Economic Development Bureau ("CEDB") into two bureaux, namely the Commerce and Industries Bureau ("CIB"), and the Technology and Communications Bureau ("TCB") would have doubled the number of politically-appointed officials ("PAOs") but the duty of the new CIB only involved the portfolio of maritime and aviation and such increase in manpower, in his view, was highly disproportionate.

28. H/CEEEO explained that the restructuring of CEDB into two bureaux was in response to complaints from the concerned sectors that the attention of the Secretary for Commerce and Economic Development was diverted to a wide range of policy areas under its purview, and in recognition of the importance of industrial development and technology in economic development and innovative technology and communications in Hong Kong.

29. Ms Miriam LAU was of the view that the new CIB should be renamed the "Commerce and Industries, Maritime, Aviation and Tourism Bureau" to accord due importance to the maritime and aviation sectors. H/CEEEO said that CIB would be tasked to promote the overall development of trade and industry and any other new industries, and coordinate the implementation of economic cooperation agreements signed with Mainland authorities. Hence, its function was not limited to the maritime and aviation aspects.

30. Ms Miriam LAU expressed concern as to whether the Permanent Secretary for Commerce and Industries (Maritime, Aviation, Logistics and Tourism) ("PSCI (MALT)") (which would be restructured from the existing Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)) could give more focused attention to

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promote maritime, aviation, logistics and travel industries under the new structure given that a new portfolio was added to its duty. Ms LAU also enquired whether and how the new-term government would help promote development of industries. H/CEEO replied that CIB would have two branches, namely the Trade and Industry Branch ("TIB") and MALT Branch each headed by a Permanent Secretary, and underpinned by six Deputy Secretaries to cater for specific policy portfolios. H/CEEO said that the CE-elect had received many proposals from the concerned sectors for the promotion of industries during his electioneering campaign and these proposals would be examined and developed by the new bureau where appropriate.

Political Appointment System and Remuneration

31. Mr Alan LEONG said that PAS was introduced in 2002 and expanded in 2007 but the performance of the appointees fell short of public expectation despite the various commitments made by the Administration when additional resources were sought on previous occasions.

32. H/CEEO said that it was not appropriate to project a negative image on the new government based on past experience; and a pragmatic approach was to improve PAS in the light of operational experience through some improvement measures, including PAOs were to reach out to gauge public sentiments and collect public opinions at the policy formulation stage; DoBs would be involved in the selection of their Under Secretaries and Political Assistants to ensure that members of the political teams of various bureaux share a common agenda and complement one another in terms of background and ability; and the appointments should be based on merits.

33. Ms Audrey EU expressed reservations about the proposed arrangement of allowing DoBs to appoint Political Assistants through provision of a lump sum without any establishment control. She said that it was obviously a deviation from the prevailing civil service practice and the arrangement was seen as a reward to supporters or political parties which had close relations with the CE-elect. She queried if the Political Assistants would only selectively liaise with political parties which had close relations with the CE-elect. Ms Cyd HO expressed a similar concern, saying that it would result in enhancing communication with pro-government parties, but not the disadvantaged groups which sought to express their demands to the Administration. Ms Miriam LAU said that the new arrangement might cause problem of differences in pay and academic qualifications amongst appointees. She also said that the Government was not obliged to use

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public money to nurture political talents, which should be the job of the political parties. Ms Emily LAU noted the duties of both DCS and Under Secretary would include explaining Government policies to and answering questions from the LegCo, attending committee, subcommittee and panel meetings of LegCo. She queried how to ensure that PAOs would perform the duties as specified and would not shift the work to the civil servants.

34. H/CEEEO said that PAOs were responsible for reaching out to the community, explaining policies to the community and canvassing support from members of the legislature and political parties. In terms of personal qualities, she said that commitment, ability and political capability were the basic selection criteria which the CE-elect would apply in recruiting PAOs; and the appointment would be made on the basis of merits. On the appointment of Political Assistants, human resources expertise had been brought into the Selection Committee so that the remuneration offered would be commensurate with experience and qualification.

35. Ms Audrey EU enquired about the financial implication arising from the re-organisation proposals after taking into account the proposed remuneration increase of 8.1%. SCMA said that as stated in paragraph 61 of the Administration's paper, the original staff cost was \$72.4 million to \$73.1 million, and the net additional staff cost would be around \$62.4 million to \$63.1 million, offset by savings from the reduction in cash remuneration of Political Assistants. Subject to FC's approval of the proposed increase of remuneration for PAOs for the next-term government, the amount would be inflated by 8.1% to around \$69.1 million to \$74 million.

36. Ms Miriam LAU said that the public would query whether the salary benchmark for the PAOs was set too high if the performance of PAOs was yet to meet public expectation; and it would be cost-saving to engage civil servants instead if PAOs were not accountable for the outcome of their decisions in policies and performance. On enhancing public accountability of PAOs, H/CEEEO said that depending on the circumstances and gravity of the issues, there could be various ways in which PAOs were to bear political accountability, including apology to the public, reduction in salary etc. which might be further explored in future.

37. On the proposal of introducing a mechanism whereby PAOs were to bear political accountability at varying degrees, Ms Emily LAU said that the mechanism would only be binding on PAOs if it was introduced prior to their appointment. H/CEEEO said that while PAS had been reviewed in the

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past by CMAB, it would be further reviewed by the new-term government after the implementation of the current proposals. Ms Emily LAU was of a strong view that a review of PAS should be conducted before the Administration seeking an expansion of the team. H/CEEO reiterated that while the present proposals would increase the number of PAOs, there was not any fundamental change to PAS and the system would be reviewed in future by CMAB in the light of operational experience.

Conclusion

38. The Chairman requested the Administration to consider the views of members expressed at the meeting before submitting the re-organisation proposals to ESC. Mr Abraham SHEK expressed support for the submission of the proposals to ESC. Mr Albert HO and Mr CHEUNG Man-kwong, however, suggested that the respective Panels should be consulted before the Administration submitting the proposals to ESC and FC. Ms Miriam LAU said that CS had offered his explanation on the relevant considerations in respect of the sequence of the procedural steps vide LC Paper No. CB(2) 2061/11-12(01); and in case the respective Panels considered it necessary to discuss the proposals, they could do so within two weeks' time ahead of the ESC meeting scheduled for 6 June 2012. Mr IP Kwok-him suggested that it would be a matter for the Administration, not the CA Panel, to consider whether other Panels should be consulted on the relevant proposals.

39. Addressing members' concerns, SCMA explained that in order to facilitate the Panel's consideration of the overall changes to the government structure, the Administration had set out a composite paper on its relevant proposals including the draft ESC paper, which followed exactly the procedures for that of the re-organisation exercise in 2007.

40. After deliberation, the Chairman proposed and members agreed that it was the prerogative of the Administration to submit the re-organisation proposals for consideration of ESC and it was not necessary for the Panel to vote on the issue.

**IV. Voter Turnout Publicity Campaign for the 2012 Legislative Council Election**

[LC Paper Nos. CB(2)2035/11-12(01) and IN27/11-12]

41. At the invitation of the Chairman, Deputy Secretary for Constitutional and Mainland Affairs ("DSCMA") highlighted the main features of the

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Campaign as set out in the Administration's paper. He said that the coming LegCo Election would be held on 9 September 2012 and the Voter Turnout Publicity Campaign ("the Campaign") would be launched from mid-July to 9 September 2012. A budget of \$33 million had been earmarked for the activities under the Campaign.

42. Members noted the information note on "Voter Turnout Publicity Campaign for the 2012 LegCo Election" prepared by the Research Division of the LegCo Secretariat [LC Paper No. IN27/11-12].

Publicity for District Council (second) functional constituency

43. Mr Albert HO expressed concern about the electoral procedures relating to the new District Council (second) functional constituency ("DC (second) FC") and urged the Administration to step up the relevant publicity work so that the public would have a better understanding of the "one-person-two-votes" arrangements. Mr HO enquired about the specific publicity measures for more effective dissemination of the relevant messages to electors and the timing of such publicity.

44. DSCMA said that it was important to promote the general awareness that each elector would have one vote for the geographical constituency ("GC") and one vote for the functional constituency ("FC") unless he opted not to register for the latter; as well as the relevant electoral procedures. Chief Electoral Officer ("CEO") supplemented that details of the voter registration arrangements for the District Council (second) FC were set out in the letter sent to all electors by the Registration and Electoral Office ("REO") as early as in February 2012. A series of activities would be held with particular emphasis on the different ballot papers and ballot boxes to be used, including television ("TV") and radio Announcements of Public Interest ("APIs") to be broadcast; special radio programmes to be produced; and mock polling stations at four locations to be set up for electors to familiarize themselves with the polling procedures.

45. Mr Albert HO noted that the DC (second) FC would not require a separate registration procedure in respect of existing electors. Responding to Mr Albert HO, CEO advised that all existing GC electors who were not registered in any FC would be automatically registered in the DC (second) FC, unless they opted not to be so registered. FC electors (except for those for the Heung Yee Kuk FC, Agriculture and Fisheries FC, Insurance FC, Transport FC, and District Council (first) FC) might also choose to change their registration to become electors for the DC (second) FC instead of the

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FC for which they were currently registered. The relevant voter registration form also included a choice for new applicants to apply for registration in DC (second) FC. CEO added that identification of ballot papers to avoid its misplacement into wrong ballot boxes and numbering system for the lists of candidates for DC (second) FC would be included in the publicity.

Voter registration

46. Ms Emily LAU suggested that the electors should also be reminded of the need to update their registration particulars and that vote-rigging was a criminal offence should be highlighted in the publicity measures launched by the Administration. DSCMA said that providing true and accurate residential address was made a subject of the relevant APIs and electors were asked to report changes in residential addresses or other registration particulars to REO by 29 June 2012; and some TV and APIs produced by the Independent Commission Against Corruption to promote clean and fair election would be broadcast nearer the time of the election.

Eligibility of electors living outside Hong Kong

47. Ms Emily LAU enquired about the eligibility of electors living on the Mainland and whether or not they were eligible to exercise the voting right would be included in the APIs to publicise the message. DSCMA said that the court rulings had indicated that a host of factors would be relevant in considering their eligibility including the length of the person's absence, the reason for his absence, and his continuing connections with Hong Kong etc and each case would have to be considered on its own merits. Given the short duration of an API which lasted about 30 seconds, there were practical difficulties for it to include detailed messages. However, a public enquiry number of REO would be provided.

**V. Remuneration Package for Politically-Appointed Officials Serving in the Fourth-Term HKSAR Government**

[LC Paper Nos. CB(2)2014/11-12(01) and IN28/11-12]

Briefing by the Administration

48. DSCMA briefed members on the proposed remuneration package for PAOs serving in the fourth-term HKSAR Government as detailed in the Administration's paper [LC Paper No. CB(2)2014/11-12(01)].



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49. Members noted the information note on "Remuneration Package for Appointees under the PAS" prepared by the Research Division of the LegCo Secretariat [LC Paper No. IN28/11-12].

Level of cash remuneration

50. Mrs Regina IP sought information on the changes in the cash remuneration for the CE following the proposed increase in the cash remuneration for DoBs. DSCMA responded that the cash remuneration for CE was set at 12.5% above that for the CS. As a result of the proposed increase in the cash remuneration for DoBs by 8.1%, the monthly cash remuneration for CE would increase from \$371,885 to \$401,960, i.e. an increase of \$360,900 per annum.

51. Mrs Regina IP pointed out that while the Final Report on Consultancy Services for Reviewing the Remuneration Packages for Officials under the PAS ("the consultancy report") stated that Hong Kong's gross domestic product ("GDP") had a cumulative growth over the past few years, it had not mentioned about other local economic issues such as a widening wealth gap, an increase in the number of the poor, etc. Hong Kong's economic performance was not very good and its economic growth had in fact lagged behind that of Shenzhen and Singapore. She considered that Hong Kong's prosperity in recent years was largely attributable to measures such as the Individual Visit Scheme and the promotion of Renminbi business. PAOs in the current-term Government had made little contribution to that prosperity. Furthermore, the economic performance of Hong Kong would be affected by the global financial situation which was beyond the control of PAOs. The performance of Hong Kong's economy therefore should not be a consideration of the review of the remuneration package for PAOs.

52. Mrs Regina IP said that she had no strong view on a pay rise for CE and DoBs so long as they performed well but she found the performance of the PAOs in the current-term Government disappointing. Mrs IP pointed out that the cash remuneration for DoBs serving in the fourth-term Government would actually be increased by some 14% rather than 8.1% as proposed when compared with that for DoBs serving in the current-term Government. Given the salary for CE and DoBs in Hong Kong was already the second highest in the world, Mrs IP found the increment totally unacceptable and objected to the proposed increase to the cash remuneration for PAOs serving in the fourth-term HKSAR Government.

53. DSCMA responded that the Administration aimed to seek FC's approval on the proposals concerning the remuneration package for PAOs

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serving in the fourth-term HKSAR Government in June 2012. The Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the PAS of the Hong Kong Special Administrative Region ("the Independent Commission") had taken into account, among others, Hong Kong's economic performance in the review. The Independent Commission had used the cumulative increase in Consumer Price Index ("CPI") (C) for the period from 2002 to 2011 rather than the cumulative growth in GDP as a basis of its recommendations given the former was an indicator of the erosion of the purchasing power of a DoB's cash remuneration during the same period.

54. Mrs Regina IP opined that the responsibilities of PAOs and senior executives in the private sector were not directly comparable and hence unnecessary to align their remuneration. Unlike senior executives in the private sector, PAOs could exercise public powers and had a higher social status. Furthermore, political appointees should have a strong sense of public service and should not attempt to compare their remuneration package with the private sector. As illustrated in the consultancy report, the levels of remuneration for the PAOs in overseas jurisdictions were, in general, far below that for the PAOs in Hong Kong. In her view, the levels of remuneration for DoBs were exceedingly high. Mrs IP considered that the Independent Commission should have taken into account the public's opinions on the performance of the incumbent CE and the current-term Government. She pointed out that according to the findings of some opinion polls, the public generally considered that the current-term Government had not done much in the past few years and the performance approval rate of the incumbent CE was low.

55. Ms Emily LAU said that there was wide public concern about the substantial increase in the remuneration for DoBs as their existing remunerations were already among the highest in the world. Coupled with the impact of external financial factors such as the Eurozone debt crisis on local economy, the public might be more receptive to an increase in the remuneration for DoBs if their salary were adjusted according to their performance. Ms LAU considered that it was premature at this stage to propose an increase to the remuneration for PAOs serving in the next-term of Government and enquired whether the Administration would consider deferring submission of the proposals until the next-term Government had assumed office.

56. DSCMA responded that the reason for the current-term rather than the next-term Government proposing an increase to the remuneration for PAOs

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serving in the next-term Government was to avoid a conflict of interests. It was an established practice for the Independent Commission to carry out a review of the remuneration package for PAOs about a year before the start of a new term Government. The Independent Commission had recommended that the cash remuneration for DoBs which had been frozen in the past 10 years be increased by the same rate as the cumulative increase in CPI(C) from 2002 to 2011, i.e. 15.3%. Having regard to the change in civil service pay in the upper salary band during the same period and the increase in the median total direct compensation for senior executives in the private sector in the past 10 years which was at 8% as surveyed by the consultancy commissioned by the Independent Commission, the Administration had proposed to reduce the rate of increase from 15.3% to 8.1%.

57. Ms Emily LAU opined that it should not be a matter of concern for a Government proposing its own remuneration package as long as the review was conducted by an independent statutory body. She considered it unsatisfactory that the review of the remuneration package for PAOs was not carried out by an independent body, but a body appointed by CE. Ms LAU suggested that the Administration should make reference to overseas practice in the review of remuneration package for government officials. She considered that the CE-elect should convey a clear message to the public that the new Government was willing to tide over the difficult times with the community and prepare for a voluntary pay reduction even if a pay raise was suggested. Ms LAU asked whether a pay reduction could be initiated by the next-term Government. DSCMA said that CE and PAOs who served in the second-term and third-term Governments had in fact accepted a pay cut voluntarily.

58. Mrs Regina IP sought information on the financial implications of the Administration's proposals including the expenditures incurred in the benefits and the type of benefits to be provided to PAOs, particularly those to CE, the Secretary for Justice, the Financial Secretary and CS. DSCMA advised that the additional staff cost arising from the proposed re-organization of the Government Secretariat was estimated to range from around \$62 million to \$63 million each year. The proposed remuneration package for PAOs, if approved, would incur an additional staff cost of \$6.2 million. DSCMA undertook to provide other information requested by Mrs IP in writing after the meeting.

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*(Post-meeting note: The Administration's response was issued to members vide LC Paper No. LC Paper CB(2)2386/11-12(01) on 18 June 2012.)*

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59. Mr CHEUNG Man-kwong said that while the salary for DoBs was based on that for Permanent Secretaries, the salaries for Under Secretaries (which was pitched at 65% to 75% of that for DoBs) and Political Assistants were set arbitrarily. While the Administration proposed to cap the total cash remuneration for Political Assistants engaged by each of the Secretaries of Departments ("SoDs"), DSoDs and DoBs at \$100,000 per month, it evaded to address the need to reduce the cash remuneration for Under Secretaries. Following the further development of the Political Appointment System in 2007, there was severe criticism from the public that the salaries for Under Secretaries and Political Assistants were too high. The public took the view that Under Secretaries did not deserve a pay at 65% of the salary for DoBs. Instead of pitching the salary for Under Secretaries to a lower percentage of the salary for DoBs, the Administration now proposed to set the cash remuneration for Under Secretaries at 70% of that for DoBs. He expressed dissatisfaction that the Administration's proposal had run counter to the public's strong call for a lower level of cash remuneration for Under Secretaries. Mr CHEUNG said that the workload of Permanent Secretaries was very heavy as they had to oversee matters of the entire department and advise DoBs on policies issues. Given the scope of responsibilities of Permanent Secretaries, civil servants would find it unfair for the Under Secretaries to receive a higher pay than Permanent Secretaries. He enquired about the justifications for not proposing a pay cut for Under Secretaries.

60. DSCMA responded that the remuneration range for Under Secretaries was equivalent to the remuneration for a D4 to D6 civil servant. The Independent Commission had already taken account of the remuneration at various pay levels for civil servants and narrowed the range from between 65% and 75% to 70%. The levels of cash remuneration for PAOs and civil service salaries should not be compared directly because they were formulated on different bases.

Other components of the remuneration package

61. In response to Mr Albert HO's enquiry, DSCMA said that DoBs were not entitled to contract-end gratuity. Principal Assistant Secretary (Constitutional and Mainland Affairs) supplemented that DoBs were eligible for Mandatory Provident Fund contribution by the Government, medical and dental benefits during their term of office. For those appointees who were retired civil servants, they would continue to enjoy the medical and dental benefits provided by the Government upon the end of their term of appointment.

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62. Referring to paragraph 28 of the Administration's paper, Mrs Regina IP sought clarification on whether all SoDs and DoBs were eligible for an official residence and a non-accountable entertainment allowance. DSCMA clarified that only SoDs were entitled to such benefits.

63. Mr CHEUNG Man-kwong and Mrs Regina IP expressed concern that SoDs might enjoy double housing benefits. Mr CHEUNG pointed out that the housing allowance had in effect been encashed and incorporated into the remuneration for SoDs and yet they were still provided with an official residence. Ms Emily LAU shared the same concern, adding that before the implementation of the PAS, SoDs were required to pay a rental equivalent to 7.5% of their salary for the official residence but that requirement no longer applied under PAS. She also pointed out that housing benefits aside, civil servants who were appointed principal officials would be entitled to civil service retirement benefits such as a monthly pension. Mrs Regina IP considered that SoDs should reside in the official residence to facilitate them to discharge their official duties. DSCMA undertook to address members' concern in writing after the meeting.

*(Post-meeting note: The Administration has provided information on official residences for the former Governors, Chief Executive and the three SoDs which was circulated to members vide LC Paper No. ESC48/11-12(01) on 12 June 2012.)*

Disciplinary mechanism under the Political Appointment System

64. Mr CHEUNG Man-kwong was of the view that apart from being asked to step down from office, PAOs should be subject to a mechanism under which a range of disciplinary actions could be taken against their misconduct. While CE had introduced a disciplinary system to admonish political appointees with a sub-standard performance, it was insufficient to adopt a single form of sanction regardless of the gravity of the misconduct concerned. Moreover, the disciplinary mechanism in the civil service was more comprehensive and stringent. Mr CHEUNG enquired whether the Administration would consider putting in place a disciplinary mechanism under PAS so that PAOs could be penalized for their sub-standard performance by deducting or freezing their salary. He stressed that provisions of such a mechanism should be stipulated in the employment contracts of PAOs of the new term Government. Otherwise, it would not be possible for the fourth-term Government to implement the disciplinary

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mechanism as the employment contracts would have been signed by 1 July 2012. Mr Albert HO and Ms Emily LAU expressed a similar view. Mr HO was also dissatisfied that while the current-term Government was unwilling to conduct a comprehensive review of PAS, it had proposed to reorganize the Government Secretariat and increase the cash remuneration of PAOs.

65. DSCMA responded that the review was focused mainly on the level of remuneration for PAOs but the issue of introducing a disciplinary mechanism under PAS was outside the scope of the review. As the relevant issues would have an impact on the operation of the fourth-term Government, consultation with the CE-elect's Office would be necessary. DSCMA undertook to relay members' views to the CE-elect's Office.

66. Mr CHEUNG Man-kwong and Mr Albert HO requested the Administration to revert to the Panel on the feasibility of putting in place a disciplinary mechanism under PAS before submitting the financial proposal concerned to the FC. Mr HO further said that should the Administration refuse to review PAS, members could request the Administration to include in the financial proposal to be submitted to the FC a number of conditions including a reduction in pay, censuring, etc to ensure that PAOs would be held accountable for their sub-standard performance. Ms Emily LAU said that the Panel could decide whether it was necessary to further discuss the issue after consideration of the Administration's response. Ms LAU added that responsible PAOs should be present for the relevant discussion in the future.

**VI. Any other business**

67. There being no other business, the meeting ended at 5:45 pm.