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Panel on Constitutional Affairs

**Information note prepared by the Legislative Council Secretariat
for the meeting on 16 January 2012**

Establishment of the Office of the Chief Executive-Elect

During the debate on the Motion of Thanks in respect of the Chief Executive's ("CE's") Policy Address 2011-2012 at the Council meeting of 28 October 2011, the Chief Secretary for Administration advised the Council that with a view to ensuring the smooth changeover from the third-term Special Administrative Region Government to the fourth-term Special Administrative Region Government, the Administration would establish a provisional office for the CE-elect, an arrangement similar to that in 1997.

2. Before the transition in 1997, the Panel on Constitutional Affairs ("the Panel") had discussed issues during the transitional period including the appointment of an administrative team to the CE-designate and the establishment of the principal posts in the Hong Kong Government. The Administration informed the Panel at its meeting on 20 January 1997 that upon consultation with the CE-designate, an area of 900 square metres in the Asia Pacific Finance Centre had been rented as his temporary office until 30 June 1997. Initially, apart from the Director of CE's Office, about 10 other government officials from the General Grades had been seconded to assist the CE-designate. They included one Administrative Officer, some Executive Officers, plus a few secretarial grade and clerical grade staff members as well as a chauffeur. Further secondment of government officials were made subsequently to meet the actual needs of the CE-designate. At its meeting on 24 March 1997, the Panel on Public Service was informed that the number of civil servants seconded to the CE's Office was further expanded to 34. According to the Administration, these government officials who remained as civil servants would be accountable to the CE-designate.

3. At its meeting on 23 July 1997, the Finance Committee approved a commitment of \$91.9 million for reimbursement to the Central People's Government for funds it had advanced to the CE's Office in connection with the

preparation for the setting up of the Government of the Hong Kong Special Administrative Region ("HKSAR"). According to the Administration, the estimated expenditure in connection with the preparatory operations in setting up the HKSAR Government was \$139.94 million. Of this, public funds of around \$34.63 million had been used principally for salary and allowances for seconded/redeployed civil servants and for part of the operating expenses of the CE's Office.

4. Hon Fred LI raised an oral question about the office premises for the CE-designate at the Council sitting of 15 January 1997. Noting that office premises in the Landmark of Central were firstly leased by the Administration for intended use by the CE-designate who however did not find the location suitable, Members raised the issues about prudent use of public money and the criteria adopted in selecting the office premises for the CE-designate. An extract from the official record of proceedings of the Council sitting is in the **Appendix**.

5. Members may wish to note that according to the Draft Estimates 2011-2012, the establishment of the CE's Office comprises five directorate posts and 95 non-directorate posts as at 31 March 2011.

Office Premises for Chief Executive (Designate)

3. **MR FRED LI** asked (in Cantonese): *Mr President, it is reported that the arrangement made by the Administration in providing a new office for the Hong Kong Special Administrative Region Chief Executive-designate at Edinburgh Tower in the Landmark has been widely criticized, and the Chief Executive-designate has indicated openly that the location of the office premises picked by the Administration is not suitable. In this regard, will the Administration inform this Council:*

- (a) *of the criteria adopted in selecting the office premises for the Chief Executive-designate;*
- (b) *whether it has consulted the Chief Executive-designate before deciding on the location of the office premises mentioned above; if not, why not;*
- (c) *whether it has signed the lease for renting the above office premises; if so, what the monthly rent is; and*
- (d) *of the amount of public money (including payment of rent, deposit and other expenses) which will be wasted in the above office site selection exercise, as the Chief Executive-designate has not accepted the office premises in question?*

SECRETARY FOR THE TREASURY (in Cantonese): First of all, Mr President, let me say that the criticism of the offer to the Chief Executive (Designate) of the office at Edinburgh Tower is somewhat misplaced. Furthermore, when he indicated that he found these premises not suitable, we have readily been able to accommodate him to his satisfaction in other offices that we have identified.

I nevertheless welcome this opportunity to set the record straight on this issue.

It has always been our intention to consult the Chief Executive (Designate) on the provision of office accommodation to meet his requirements. While it would not have been possible for us to consult the Chief Executive

(Designate) until he was selected, it would clearly be desirable if we could have identified potentially suitable accommodation ready for his consideration as soon as possible after his selection. The office premises at Edinburgh Tower emerged as such an option after we had considered office premises available in the market at that time, having regard to location, accessibility, size and quality.

We consulted Mr TUNG on 28 December 1996 on the possibility of using the space at Edinburgh Tower as his new office. We then arranged a site visit two days later to let Mr TUNG see for himself whether the space could fully meet his requirements. After Mr TUNG had indicated that the premises would not meet all his requirements we immediately identified alternatives for his consideration, including the premises in Asia Pacific Finance Tower which he has now accepted.

The Edinburgh Tower premises were leased in November for an initial period of three years and we now intend on grounds of urgency to make them available for use by the Commission of Inquiry into the Garley Building Tragedy (the Commission). As rental levels are commercially sensitive information, I would prefer not to disclose the actual rent agreed. I can, however, assure members that it is at a discount to the current market rate.

To date the works that have been carried out at Edinburgh Tower consist of basic building services such as partitioning, electrical work and air conditioning. In order to accommodate the requirements of the Commission, some repartitioning is necessary, but the cost of this is minimal. Overall the fitting-out works for the Edinburgh Tower premises is near the lower end of the range of costs that we normally expect to incur for works of this type.

MR FRED LI (in Cantonese): *Mr President, I would like to follow up the issue of a waste of public money. I know that the Secretary for the Treasury is keyed up when money is involved. Therefore, I am now going to discuss about money with him. As reported, one of the criteria for the selection of office premises for the Chief Executive-designate is geomancy. Has the Administration spent public money on inviting a geomancer to select office premises for the Chief Executive-designate? If it has, does it acknowledge such expenses and consider them as non-recurring expenses on the selection of offices for any government officer?*

PRESIDENT (in Cantonese): Are you referring to the Edinburgh Tower or the newly selected premises?

MR FRED LI (in Cantonese): *Mr President, it seems to me that a geomancer has been invited to look at each and every building.*

SECRETARY FOR THE TREASURY (in Cantonese): As far as I know, we have not spent public money on geomantic study.

MR ERIC LI (in Cantonese): *Mr President, when the Administration leased the premises at Edinburgh Tower in November, the Commission of Inquiry was probably not established. When selecting the office sites at that time, tailor-made premises were not sought for the Chief Executive-designate, having regard to location, accessibility, size and quality. Can we assume that other uses were not considered at the time when the premises were being selected? Moreover, for what reasons did the Administration assume and believe that the selected Chief Executive-designate would certainly accept the premises for his office, hence, the public money so spent, including the relatively higher rent would not be wasted?*

SECRETARY FOR THE TREASURY (in Cantonese): Mr President, in fact, the question raised by the Honourable Eric LI comprises two questions. I have just answered his second question. We did not assume that the Chief Executive-designate would certainly accept the office unit at the Edinburgh Tower we proposed. The first question was, when we selected the premises, certainly, we would first consider whether the premises could be a suitable office for the Chief Executive-designate. However, we found that leasing the premises would not be a waste because we had other government departments and some other government uses that would need office space in Central at that time. Therefore, under such circumstances, even if the Chief Executive-designate finally decided that he would not use the premises, we would be able to find other government uses to occupy the office very soon.

MR LEE WING-TAT (in Cantonese): *Mr President, it is mentioned in the last but one paragraph of the original reply that the Commission needs to use the premises now. As far as I know, the Treasury Branch has been requesting government departments to abide by a principle, that is, if it is not necessary to lease premises at high rents, other premises at lower rents should be leased instead. According to this principle, if it is not a must for an office to be set up in Central, it should be set up in Wanchai, Causeway Bay and so on in order to save public money. Now the Administration requests or makes arrangements for the Commission to set up an office in Central, would this comply with the principle set by the Treasury Branch? If the Commission sets up its office in Wan Chai or Kowloon, would this fail to facilitate its work? How would its investigation work be facilitated by an office in Central?*

SECRETARY FOR THE TREASURY (in Cantonese): Mr President, it should be the Finance Branch instead of "the Treasury Branch". The Finance Branch has given the Government Property Agency a guideline for making arrangements for offices for government uses. Certainly, if we can look for suitable premises when the needs arise, our most important consideration would be whether we could manage to do so within the available time. As the Commission has to commence work very urgently, and that the unit at Edinburgh Tower is being decorated, it can be handed over to the Commission for its use very soon. I therefore made such a decision.

PRESIDENT (in Cantonese): Mr LEE Wing-tat, are you claiming that your question has not been fully answered?

MR LEE WING-TAT (in Cantonese): *Mr President, I think that the Secretary has not answered my question. I was asking whether the Administration was not able to find any premises at lower rent and can be decorated in time in other districts outside Central for use by the Commission.*

SECRETARY FOR THE TREASURY (in Cantonese): Mr President, it would be very difficult for me to prove that such premises are not available.

When we proposed to the Government Property Agency that the Commission needed an office, they had to look for premises for the Commission, and the premises the Government Property Agency could make available would certainly be used first. Therefore, the unit at Edinburgh Tower was chosen.

MR CHAN KAM-LAM (in Cantonese): *Mr President, I heard that the Commission only comprises one person. In his original reply, the Secretary for the Treasury said that the Government could only seek the advice of the Chief Executive-designate after he had been selected. The Chief Executive-designate was elected on 11 December but the Administration waited until two days after 28 December before consulting Mr TUNG in respect of the unit and the decoration works had been in progress for many days. Obviously, the Administration had already begun the decoration works of the unit before consulting Mr TUNG and this led to the question today. Was the Administration dealing with the matter improperly?*

SECRETARY FOR THE TREASURY (in Cantonese): *Mr President, I just said that the decoration works in progress for the unit at Edinburgh Tower were basic building services. Therefore, most of such works are also suitable for other office uses.*

PRESIDENT (in Cantonese): *There are still four Members asking supplementary questions. I shall draw a line there.*

MISS EMILY LAU (in Cantonese): *Mr President, I still want to follow up the question raised by the Honourable LEE Wing-tat. It is because I believe Edinburgh Tower can be said to be one of the most expensive premises in Central. When the Administration has to spend a large sum of money on the provision of an office, I believe it will certainly consider which kind of office is in question before setting up an office there. Mr President, in the Secretary's original reply, the Administration said that a three-year lease was signed in November last year while the Chief Executive-designate would only be in office for six months. I believe the Administration has actually planned at the very*

beginning to let other people use the office. However, who is so high ranking? Who is going to use the office? It seems that such a person does not exist, and the Administration has only named the Commission in a hurry. I am really puzzled. Which department can use a grade A+ office? Why was the office leased for such a long time as three years at that time?

SECRETARY FOR THE TREASURY (in Cantonese): Mr President, according to the information provided by the Government Property Agency, the departments presently in need of offices include the Lands Tribunal (1120 square metres), the Small Claims Tribunal (280 square metres), the Obscene Articles Tribunal (380 square metres) and the Insider Trading Tribunal (350 square metres).

MISS EMILY LAU (in Cantonese): *The Secretary for the Treasury has not answered my question. My question is what departments have to use grade A+ offices? Is he saying that all the departments just mentioned have to use grade A+ offices?*

SECRETARY FOR THE TREASURY (in Cantonese): Mr President, the examples just given are deemed by the Government Property Agency as suitable users of the unit at Edinburgh Tower.

MR HOWARD YOUNG (in Cantonese): *Mr President, the Administration just said that the lease was signed in November, but, if I have not recalled wrongly, the three candidates for the office of the Chief Executive were determined in mid-November. Had the Administration considered asking the three candidates at that time whether the premises were suitable so that it could look for other sites if it knew at an early date that the premises were not suitable? Had the Administration considered that?*

SECRETARY FOR THE TREASURY (in Cantonese): Mr President, this is a hypothetical question because we actually waited for the selection of the Chief Executive-designate before consulting him.

MR FRED LI (in Cantonese): *Mr President, the Commission of Inquiry comprises only one member, the Honourable Mr Justice WOO, supported by four staff. Now, it seems that the unit at Edinburgh Tower has become his office. However, what is the area he is going to occupy? Who else could have taken but was not able to use the unit at Edinburgh Tower until Mr TUNG had taken a look, as they could only use the office if Mr TUNG did not want it? Nevertheless, the Insider Trading Tribunal is now saying that it will not use the office. The Administration is actually forcing people to use the office now. What really happened? Who are really going to use the office at Edinburgh Tower?*

SECRETARY FOR THE TREASURY (in Cantonese): The Commission will occupy about half of the area of the office at Edinburgh Tower. The Government Property Agency is now considering which departments are suitable and it hopes that a decision can be made within two to three weeks. The related decoration works will only be completed by around February. Therefore, when the works are completed, the department concerned can move into the premises as soon as possible.

PRESIDENT (in Cantonese): Mr IP Kwok-him. The last supplementary question.

MR IP KWOK-HIM (in Cantonese): *Mr President, I am still concerned about the first point of the original question, that is: What are the criteria for the selection of office premises for the Chief Executive-designate? Now, the Chief Executives finds the premises not suitable but it is mentioned in the reply that the location, accessibility and size have been considered. I want to know why the Administration, well aware of the surroundings of the premises, had not taken the inconvenience of access to the premises, as deemed by Mr TUNG, into consideration when it made the decision? Why was such an important factor neglected? I have to ask in turn, how were these criteria worked out?*

SECRETARY FOR THE TREASURY (in Cantonese): Mr President, different people certainly have different opinions. In my opinion, the important things are, as I just said, location, accessibility, size and quality.

However, when the final decision was made by the Chief Executive-designate, he also took into account such factors as not too congested traffic and elevators going up to the office directly from the carpark. This shows that different people have different needs.