

**Enclosure 3 to EC(2012-13)5**

**Creation of Deputy Chief Secretary for Administration and  
Deputy Financial Secretary**

**Introduction**

This note explains the rationale of the Chief Executive-elect's proposal to create the two Deputy Secretary of Department (DSoD) posts, and to respond to Members' enquiries on the creation of these new posts.

**Background of creating DSoD**

2. Since the establishment of the Hong Kong Special Administrative Region (HKSAR), there are growing exchanges and integration between the HKSAR and the Mainland. To co-ordinate the cooperation between the HKSAR and the Mainland in social and economic developments, the workload of the Chief Secretary for Administration (CS) and the Financial Secretary (FS) has been increasing. In addition, with changes in the political environment of the HKSAR and the thriving media, senior officials often need to devote a lot of time and effort to handling pressing political matters, resulting in insufficient time being given to medium and long term planning on structural social and economic policies, such as the ageing population and poverty problems that are important issues concerning people's livelihood. This has generated social conflicts and grievances in the community.

3. To enhance Hong Kong's economic development and competitiveness, we need to promote diversification of industries. The rapid development of our nation brings along unlimited opportunities. We must proactively prepare ourselves to get connected with the national development plans and the development plans of Guangdong province as well as the Shenzhen city, to promote the further development of our pillar industries, and support our new and emerging industries. CEPA provides a win-win platform for economic and trade cooperation between Hong Kong and the Mainland. We must ensure that all the preferential measures are fully implemented, and further deepen and widen the coverage of CEPA in trade in goods, trade in services and trade and investment facilitation on an on-going basis, so that Hong Kong enterprises and professionals can make full use of the CEPA measures, to promote economic and trade development.

**/Policy .....**

## **Policy responsibilities of DSoD**

4. The creation of two DSoD posts seeks to realise one of the key policy objectives of the Chief Executive-elect, on “promoting economic development, improving people’s livelihood”, and to enhance the communication between the executive and the legislature, with a view to ensuring smooth implementation of policies.

5. The Deputy Chief Secretary for Administration (DCS) is tasked to assist CS in co-ordinating the development of human resources to meet the demands for human resources from various economic and social sectors of Hong Kong, and to maintain Hong Kong’s competitiveness in the era of quest for talents in the 21st century. The specific responsibilities of DCS include overseeing manpower planning and addressing manpower mismatch; improving education and cultural literacy; addressing the needs for an ageing population through planning for healthcare, elderly services and retirement protection; formulating policy for the youth and children; and developing welfare planning. CS could focus more on other cross-cutting policies requiring longer term planning, e.g. population policy, poverty alleviation and sustainable development. He will enhance the exchanges with the Mainland, continue to oversee Hong Kong-Guangdong cooperation, and the operation of the Community Care Fund. In addition, CS will provide leadership on further constitutional development, strengthening district administration and promoting social harmony.

6. The Deputy Financial Secretary (DFS) is tasked to assist FS in economic development, formulating policies on industries, creating wealth for Hong Kong and providing more employment opportunities for Hong Kong people. The specific responsibilities of DFS include enhancing communication with the ministries, provinces and municipalities of the Mainland; implementing economic cooperation agreements signed with Mainland authorities; coordinating the formulation and implementation of policies to promote Hong Kong’s development set out in the National Five-year Plans; and supporting development of trade and industries, development of maritime, air, logistics and tourism industries; as well as promoting technology and communications development. FS could focus more on the further development of Hong Kong as a leading international financial centre and the premiere offshore Renminbi business centre. He will make proper use of the fiscal reserves to make financial, social and economic investments for the long term development of Hong Kong and set aside funding to meet future expenditures arising from the ageing population. He will also oversee the formulation of longer term policies on housing, planning and lands, and transport infrastructure.

7. In sum, the two DSoDs are responsible for co-ordinating development of human resources and industries respectively to enhance the overall competitiveness of Hong Kong.

**/Relationship .....**

## **Relationship with Secretaries of Departments (SoDs) and Directors of Bureaux (DoBs)**

8. Under the leadership of the Chief Executive, CS is still the head of the politically appointed officials and will continue to chair the Policy Committee every week to discuss and co-ordinate formulation of important policies with all DoBs. CS will work with FS on the priority of resource allocation in preparation for the annual Budget. Creation of the two DSoD posts will not affect the contact and communication of the DoBs with the two SoDs, nor will it attenuate CS's role in maintaining oversight of the scene at large.

9. As mentioned above, the two DSoDs will have specific responsibilities and directly supervise the operation of two or three closely related bureaux. The DSoDs report to their respective SoDs who will assign tasks to them as necessary. The performance of DSoDs will be measured by whether they can accomplish the tasks assigned to them in good time, appropriately and fully.

10. Take the example of population policy, CS is the Chairman of the Steering Committee of Population Policy. The scope of the population policy is very wide, covering manpower planning, quality of population, policies for youth and children, ageing population, babies born locally but whose parents are non-permanent residents of Hong Kong, admission scheme for talents, new immigrants, ethnic minorities, and Hong Kong people living in the Mainland. Each task requires in-depth study and straddles across various bureaux. Similarly, a thorough study of the poverty problem (which involves various policies such as education, welfare, housing, industries, employment and retraining) requires harmonisation and co-ordination. DCS can share the work on those issues which are directly related to the Education Bureau, the Labour and Welfare Bureau and the Culture Bureau in examining and formulating policies on manpower planning, population quality, issues on youth and children, and ageing population. The co-ordination role of DCS is not only confined to the bureaux under his/her purview. For example, the study on retirement protection involves the mandatory provident fund scheme under the Financial Services and the Treasury Bureau. Planning for elderly services involves medical and housing policies, and the study of complementary measures for the elderly to return to their home towns after retirement. Regarding specific policy issues, DCS needs to take a co-ordinating role, such as planning and lands, and space for cultural activities.

11. As regards the division of labour, DoBs are responsible for shaping specific policies under their purview and steer the departments concerned to implement such policies. DoBs should be at the forefront to explain policies to the Legislative Council, the media and the community, and to solicit their support. DSoDs should focus on the long term planning and co-ordination of policies that cut across Bureaux. The DSoDs and DoBs should decide the specific division of labour between them and the mode of operation according to needs and actual situation. The overriding principles are to expand capacity and enhance efficiency to achieve more results.

**/Conclusion .....**

## **Conclusion**

12. The creation of two DSoD posts aims to enhance executive leadership, improve the relationship between the executive and the legislature, enhance co-ordination among departments, implement long term planning, better develop our economy and improve people's livelihood.

Office of the Chief Executive-elect  
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