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Legislative Council Secretariat
for Members' reference only)

Review of District Organizations

**Proposal on “One Municipal Council,
One Municipal Services Department”**

**A streamlined structure of one Municipal Council and
one Municipal Services Department will enhance public accountability
and save \$500 million yearly**

**Democratic Party
December 1998**

Summary of Contents

1. Principles on which the review of district organizations should be based

- (a) to provide more opportunities for public participation in the decision-making process concerning district matters;
- (b) to enhance administrative efficiency and minimize duplication of responsibilities between district organizations and other government departments;
- (c) to economize on public funds and strictly monitor their use.

2. The merged Municipal Council

- (a) The Municipal Council will be made up of a total of 60 directly-elected Members;
- (b) The merged Municipal Council will have a Standing Committee of the whole Council, under which six select committees will be formed, namely the Select Committees on Finance, Capital Works, Food and Environment, Culture, Recreation, and also the Licensing Board. Each of the select committees will be responsible for formulating policies under their respective purview and in particular, the Licensing Board will be responsible for standardizing the procedures for the licensing of restaurants, food factories and places of public entertainment;
- (c) Except for the Licensing Board, an advisory system will be instituted within the other five select committees. The advisers will be appointed by the Municipal Council and through an election held among themselves, they can join the relevant select committees as advisers. They will have the same rights as those of other Municipal Council Members, including the right to speak and the right to vote;
- (d) Under the Municipal Council there will be 18 Municipal Services District Committees, comprising 18 to 20 members including the Municipal Council Members and District Board Members in the district concerned, together with members of the community;

- (e) Functions of the Municipal Services District Committees include the following:
 - (i) to monitor the provision of services by the Municipal Council and the management of the relevant facilities in the district;
 - (ii) to approve expenditure under the block votes for the Municipal Council in respect of environmental and health facilities, public amenities, park and playground facilities, and recreational and sports activities in the district;
 - (iii) to advise on the works programmes in respect of facilities provided by the Municipal Council.
- (f) Following the amalgamation of the two Municipal Councils, a “Management Committee” will be set up for major cultural venues all over the territory, including civic centres, libraries and museums. These committees will compose members of the relevant sectors and will be made responsible for the management of these venues.

3. The merged Municipal Services Department

- (a) After the amalgamation, the Municipal Services Department should be restructured into six divisions, namely the Administration, Finance, Planning, Food and Environmental Hygiene, Culture, and Recreation Divisions;
- (b) The new Department will be headed by one Director, two Deputy Directors and five Assistant Directors, whose tasks will be to coordinate and oversee the implementation of policies in the above areas;
- (c) Given that the proposed new Municipal Council will assume the overall functions relating to food safety and environmental hygiene, while the existing experts and responsible officers in the two Municipal Services Departments should be retained, arrangements should also be made to transfer the relevant personnel from the Health Department and the Agriculture and Fisheries Department to the Food and Environmental Hygiene Division under the new Municipal Services Department, which will be responsible for implementation;

- (d) The majority of the municipal services will be provided on a contract-out basis and besides, the Department will aim at streamlining the organizational structure through natural wastage, which means not filling any vacancies arisen, in an effort to gradually reduce the number of staff in the merged Municipal Services Department.

4. Funding Arrangement between the Government and the Municipal Council

- (a) The existing arrangement whereby the two municipal councils are funded by rates should cease;
- (b) The Municipal Council will draw up its budget and seek funding through annual appropriation by the Legislative Council;
- (c) Major public works launched by the Municipal Council will be subject to the scrutiny and approval of the Legislative Council.

5. Implications of the “one Municipal Council, one Municipal Services Department” proposal

5.1 The Democratic Party is of the view that reforming the district organizations along the line of “one Municipal Council, one Municipal Services Department” will have positive effects as follows:

- (a) The new Municipal Council, which will be completely made up of elected Members, ensures people’s right to make decisions concerning district matters and enables the public to effectively monitor the department responsible for the provision of municipal services through representatives with the people’s mandate;
- (b) While the merged Municipal Council will continue to undertake cultural and recreational duties, it will also be responsible for the overall functions relating to food safety and environmental hygiene. Besides, the licensing matters will also be brought under the purview of one single Municipal Council. In this connection, the administrative efficiency will be enhanced and overlapping of responsibilities between government departments will also be effectively reduced;

- (c) With the reorganization of the Municipal Council, the systems of appointment and indirect election will be abrogated, and only the elected seats will be retained. Hence, the number of Municipal Council Members will be reduced from the existing 100 to 60. It is estimated that an annual saving of about \$25 million will be achieved with regard to allowances for Members;
- (d) Given the merger of the two Municipal Councils, the two secretariats which provide executive support for Members can similarly be reduced into one. It is estimated that this will save an amount between \$33 million and \$60 million in public funds;
- (e) With the amalgamation of the two Municipal Services Departments, the number of directorate posts will be significantly reduced from the existing 25 to 8. It is estimated that some \$40 million will be saved in the cost of remuneration and fringe benefits for these posts;
- (f) After the amalgamation, the Municipal Services Department will have a staff of 27 000. However, if efforts are made to vigorously contract out the provision of municipal services as proposed by the Democratic Party, the number of staff in the Municipal Services Department will be gradually reduced. About \$450 million can be saved in public funds when the establishment is trimmed by every 10%;
- (g) Given that the Legislative Council will be given the power to monitor the finance and public works programmes of the Municipal Council in future, the Municipal Council will be more accountable to the public in the use of public funds.

* **Please refer to the remarks in the full text of the proposal for details about how the savings in public funds are calculated.**