

**LegCo Panel on Health Services,
Environmental Affairs and Constitutional Affairs**

**Proposal by the Provisional Urban Council and the Provisional
Regional Council: "One Council One Department"**

The Administration's Response

Introduction

At the Joint Panel meeting on 8 February, the Administration was requested to respond to the proposal of "one Municipal Council, one Municipal Services Department" and the comments on the Consultant's Report on Food Safety and Environmental Hygiene Services in Hong Kong put forward by the two Provisional Municipal Councils in January 1999 (hereinafter referred to as "the Councils' Proposal").

Shared Views

2. The Councils' Proposal is similar, in broad terms, to the earlier submissions by the two Provisional Municipal Councils in July 1998 during the consultation period on the Review of District Organisations. We note that some of the ideas in the Councils' Proposal are similar to ours. These include -

- discrepancies in the policies and practices in the "Urban Council Area" and the "Regional Council Area" should be removed;
- the structure for delivery of municipal services should be streamlined;

- the rates financing system should be replaced by annual appropriation by the Legislative Council (LegCo) and large capital works projects concerning municipal services should be subject to LegCo approval of funds; and
- more services should be contracted out to achieve greater cost-effectiveness.

Food Safety and Environmental Hygiene

3. We have explained in the Consultation Report on the Review of District Organisations published in October 1998 why the “One Council-One Department” proposal is not acceptable. Our main concern is that this option fails to address the problem of fragmentation of responsibilities for food safety and environmental hygiene. The Councils' Proposal suggests that a clear line should be drawn between food safety control and environmental hygiene services, with the government responsible for the former and the new Municipal Council for the latter. We however consider that the two are inseparable.

4. As stated in the Consultant's Report, to ensure that there is clean and wholesome food on the dining table, we need to check on the production process at source and to ensure that the process of preparation or production of food, its storage and its transportation is clean and proper. To put food safety and environmental hygiene functions under two or more distinct authorities would compromise efficiency and seriously undermine effective co-ordination. Therefore we have accepted the Consultant's recommendation of setting up a new policy bureau for environment and food and a new department of food and

environmental hygiene underpinning it. This structure will enable us to control food safety from farm to table proactively and to handle food incidents effectively.

5. The crisis management team proposed in the Councils' Proposal (paragraph 25) would only be able to deal with crises within the ambit of the Municipal Services Department and would **not** be in a position to handle food safety crises and other emergency situations where co-ordination among a number of departments and bureaux is involved.

New Structure

6. While we agree that the structure for delivery of municipal services should be streamlined to reduce duplication of efforts and improve efficiency, the "One Council-One Department" proposal is not the best option open to us. Our main concerns are that -

- the proposed Municipal Services Department underpinning the Municipal Council would comprise about 27 000 staff or almost one-sixth of the entire civil service. Because of its huge size, the department would be difficult to manage;
- there would continue to be some overlapping of responsibilities between the proposed Council, the Home Affairs Bureau, the Arts Development Council and Sports Development Board in the areas of arts and sports. It fails to address the problems raised by the arts and

sports community concerning the lack of overall culture and sports policies and less than optimal use of resources; and

- the functions of the proposed municipal services district committees, (which include monitoring the delivery of district municipal services and advising on the municipal works programmes) appear to duplicate, to quite a large extent, those of the future District Councils.

7. We believe that the new structure proposed in the Consultant's Report will provide stronger and clearer leadership in the co-ordination and direction on food safety and environmental hygiene matters. Moreover, it will also facilitate overall coordination of environmental and nature conservation efforts such as waste management, which currently is dealt with by different agencies under different policy bureau.

Savings

8. In both the Council's Proposal and the Administration's proposed structure, there is considerable scope for savings in resources through the reorganisation exercise. The net savings of some \$28 million per annum on staff costs only represents the preliminary estimate of the Consultant. We are giving consideration to the detailed staffing requirements of the new policy bureau and the new departments. The expected savings are likely to be significantly larger than the figure cited by the Consultant. We hope to produce more detailed information in April/May 1999.

9. We appreciate the efforts of the Councils in identifying savings. However, the following should be noted -

- out of the claimed annual saving of \$720 million set out in the Councils' Proposal, \$384 million are the service charges payable to the Architectural Services Department and the Electrical and Mechanical Services Department. This is in fact a change in accounting arrangements rather than genuine saving; and
- although we support the idea of more contracting out of services, this should be implemented in an incremental approach to tie in with staff redeployment and natural wastage. The target savings of \$200 million suggested in the Councils' Proposal may not be immediately realizable.

Community Participation

10. The Councils' Proposal argues that the dissolution of the two Municipal Councils is "a very serious retrograde step in the development of democracy" (paragraph 2). As discussed in the Consultation Report on the Review of District Organisations, many submissions favour a two tiered representative system for Hong Kong, in view of our small geographical area. Some academics note that the existence of three tiers of representative institutions is detrimental to the delineation of accountability and monitoring responsibilities. After reorganisation of the district organizations, community participation in monitoring food safety and environmental hygiene services through the LegCo and District Councils will in fact be greater, not less, than at present.

Constitutional Affairs Bureau
19 February 1999