LegCo Panel on Public Service
Follow-up to the meeting on 21 February 2000

List of points raised by Members and five civil service unions on
Agenda Item V
Corporatization of the Survey and Mapping Office of the Lands Department
— Impact on the Staff concerned

Points of concern	Raised by	Ref
1. Survey and Mapping Office (SMO) not a suitable candidate for corporatization According to the speech given by the Financial Secretary in the Legislative Council on 16 June 1999 (page 2 of Appendix 1 to the Consultants' Final Report), in identifying potential candidates for corporatization, a number of issues need to be carefully examined. AGTSO offers its comments on the issues as follows: (a) So far, no queries have been made by the Public Accounts Committee and the public on the efficiency of SMO; (b) It is controversial whether the services of SMO belong to the public sector; (c) The Director of Lands has emphasized that the staff of SMO are meritorious and experienced; (d) The consultants and the staff have arrived at different revenue figures and therefore different conclusions on whether the corporatized SMO can sustain its business after establishment; (e) It is doubtful whether the public interest could be safeguarded by the proposal to corporatize SMO; (f) Staff consultation has just been started and it is not known whether the arrangements would be acceptable to staff; (g) It is expected that the Government has to continue to subsidize the corporatized SMO in the long term. In view of the above, AGTSO considers that SMO is not a suitable candidate for corporatization. However, it agrees that SMO should be reformed. In this connection, it suggests that legislation be put in place to enhance the flexibility and accountability of SMO.	Association of Government Technical & Survey Officers (AGTSO)	Speaking notes for the Panel meeting on 21.2.2000 (LC Paper No. CB(1)1081/99-00(03))

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2. Nature of survey and mapping services		
(a) Survey and mapping services are public services which should be provided by the Government. This is the case in most of the overseas countries. It is not mentioned in the consultants' Final Report whether the experience in the United Kingdom is suitable for application in Hong Kong;	Association of Government Local Land Surveyors (AGLLS)	Speaking notes for the Panel meeting on 21.2.2000 (LC Paper No. CB(1)1081/99-00(01))
(b) In view of item (a) above, the survey and mapping services in Hong Kong should continue to be provided by the Government. Why does the Administration pursue the corporatization proposal? Is it in the public interest to corporatize SMO?	Hon CHAN Yuen-han	—
(c) Essential public services should be provided by the Government, even though the corporatization of such services will bring about more revenue.	Hon CHEUNG Man-kwong	—
3. Revenue Assessments		
(a) <u>Revenue figures exaggerated</u> (i) The Base Case Scenario projections show that a corporatized SMO will have a surplus of $583 million over a ten-year period. The projections include 20% on-cost on services (but not on products) to Government, to cover overhead costs of those services (Executive Summary of the Consultants' Final Report). AGLESO points out that the 20% on-cost amounts to about $1000 million over the ten-year period which will be paid by the Government. In other words, the Government has to pay $1000 million to enable the corporatized SMO to achieve a surplus of $583 million over the ten-year period;	Association of Government Land & Engineering Surveying Officers (AGLESO) and Association of Government Cartographic Staff (AGCS)	— Speaking notes for the Panel meeting on 21.2.2000 (LC Paper No. CB(1)1081/99-00(04))
(ii) In view of item (i) above and the fact that the major source of income of the corporatized SMO will come from the Government, is it value for money to corporatize SMO?	Hon LEE Cheuk-yan	—

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(b) <u>Annual average return on net assets</u> If the value of property is deducted, the corporatized SMO can only achieve an annual average return on net assets of 2.2%, which is far below the 12.1% estimated by the consultants.	AGLESO	—
(c) <u>Expenditure on creation of more posts</u> (i) The creation of more posts for the corporatized SMO, including the post of Chief Executive Officer (CEO) and other directorate posts, will incur an expenditure of about $330 million over a ten-year period;	AGLESO	—
(ii) It is mentioned in the Consultants' Final Report (page 32) that the total cost for the corporatized SMO over the ten-year period will be $6,149 million. This figure has not included the remuneration for the Board of Directors and the CEO, and the cost for office accommodation for the new staff.	AGCS	Speaking notes for the Panel meeting on 21.2.2000 (LC Paper No. CB(1)1081/99-00(04))
(d) <u>Different revenue assessments made by the consultants and staff</u> In view of the different revenue assessments made by the consultants and staff, has the Administration identified the cause of the differences? Has the Administration seriously studied the assessments made by staff, having regard to the fact that they are the front-line staff in charge of the operations?	Hon CHEUNG Man-kwong	—
4. New Business Opportunities		
(a) <u>Establishment of SMO as the Centralized Spatial Data Agency for the management of metadata and the sharing of spatial data in HKSAR</u> (i) Whilst supporting the establishment of SMO as the Centralized Spatial Data Agency (page 7 of the consultants' Final Report), AGLLS is concerned how this could be achieved, particularly on how to secure other Government departments' cooperation in submitting metadata and spatial data to SMO;	AGLLS	Speaking notes for the Panel meeting on 21.2.2000 (LC Paper No. CB(1)1081/99-00(01))
(ii) If the plan to establish SMO as the		

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Centralized Spatial Data Agency turns out to be unsuccessful, it will affect other related business opportunities and the revenue.		
(b) <u>Other new business opportunities</u> While the other new business opportunities appear to be technically feasible, it is not mentioned in the consultants' Final Report how the opportunities could be realized in the near future.	AGLLS	Speaking notes for the Panel meeting on 21.2.2000 (LC Paper No. CB(1)1081/99-00(01))
(c) <u>Options for developing the new business opportunities</u> (i) Is corporatization the only and most effective option for developing the new business opportunities of SMO?	AGTSO	Speaking notes for the Panel meeting on 21.2.2000 (LC Paper No. CB(1)1081/99-00(03))
(ii) Why not using the existing mode of operation to develop the new business opportunities?	Hon LEE Cheuk-yan and Hon CHEUNG Man-kwong	—
5. Growth Potential		
(a) <u>Digital data products - Government department</u> (i) The consultants assume that all Government departments/bureaux will, within the next three years, take on-line access to SMO database for the most updated digital maps (page 10 of the consultants' Final Report). What are the justifications for this assumption? (ii) The on-line access to SMO database will be charged at $1.7 million per year. Based on the assumption at item (i) above, the estimated revenue from on-line access charge will cover 18.4% and 15.9% of the total revenues in year 1 and year 10 respectively. The reliability of this estimation is vital to the financial viability of SMC.	AGLLS	Speaking notes for the Panel meeting on 21.2.2000 (LC Paper No. CB(1)1081/99-00(01))

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6. Legislative Support Some business opportunities, like the establishment of SMO as the Centralized Spatial Data Agency, need legislative support. AGLLS doubts whether the required legislation will be put in place when the Survey and Mapping Corporation (SMC) is formed.	AGLLS	Speaking notes for the Panel meeting on 21.2.2000 (LC Paper No. CB(1)1081/99-00(01))
7. Impact of corporatization of SMO on the public It is mentioned in the consultants' Final Report (page 36) that "Some non-profitable services of SMO may be discontinued and the cost of some special services may become very high because of business considerations. In this case the customer would either have to provide the services using in-house resources, or bear the high cost of these services". AGLLS considers this unacceptable, as the services to be provided to the public should be justified by need, not by cost.	AGLLS	Speaking notes for the Panel meeting on 21.2.2000 (LC Paper No. CB(1)1081/99-00(01))
8. Staffing Arrangements (a) The Administration has not made any concrete proposals on the arrangements for staff, in particular for those seconded to other government departments;	AGCS	Speaking notes for the Panel meeting on 21.2.2000 (LC Paper No. CB(1)1081/99-00(04))
(b) If the corporatized SMO is in the deficit or if it decides to contract out more services, some of the posts may have to be deleted. What arrangements will be made for the surplus staff?	AGCS and Hon LEE Cheuk-yan	
(c) How will the Administration ensure that the seconded staff would have a fair chance for promotion?	Hon Andrew WONG	—
(d) Why not adopting the Kowloon-Canton Railway Corporation model in making arrangements for staff of SMO?	Hon Andrew WONG	—

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9. Staff Consultation The draft Chinese version of the consultants' Final Report was only issued to staff of SMO on 18.2.2000, more than one month after the issue of the English version. GCU therefore doubts the sincerity of the Government in consulting the staff on the corporatization proposal.	Government Chainmen Union (GCU)	Speaking notes for the Panel meeting on 21.2.2000 (LC Paper No. CB(1)1081/99-00(05))

Legislative Council Secretariat
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