

Legislative Council Panel on Home Affairs

**Review of the Supernumerary Deputy Director (Administration)
and Assistant Director (Finance) Posts in the
Leisure and Cultural Services Department**

PURPOSE

Two supernumerary posts of one Administrative Officer Staff Grade B (AOSGB) (D3) and one Assistant Director of Accounting Services (ADAS) (D2) (departmentally designated as Deputy Director (Administration) (DD(A)) and Assistant Director (Finance) (AD(F)) respectively) in the Leisure and Cultural Services Department (LCSD) are due to lapse on 1 January 2002. This paper briefs Members on the proposal to extend the supernumerary AOSGB (D3) post by three years up to 31 December 2004 and to create one Chief Treasury Accountant (CTA) (D1) post in place of the supernumerary AD(F) post so as to continue to provide the department with the administrative support and financial management services it requires at directorate level.

BACKGROUND

2. The LCSD is the third largest civilian government department with about 9 000 permanent staff and 6 000 contract staff (about 2 500 full-time and 3 500 part-time contract staff). It has an annual budget of \$5,300M and responsibility for the management of some 2 000 venues. The Administration Branch of LCSD has an establishment of over 500 staff and is headed by DD(A) who is in charge of the overall human resource management and internal administration, planning for capital works projects, finance and supplies, information technology, reorganization, quality assurance, information and public relations and legal advisory services. For finance and supplies matters, DD(A) is assisted by AD(F).

Encl. 1(a) The existing organization chart of the Administration Branch is at Enclosure 1(a). The existing organization chart showing the division of responsibilities among DD(A) and the two operational DDs in the

Encl. 1(b) department is at Enclosure 1(b).

3. In the course of the reorganization of the former municipal services departments in 1999, the Administration recommended, and Finance Committee endorsed, that the DD(A) and AD(F) posts in LCSD

should be created on a supernumerary basis for a period of two years, at the end of which a job review should be undertaken. The rationale for this recommendation was as follows:-

- (a) The various reforms and initiatives which DD(A) was required to oversee or steer, including the development of a new relationship with arts and sports bodies, the merger of the Amenities Officer and Recreation and Sport Officer grades, the corporatization of the three performing companies, the commercialization of the computerized ticketing (URBTIX) service, the transfer of the Music Office to the Academy for Performing Arts, the contracting out of the management of leisure services venues, the rationalization of the policies and practices inherited from the former municipal services departments and the review of funding and subsidy schemes, were expected to be completed or well on track by 31 December 2001.
- (b) The tasks of reviewing and revamping accounting practices and the rationalization of fees and charges on leisure and cultural services (LCS) under AD(F)'s sphere of responsibility were expected to take about two years to complete.

4. As a follow-up to this recommendation, LCSD has recently completed a job review of the two supernumerary directorate posts with the conclusion that the DD(A) post should be extended by three years while the AD(F) post should be replaced by a permanent post, but downgraded to CTA level.

PROPOSAL

5. We propose to extend the supernumerary AOSGB (D3) post by three years up to 31 December 2004 and to create a CTA (D1) post on a permanent basis in place of the supernumerary AD(F) post in LCSD.

JUSTIFICATION

6. The justifications for the proposal are detailed in the paragraphs below.

The DD(A) Post

7. Since its establishment on 1 January 2000, LCSD has been, and will continue to be, undergoing a period of change and challenges. Apart from the requirement to review and realign its various systems, procedures and practices, the department has to introduce new initiatives to improve its services to the public. At the same time, there is also growing demand for greater participation by the community and private sector in the provision of LCS. Stronger administrative support is required to manage the changes arising from these challenges, and LCSD would need to retain the DD(A) post for three more years to head the Administration Branch and to provide the policy steer and direction to take forward the various issues from a strategic and corporate perspective. The major tasks for the DD(A) post during the three years ahead are outlined in paragraph 9 below.

8. Of the various reform measures on DD(A)'s schedule referred to in sub-paragraph 3(a) above, some have been completed as planned while other new initiatives have been introduced. A table showing the progress of these measures and initiatives and the outstanding action required is at Enclosure 2. DD(A)'s steer and input will continue to be required to take these reforms and initiatives forward.

Encl. 2

9. Aside from the individual reform measures and initiatives referred to above and the on-going work of resource planning given the wide span of financial control and allocation and internal departmental administration, there are other wider issues and challenges which DD(A) is required to deal with in the next few years, viz :-

(a) Planning and implementation of capital works projects

Having regard to the need to speed up delivery of LCS projects, to stimulate the economy and create employment opportunities, an Accelerated Programme (AP) for five years (2002/03 – 2006/07) covering 64 projects at a total estimated cost of \$8.7 billion has been drawn up. The programme has taken into account the views of the District Councils (DCs) and will provide a good range of public facilities over a wide geographical spread. In the Chief Executive's Policy Address for 2001, Government is committed to implementing these projects. LCSD has to advance the implementation of these projects as far as possible, and to explore the scope for greater private sector participation in the design, construction and operation of these projects. The AP is a rolling programme, subject to review annually in consultation with respective

DCs.

In order to press ahead with projects under the AP, the mode of operation of the Planning Section can no longer follow past pattern. While Assistant Director (Administration & Planning) (AD(A&P)) will continue to be responsible for overseeing planning of capital works projects, including the establishment of project scope, scrutinizing layout designs and costings, and preparation of projects plans, greater and more active involvement at DD(A) level is required to steer and push ahead the projects under the AP. Specifically, DD(A) is required to chair the Project Planning and Development Committee which consists of senior officials in the various bureaux and departments, including the Architectural Services Department, to explore integrated use of LCS facilities with other community and educational facilities; to introduce private sector participation; to upgrade facilities standards; to cut down construction cost and to reduce government recurrent responsibilities for future maintenance of these projects. All these call for an officer at D3 level who needs to maintain effective dialogue with other senior officials.

It is also essential that he steers and monitors the implementation of the AP, ensuring that the projects progress smoothly within the target time frames and budgets and that the necessary support and approval are obtained from the Legislative Council (LegCo) Sub-Committee set up to monitor the outstanding Ex-Provisional Municipal Council Projects, the LegCo Home Affairs Panel, the Public Works Sub-committee and the Finance Committee (FC).

The next three years will be critical to the success of the AP because of the large number of projects to be launched within a tight time frame and DD(A)'s input is vital.

(b) Strategic contract management

Up to now, a large number of service contracts have been awarded by the former provisional municipal councils and LCSD at different times, covering a wide range of services across the two operation branches and 18 districts. This has given rise to variations in terms of contract terms and contract

management and enforcement, even in cases of similar service. This is not desirable because this is conducive to inter-branch and inter-district inconsistencies in the standard of services provided and the practices of managing contractors. While the operational DDs are involved in the supervision of service providers to ensure that the required quality of service is achieved and to devise improvement measures to upgrade service standard, there is a need for a central co-ordinator in the Administration Branch to realign, standardize and improve contract management and administration across the department to ensure effective management of contractors and quality services to the public. This entails review of tendering procedures and practices, selection criteria and assessment standard for the award of service contracts, and setting up an effective mechanisms for monitoring of contractual performance as well as a performance appraisal mechanism and a reward and penalty system for service contractors. There is also a need to devise appropriate training to staff involved in contract management, and to co-ordinate and review a comprehensive departmental plan with achievable targets both in the short and long term. For this purpose, DD(A) has set up and will continue to steer a Working Group on the policy and planning of contract management.

(c) Private sector participation in the provision of leisure and cultural services

In line with the recommendation in the Consultant's Report on Culture, the Arts, Recreation and Sports published in February 1999 that Government should bring in more private sector participation in the provision of LCS, LCSD has launched a number of initiatives and is exploring new ones to involve the private sector in delivering and improving its services to the public. At present, the department is running trial schemes and conducting consultancy studies on the feasibility and benefits of involving the private sector in the management of indoor games halls, the management of car-parks, the use of Octopus and other non-cash payment facilities at leisure and cultural venues, the opening up of the URB TIX, the maintenance of electrical and mechanical facilities, partnership with the arts community in certain business processes and functions for the delivery of service at civic centres. Two other major consultancy studies have also

been set off on the viability of private sector participation in the provision of library and museum services. DD(A) is required to work in partnership with the operational DDs to formulate and review the strategy for promoting private sector participation, steer consultancy studies, evaluate recommendations of consultants and advise Director of Leisure and Cultural Services (DLCS) and the policy bureaux on the way forward. The input from the operational DDs focuses mainly on the operational aspect of various options, quality of services to the public, staff reaction, etc. DD(A), on the other hand, contributes on issues such as overall resource implications, impact on the departmental manpower plan, strategy for consulting and communicating with affected staff, etc. It is envisaged that the major studies/reviews will be completed in the next one to two years.

(d) Business process re-engineering

With a view to achieving productivity gain and efficiency enhancement, LCSD needs to regularly review and re-engineer the business processes in its operations to cut red tapes, streamline procedures and identify new modes of service delivery. The major study areas to be taken up include the existing practice and procedures of employing large numbers of part-time staff for the delivery of project/event-based LCS of the two operation branches, the field operation for the provision of leisure services and the procedures of collecting statistics and compiling management information reports for the Management Information System. More studies in other work areas will be initiated for efficiency enhancement on a continuous basis. While operational DDs would evaluate and advise on the practicability of recommendations and their impact on operational efficiency and services to the public, DD(A) will examine the systems and mode of operation which cut across both branches. In view of the number of major studies in the pipeline which are expected to complete in the next few years, it is necessary to retain the DD(A) for the proposed three-year period.

(e) Quality assurance

LCSD has set up a Quality Assurance Section (QAS) under the supervision and direction of DD(A) to provide the top

departmental management with independent and objective assessments of the use of financial, human and physical resources in the department and to ensure economical and efficient allocation of its resources. The section has by now completed a number of value for money studies in the operation of LCSD's swimming pools and beaches, holiday camps, sports subvention scheme and the Entertainment Licensing Section. Many of these studies have resulted in recommendations for cost savings, better utilization of human resources and streamlining of procedures. For example, the study on the Lei Yue Mun Park and Holiday Village has identified considerable scope for improvement in establishment downsizing, deployment of vehicles, employment of part-time staff, etc. Similar studies and reviews will be conducted in other work areas on an on-going basis to identify room for improvement in administration and cost effectiveness. There is a need for an officer at senior directorate level with the necessary administrative experience and knowledge to work with the operational DDs on improvement proposals, implementation plans and arrangements. A review of the achievements of the QAS is scheduled to be undertaken in 2004.

(f) Consultation with District Councils

In the light of the feedback received in the recently concluded review of DCs, the Administration agrees that LCSD should consult DCs or their committees on their participation in the usage and management of district-based leisure and cultural facilities such as indoor games halls, parks, swimming pools, beaches and libraries. LCSD should take on board the views of DCs so long as they do not depart from the territory-wide policies and are broadly within the prescribed budget.

To take forward this initiative, it is necessary for DD(A) to formulate and review the strategy for enhancing consultation with DCs. It is envisaged that a mutually acceptable arrangement on DC's participation in the management of district-based leisure and cultural facilities will be worked out in the coming few years.

(g) Fees and charges for leisure and cultural services

Due to different pricing policies adopted by the Provisional Municipal Councils, there are significant differences in the fees and charges for admission to leisure and cultural facilities in the urban and NT areas. They include different pricing policies, fee levels, subsidy levels, different cost of services/operations and different costing bases. The Administration undertook to review the fees and charges for various leisure (about 410 fee types) and cultural (around 270 fee types) facilities with a view to aligning their differences.

For the purpose of this review, a Working Group chaired by DD(A) has come up with a fee alignment proposal on a cost neutral basis, resulting in substantial fee increases in some of the individual admission fees/hiring charges although the fee for some others will decrease. This recommendation was objected strongly by the DCs in view of the prevailing economic climate. LCSD therefore needs to further examine the issue with a view to formulating an alternative fee alignment proposal. To take this task forward, DD(A) is required to consult the DCs on pricing policies and fee revision proposals, to review fee-setting principles and cost recovery rates, having regard to the state of the economy, public sentiments and outcome of a new sports policy to be formulated upon the completion of the Sports Policy Review, and to seek the necessary endorsement of the proposals.

10. We have considered the alternatives of deleting or downgrading the DD(A) post, but found neither practicable. In terms of organizational structure, DD(A) is currently overseeing the work of three divisions and four other sections/units. Deleting the post would mean that either the two DDs of the operation branches or AD(A&P) have to take on or share out the duties of DD(A). This is not feasible as the three officers already have a full schedule of responsibilities. Apart from planning, steering and directing the development and management of programmes and facilities of the two operation branches, the two DDs have to provide input for policy formulation and review and to forge partnership with outside organizations for the effective provision of services. AD(A&P) also has a full schedule of overseeing and directing the various human resources and administrative support functions and capital works projects. Downgrading or deleting the DD(A) post at this juncture would significantly weaken the support required by DLCS for spearheading the

various reform measures and initiatives and steering the various administration functions referred to in paragraph 9 above.

11. On the basis of the above findings, we consider that the DD(A) post should be retained for another three years, to ensure that the planning projects, initiatives and reform measures are well on track. To reflect more accurately the full range of responsibility of the post, it is proposed to retitle the DD(A) post as Deputy Director (Administration and Development) (DD(A&D)) and the Administration Branch as Administration and Development Branch. A job description of the post is at Enclosure 3.

Encl. 3

The AD(F) Post

12. The main reason for pitching the AD(F) post at ADAS level upon the setting up of LCSD was the requirement for its holder to review and revamp accounting procedures and to rationalize fees and charges on LCS. The review on the accounting aspects of these tasks has by now been largely completed, although considerable follow-up work remains to be attended to on the administration front. We consider that the Finance and Supplies Division of LCSD should continue to be led by a directorate officer, but the level of the post may be downgraded to CTA (D1). The justifications for this requirement are as follows:-

- (a) The department has a recurrent budget of some \$5,220M and Non-Works Capital budget of \$152.7M covering a wide range of expenditure and revenue transactions. A CTA is needed to plan, supervise and monitor the accounting, costing and procurement activities involved.
- (b) Apart from the normal financial management, accounting and procurement activities, the CTA is also expected to oversee the review and monitoring of various new systems and procedures which have been put in place since the establishment of LCSD. These include the contract staff payroll system, revenue collection system, electricity bulk billing system, etc.
- (c) Implementation of the numerous efficiency enhancement projects and service improvement initiatives calls for better planning and more efficient financial management, accounting and procurement services support. These projects and initiatives include financial monitoring of the subvented corporations, commercialisation of URB TIX, introduction of

Octopus for revenue collection, the computerised systems for payments of wages and Mandatory Provident Fund contributions for contract staff, contract management, etc.

- (d) The demand for support from the Finance and Supplies Division is expected to continue to grow in both volume and complexity as more initiatives for private sector participation as mentioned in sub-paragraphs 9(b) and 9(c) are introduced. The CTA will play an important role in dealing or negotiating with commercial contractors, agencies and subvented bodies to set financial terms and conditions, devise appropriate accounting standards, and to ensure the compliance of the terms and conditions agreed.
- (e) The proposed introduction of two major government initiatives on financial management, namely the review of the Government Financial Management Information System and implementation of the accrual accounting system requires enhanced accounting knowledge and skills of the accounting staff of departmental accounting units. It is necessary to have an officer at CTA level in the department to oversee, lead and regularly review the implementation of these projects.

We have considered the alternative of deleting the post, but this would mean leaving the financial control of a large department under only a Senior Treasury Accountant which is inappropriate. A job description of the proposed CTA post is at Enclosure 4.

Encl. 4

13. The revised organization chart of the Administration and Development Branch is at Enclosure 5.

Encl. 5

FINANCIAL IMPLICATIONS

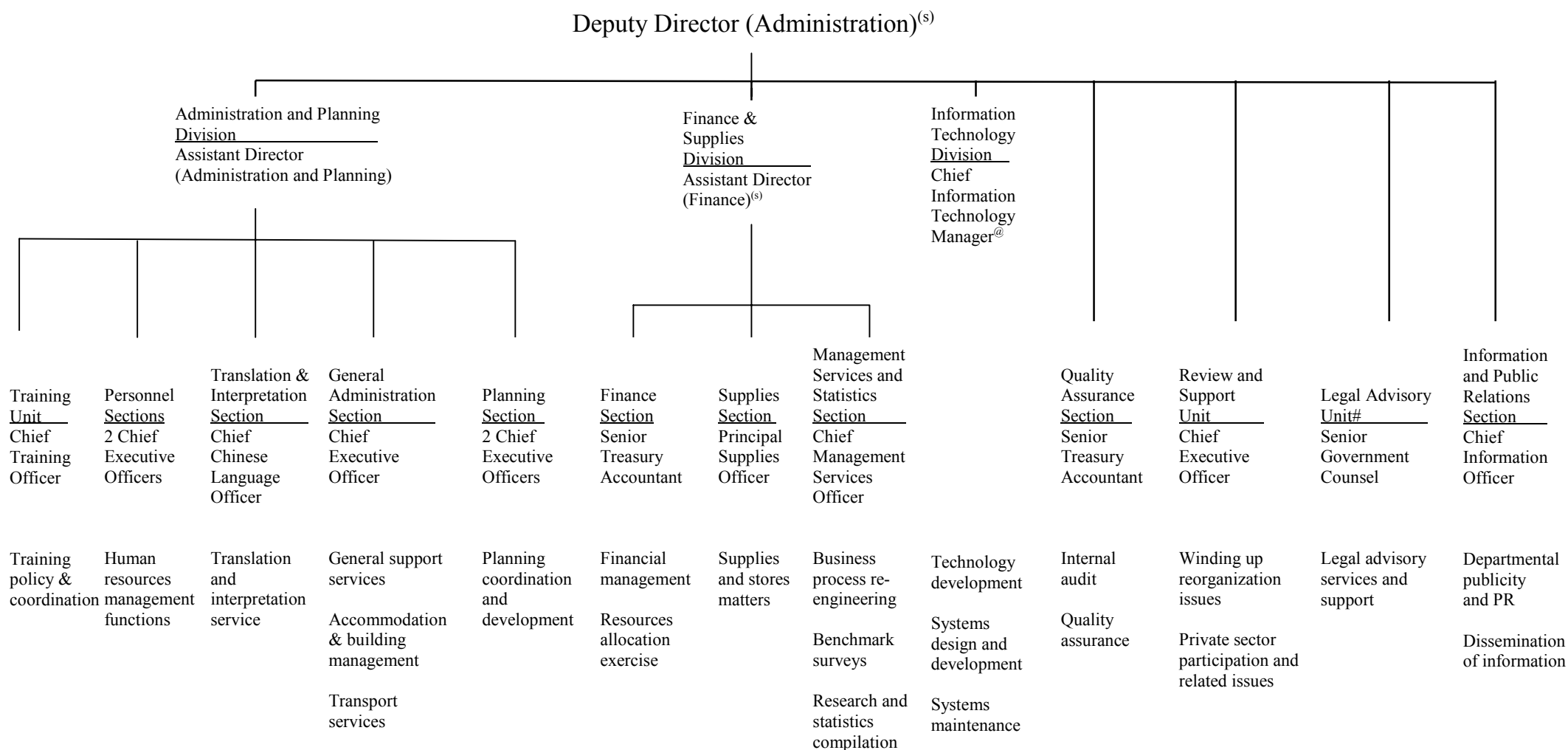
14. The additional notional annual mid-point salary cost of the proposal at mid point is \$2,793,600. The full annual average staff cost of the proposal, including salaries and staff on-cost, is \$2,829,000. Provision has been included in the 2001-02 Estimates to meet the cost of this proposal, which is estimated at \$678,000 for the remainder of the financial year.

WAY FORWARD

15. The proposal will be submitted to the Establishment Subcommittee on 21 November for recommendation to the FC for approval. We welcome the views and comments of Members on the proposal.

Home Affairs Bureau
November 2001

Existing Organization Chart of Administration Branch of Leisure and Cultural Services Department

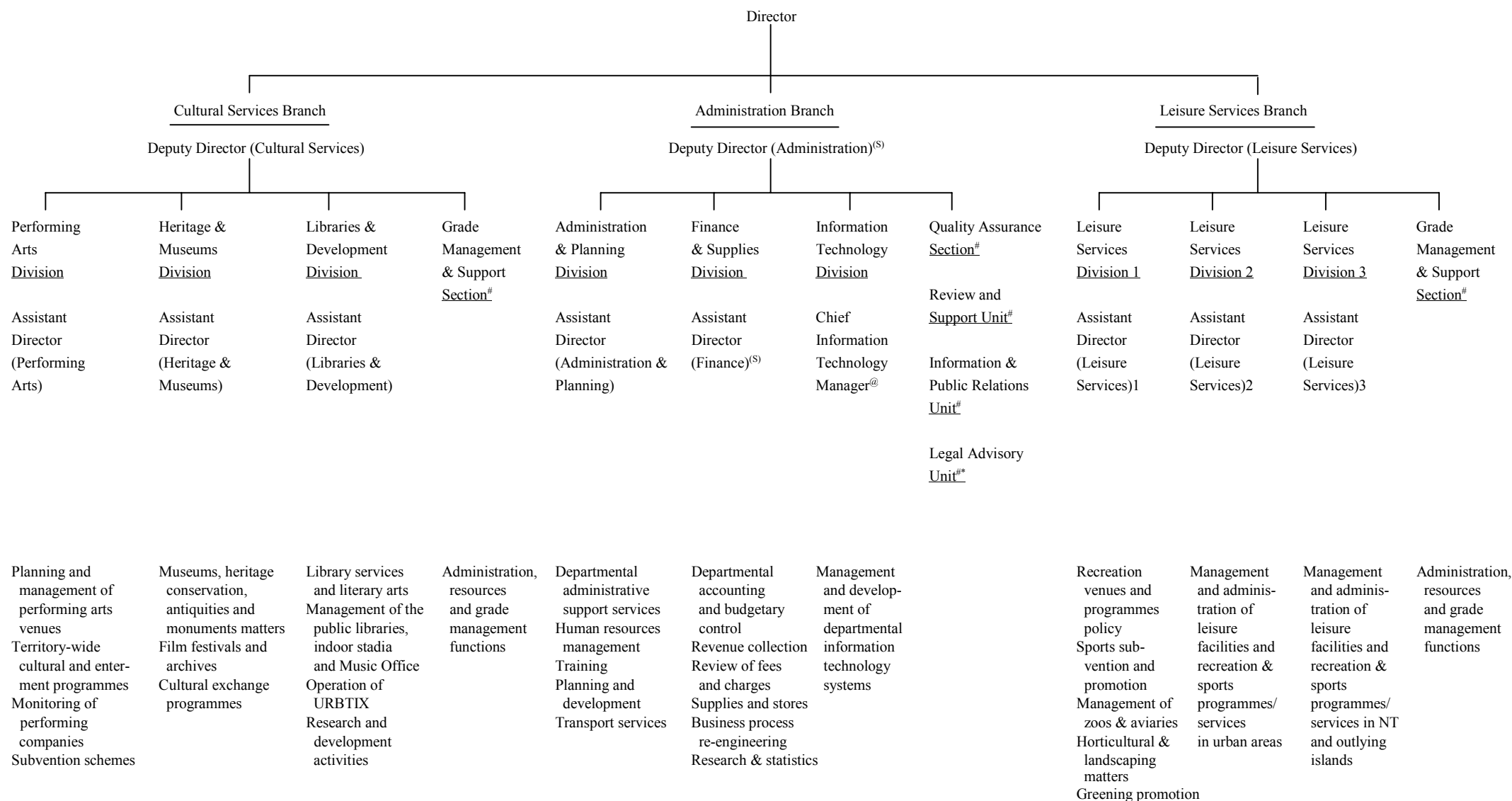


Note : [@] Contract staff at D1 level.

^(s) Supernumerary posts

Staff to be returned to the Department of Justice on 1 January 2002.

Existing Directorate Structure of the Leisure & Cultural Services Department



Progress of Initiatives and Reform Measures

Description	Progress	Follow-up Action by DD(A)	Follow-up Action by Operational DD
1. Corporatization of three performing companies	The three performing companies were corporatized on 1 April 2001.	In consultation with the Cultural Services Branch, review and realign subvention policy and monitoring system for all subvented performing groups in Hong Kong.	To monitor and review the operation and services of the three corporations. To administer subvention to the three corporations.
2. Transfer of the Music Office to the Academy of Performing Arts (APA)	The proposed transfer has not materialized because a mutually acceptable agreement has not been reached with APA. Other alternatives are being explored.	To liaise with the Cultural Services Branch and Home Affairs Bureau (HAB) on ways to take the matter forward. To consult Culture and Heritage Commission, Finance Bureau (FB) and Community Affairs Policy Group on the option to be adopted.	To advise on the viability of various options To touch base with potential business partners to explore possibility for take-over of the Music Office. To gauge reaction of departmental grade staff.
3. Merger of the Amenities Officer and Recreation and Sport Officer grades	The proposal was endorsed by the Finance Committee on 6 July 2001.	To address staffing and HR problems arising from the implementation of the merger. In particular, to devise a strategy to enlist the support and co-operation from the Amenities Assistants for the provision of one-stop service at the recreational venues.	To plan for and monitor the provision of a one-stop service at recreational venues under the new mode of operation. To set up and supervise a new management support section for the new grade. To work out new policies for staff posting, training and development.

Description	Progress	Follow-up Action by DD(A)	Follow-up Action by Operational DD
4. Contracting-out of the management of leisure services venues	A review of the Butterfly Beach Indoor Recreation Centre trial scheme is underway.	In the light of the outcome of this review and that of five other indoor games halls (IGHs), to advise on the way forward from the resource and staffing point of view.	<p>To provide input for the review and advise on the review recommendations from the operational perspective.</p> <p>To advise on the operational practicability of contracting out other IGHs and recreational facilities.</p>
5. Contracting-out of the URBPIX service	In progress	To advise on the way forward from the resource and staffing point of view.	<p>To plan for the necessary operational arrangements for the contracting-out and evaluate the impact on services to the public.</p> <p>To liaise with prospective business partners on relevant arrangements.</p>
6. Review of funding and subsidy schemes	In progress	To implement the recommendations arising from the internal audit.	To provide input from the operational perspective.

Description	Progress	Follow-up Action by DD(A)	Follow-up Action by Operational DD
7. Consultancy on provision of regional /district cultural and performance facilities in Hong Kong	<div> <div>To start in late 2001</div> <div>To start in 2001</div> <div>To start in 2002</div> </div>	<div> <div>To steer the consultancy studies in partnership with the Cultural Services Branch and to consider the financial and staffing implications arising from the studies.</div> </div>	<div> <div>To provide information and arrange site visits to facilitate the consultancy studies.</div> <div>To evaluate consultants' recommendations from the operational perspective.</div> <div>To advise on the operational practicability of various options for taking matters forward.</div> </div>
8. Consultancy on provision of library services			
9. Consultancy on provision of museum services			

JOB DESCRIPTION

Post Title : Deputy Director (Administration and Development)

Rank : Administrative Officer Staff Grade B (D3)

Responsible to : Director of Leisure and Cultural Services

Duties and Responsibilities :

1. To direct and supervise the provision of administrative and general support services for the efficient operation of the department (with an establishment of about 9 000 permanent and 6 000 contract staff).
2. To oversee the provision of financial, accounting and procurement services, to supervise and monitor the preparation of the department's submissions for the resource allocation exercise, annual estimates and 5-year forecasts of revenue and expenditure, to ensure that the department is provided with adequate resources for achieving its objectives and performance targets, and that the services are delivered cost-effectively.
3. To oversee the planning and implementation of capital works projects, consult District Councils on their relative priority, to monitor progress of the Accelerated Programme, to seek funding through Resource Allocation Exercise, to co-ordinate submissions to the Public Works Sub-committee of Finance Committee, to monitor the programme of construction and to report progress to Star Chamber, Legislative Council and District Councils.
4. To develop and review the mechanism and arrangements for consulting the District Councils on the provision and management of cultural and leisure facilities.
5. To formulate the department's private sector participation strategy and be responsible for the implementation of relevant programmes.
6. To steer and direct process re-engineering studies and plan for implementation of consultants' recommendations.
7. To steer, plan and monitor the policy and practice in contract management in response to operational requirements and market changes.
8. To attend meetings of the Legislative Council and its relevant committees to present departmental submissions.

9. To steer and supervise the internal audit and quality assurance mechanism to ensure the departmental control systems are proper and adequate, and that various sections in the department are run efficiently and cost-effectively.
10. To formulate the departmental IT plan and oversee the provision of IT services in support of the aims and objectives of the department.
11. To liaise with staff unions and associations, to chair meetings of the Departmental Consultative Committee and to take steps to ensure effective communication and consultation with staff.
12. To oversee the Information & Public Relations Section, in particular in promoting the corporate image of the department.

JOB DESCRIPTION

Post Title : Chief Treasury Accountant

Rank : Chief Treasury Accountant

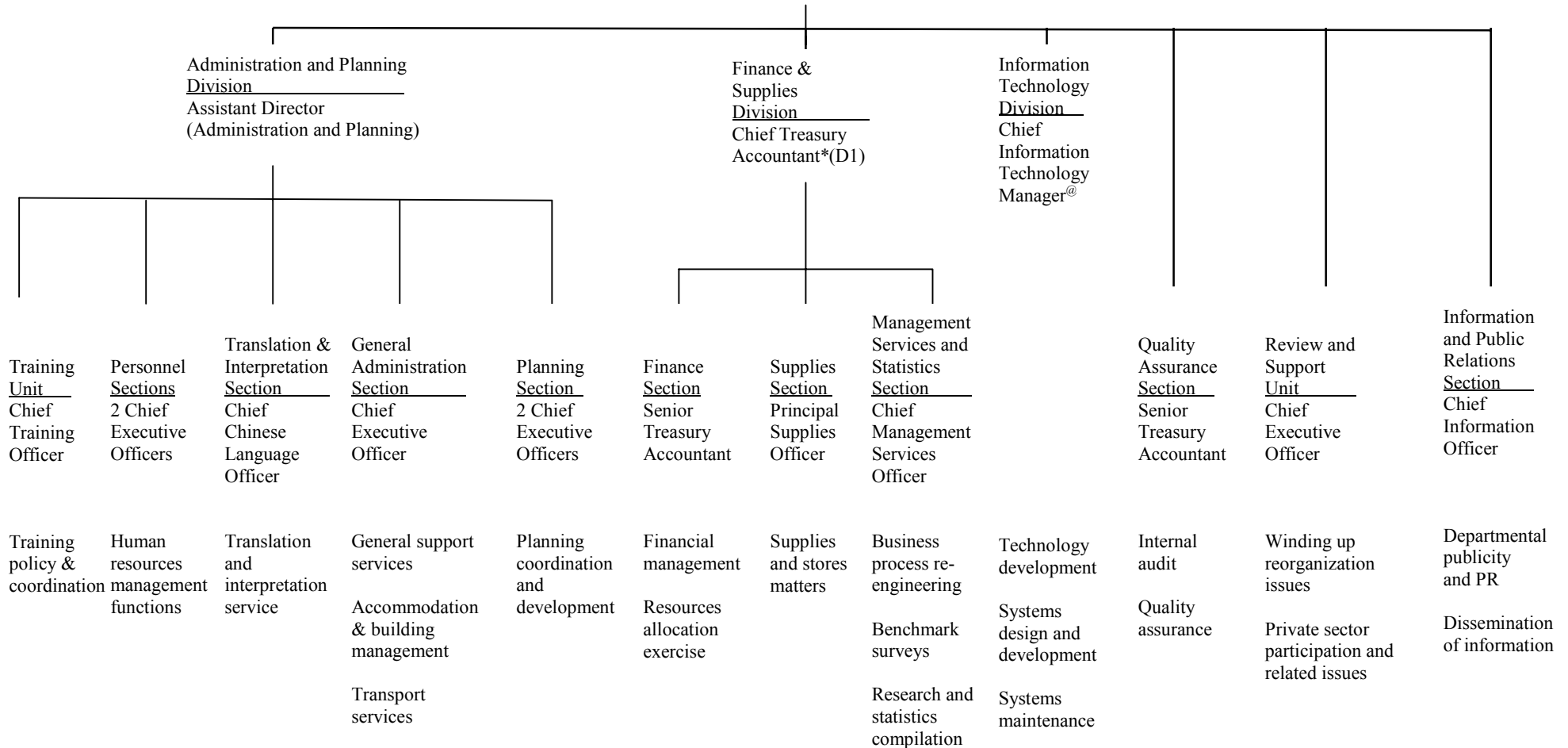
Responsible to : Deputy Director (Administration and Development)

Duties and Responsibilities :

1. To take charge of the Finance and Supplies Division and ensure its effective functioning. This includes the operation of payroll, payment and ledger accounting systems, the collection of revenue, budgetary control, financial management, management accounting/costing, procurement of goods/services and control of stores/inventory.
2. To provide professional advice to the department on financial and procurement issues.
3. To co-ordinate and prepare submissions in Government's Resource Allocation and Annual Estimates Exercises to ensure that the department is provided with adequate financial resources to achieve its objectives and performance targets.
4. To provide financial management information to branch/division heads and work with them on strategies to enhance productivity through economic and effective use of financial resources.
5. To oversee the work of the Management Services and Statistics Section involving the conduct of value for money studies, business process reviews and re-engineering, research and opinion surveys.
6. To co-ordinate and support regular reviews of fees and charges.
7. To ensure government and departmental circulars on proper finance and supplies procedures are complied with.
8. To oversee the implementation of new financial management initiatives.

Revised Organization Chart of Administration and Development Branch of Leisure and Cultural Services Department

Deputy Director (Administration and Development)^(s)



Note : [@] Contract staff at D1 level.

^(s) Proposed supernumerary post to be reviewed in 3 years' time

* Proposed new post