

Urgent by fax

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26 May 2003

Secretary for Financial Services and the Treasury
[Attn: Mr K K LAM, PEO(G)]
Financial Services and the Treasury Bureau
(The Treasury Branch)
4/F, Main Wing, CGO
Lower Albert Road
Hong Kong

Dear Mr LAM,

**Establishment Subcommittee
Meeting on 28 May 2003**

We spoke regarding the agenda items for the captioned meeting.

At the Environmental Affairs Panel meeting on 26 May 2003 when the Administration briefed Members on EC(2003-04)6, some members have requested that the Constitutional Affairs Bureau should provide a paper to update members on the implementation of the staffing reviews and re-organization exercises arising from the accountability system since 1 July 2002, especially on the savings achieved thus far. Members have also requested that the information be provided in time to facilitate members' consideration of the agenda items at the captioned meeting.

With the concurrence of Hon CHAN Kwok-keung, Subcommittee Chairman, I should be grateful if you would arrange to provide the requested information in both Chinese and English as soon as practicable for members' reference.

With best regards,

Yours sincerely,

(Miss Polly YEUNG)
Clerk to Establishment Subcommittee

c.c. Hon CHAN Kwok-keung, Subcommittee Chairman

Tel No: 2810 2368
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27 May 2003

Miss Polly Yeung
Clerk to Establishment Subcommittee
Legislative Council Building
8 Jackson Road
Hong Kong

Dear Miss Yeung,

I refer to your letter of 26 May 2003 to the Secretary for Financial Services and the Treasury on a request from some Members of the Environmental Affairs Panel for the Administration to provide a paper, before the meeting of the Establishment Subcommittee (ESC) on 28 May 2003, on “the implementation of the staffing reviews and re-organisation exercises arising from the accountability system since 1 July 2002”.

We would like to recapitulate the approach we have taken for reporting to the Legislative Council on relevant matters arising from the implementation of the accountability system. At the Finance Committee (FC) meeting on 14 June 2002, the then Secretary for Constitutional Affairs agreed to report to the Panel on Constitutional Affairs the progress of various aspects of the accountability system six months after its implementation. He also advised the Committee that principal officials would conduct an organisational review within 12 months after their assumption of office, and would seek the approval of ESC/FC on the longer-term arrangements as and when necessary.

We have been working on this basis over the past months. The six-month report was forwarded to the Panel on Constitutional Affairs in January 2003, and discussed by the Panel at its meeting on 17 February 2003.

Under the accountability system, the 16 civil service D8 posts heading 16 policy bureaux previously are retained and retitled Permanent Secretaries. Eleven of the 16 D8 posts have continued to take on substantially the same functions and duties and no redeployment of posts is involved. The Permanent Secretary posts in the Constitutional Affairs Bureau and the Security Bureau are pitched at AOSGA (D6) for the time being pending a further review in the light of experience.

Five supernumerary D8 posts were created under delegated authority, held against five permanent D8 posts for 12 months in order to effect the temporary deployment of the five D8 posts which involved substantive changes in functions and responsibilities under the accountability system. Of these five posts, the post of Permanent Secretary for Education and Manpower was discussed at ESC on 20 November 2002 and approved by FC on 6 December 2002. The post of Permanent Secretary for the Environment, Transport and Works (Transport and Works) has been retitled Permanent Secretary for the Environment, Transport and Works (Works) and taken on essentially the same duties as the former Secretary for Works. We will seek ESC's approval on the remaining three Permanent Secretary posts at the ESC meeting tomorrow.

As regards the Administrative Assistant posts, the Administration has obtained ESC's and FC's approval in respect of the posts in the Education and Manpower Bureau, the Housing, Planning and Lands Bureau, the Environment, Transport and Works Bureau, and the Commerce, Industry and Technology Bureau. Those in the Civil Service Bureau and the Security Bureau were approved by ESC on 21 May 2003 and the proposals will be put to FC at the meeting on 30 May 2003. The Administrative Assistant posts in the other five bureaux will be discussed at the ESC meeting tomorrow. The creation of each of the posts, which are pitched at Administrative Officer Staff Grade C (D2)/non-civil service position at D2-equivalent level, will be offset by the deletion of a comparable directorate post .

In summary, we have presented to Members our conclusions and proposals in respect of the five Permanent Secretary posts and the eleven Administrative Assistant posts. These are the key directorate posts which require ESC's and FC's approval following implementation of the

accountability system. This part of the exercise is complete.

In connection with various reorganisations of bureaux and departments, we have also proposed the creation and deletion of various directorate posts. In submitting these proposals to Members, we have followed the established practice, submitting them first to the relevant panel, then to ESC, and thereafter to FC.

In the six-month report on implementation of the accountability system, we have set out the reorganisation of the former Housing Bureau and Housing Department, the Education and Manpower Bureau and Education Department, the Civil Service Bureau, and the proposed merging of the Government Land Transport Agency, Government Supplies Department and Printing Department into a new Government Logistics Department. We also informed Members that the Constitutional Affairs Bureau and the Security Bureau have decided that there would not be any major reorganisation. In submitting the 12-month report, we will cover, inter alia, any organisational changes in respect of the other five bureaux.

On the basis of the information contained in the six-month report and the ESC and FC submissions as summarised above, we trust that Members should have enough background material to discuss the various staffing proposals at ESC tomorrow. The ESC papers are self-contained and can be considered on their own merits.

Yours sincerely,

(Joseph Y T Lai)
for Secretary for Constitutional Affairs

b.c.c. SHWF (Attn: Mrs Carrie Yau)]
SHA (Attn: Ms Shelley Lee)] w/ letter from
SETW (Attn: Mrs Rita Lau)] Clerk to ESC
SEDL (Attn: Mr Matthew Cheung)]
SFST (Attn: Mr Stanley Ying)
SCS (Attn: Miss Jennifer Mak)