

For discussion

on 22 March 2004

Legislative Council
Panel on Environmental Affairs
Staffing Proposal
in the Environment, Transport and Works Bureau

PURPOSE

This paper briefs Members on the Administration's proposal to rationalize the directorate structure of the Environment and Transport Branch (ETB) of the Environment, Transport and Works Bureau (ETWB), with effect from 1 July 2004, by creating a new post of Permanent Secretary for the Environment, Transport and Works (Environment) (PSE) to be ranked at Administrative Officer Staff Grade A (AOSGA)(D6) to take charge of the Environment portfolio (which includes the nature conservation schedule); and retitling the present Administrative Officer Staff Grade A1 (AOSGA1)(D8) post of Permanent Secretary for the Environment, Transport and Works (Environment and Transport) (PSET) as Permanent Secretary for the Environment, Transport and Works (Transport) (PST) and redistributing its duties to oversee the Transport portfolio. We plan to submit the proposal to the Establishment Subcommittee of the Finance Committee for consideration at its meeting on 28 April 2004.

JUSTIFICATION

2. The Secretary for the Environment, Transport and Works (SETW) is underpinned by two Permanent Secretaries, viz. PSET and Permanent Secretary for the Environment, Transport and Works (Works) (PSW), both ranked at AOSGA1 (D8). In respect of the Environment and Transport portfolios, PSET assists SETW in formulating policies and in coordinating with the departments concerned to achieve the smooth, timely and effective implementation of approved policies and

programmes, prioritising and monitoring the use of resources allocated to ETB, and undertaking housekeeping duties for departments under the Environment and Transport portfolios.

3. Since the establishment of the Environment, Transport and Works Bureau (ETWB) in July 2002, there has been a significant increase in the responsibilities of PSET on both the Transport and Environment fronts. Various new long-term policy initiatives with specific targets have also been added to PSET's duty list.

Environment Portfolio

Regional Air Quality Management Plan

4. PSET has been tasked to implement a new regional air quality management plan in collaboration with the Guangdong Provincial Government with the objective of achieving by 2010 the regional emission reduction targets agreed by the two sides. Other than working out and introducing a new programme to reduce volatile organic compounds from petrol filling stations, consumer products and printing operations, which alone would involve complex discussions with the trades concerned and the other stakeholders, PSET has to work with the other relevant bureaux and departments, as well as power companies, to reduce the emissions from power plants in Hong Kong. To achieve this policy initiative, PSET has to explain to the public and forge a community consensus on the importance of good air quality to the sustainable development of Hong Kong and the justification for the price to the community for achieving the emission reduction targets. PSET also has to work with the relevant Mainland authorities and power plant operators in the Mainland in pursuing an emissions trading pilot scheme that, if successfully implemented, will reduce the cost of the improvement measures and thereby the cost implications for consumers in Hong Kong. A lot of work has to be done in order to achieve the

targets set for 2010 and to check that the anticipated results are realised thereafter.

Water Quality Management

5. PSET has been tasked to press ahead with the remaining stage of the Harbour Area Treatment Scheme (HATS) such that the improvements to the water quality in Victoria Harbour brought about by HATS Stage 1 can be sustained in the light of a growing population and an expanding economy. Following HATS Stage 1, which attracted divergent views from various sectors in the community, Stage 2 has to be carried out with utmost care. Although in the course of implementing HATS Stage 1 we have learnt important lessons that would be useful for HATS Stage 2, Stage 2 would be a lot more challenging in at least the following two aspects : it will include construction of the largest biological treatment system in the world involving the use of technologies that have not been used in Hong Kong before; and it would be the first time that public-private partnership is explored for delivering sewage services. Moreover, given that the capital cost of Stage 2 is expected to be more than double that of Stage 1, PSET has to devote significant efforts to managing the project such that it will be completed on time and within budget. The works for HATS Stage 2 are expected to straddle the next decade.

Waste Management

6. Our three existing landfills are filling up faster than expected and will only last for seven to 11 more years. PSET has to map out a plan for large-scale waste treatment facility(ies) to reduce the volume of unrecyclable waste requiring disposal. In this regard, we invited expression of interest from the local and international waste management industry in April 2002. An Advisory Group, comprising mainly non-officials, is now evaluating the proposals received. The selection of waste treatment technologies is a controversial issue which requires public consensus. We will consult the public and the stakeholders on the viable

technology(ies) to be adopted with a view to developing state-of-the-art, cost-effective and environmentally friendly large scale waste treatment facilities that can meet Hong Kong's long-term waste management needs. The project is also expected to continue into the next decade.

New Comprehensive Nature Conservation Policy and Programme

7. Moreover, ETB has committed to promulgating a more comprehensive nature conservation policy, that has been long awaited, and implementing an enhanced programme that would better achieve our nature conservation objective. In this connection, our plan is to announce a new nature conservation policy and an implementation plan of projects involving the private sector and non-governmental organisations around the middle of this year. As some of the projects are expected to involve complicated issues falling under the policy areas of a few other bureaux, and concern parties of different interests, PSET has to devote considerable efforts to accomplishing the task. Moreover, public awareness of the importance of our natural environment has been heightened as shown in the recent cases of outcry within the community over works that affect rivers and streams. This would call for PSET's efforts to resolve the issues in collaboration with other bureaux and departments.

8. On top of the above examples of the major long-term policy initiatives, PSET has also most recently been tasked with reviewing the taxes and fee concessions that run counter to the "Polluter Pays" principle and to examine projects and facilities that could be implemented with private sector participation. PSET has to pursue all these on top of the existing duties, which include the formulation of the role of renewable energy in the post-2008 electricity market, the bill on the disposal charging scheme for construction and demolition waste, the bill on control of clinical waste, and review of the results of the pilot wet-and-dry garbage sorting scheme, that are also demanding on PSET's time and efforts. For the interest of Hong Kong, we

hope to be able to move quickly on all these policy initiatives that would remain on-going for many years. To cope with these and rising public expectations on the environment front, SETW needs a full time Permanent Secretary at D6 level on a permanent basis to help steer these important policy initiatives to fruition.

Transport Portfolio

9. On the Transport side, the policy initiatives set out in the Policy Agenda are no less aggressive. Those policy initiatives, if successfully implemented, will generate major social and economic benefits to the local community.

Possible Merger of MTR Corporation Limited and Kowloon-Canton Railway Corporation

10. In February 2004, the MTR Corporation Limited and Kowloon-Canton Railway Corporation were invited to commence negotiations on a possible merger based on a set of parameters defined by the Government and to report the outcome of their negotiations on or before 31 August 2004. Having regard to the outcome of the negotiations, the Government would then decide on the way forward. PSET has been tasked to follow through the negotiations, assess the outcome to decide upon the optimal form of legal and regulatory framework for the merged corporation and, upon the Government's decision to proceed with the merger, ensure its successful implementation. PSET plays a pivotal role in giving an overall policy steer throughout this highly complex and sensitive exercise. In doing so, PSET has to pay due regard to the needs and aspirations of the stakeholders and the community at large; use the opportunity of the merger to push for a more objective and transparent fare-setting mechanism; and capitalise on the merger to facilitate the timely delivery of railway projects to support the policy of using rail as the backbone of our transportation system.

Review on Non-franchised Bus Services

11. In the light of the increasing concern of the public transport trade and the non-franchised bus (NFB) trade over regulation of the NFB services, SETW has invited the Transport Advisory Committee (TAC) to conduct a review on the regulatory framework and licensing system for the NFB operation. A Working Group has been set up under TAC to carry out the above review, which is scheduled for completion by mid-2004. Based on the review findings and recommendations of TAC, ETWB will decide on the way forward and take action to effect the necessary changes to the regulation and licensing of NFB. In assisting SETW to consider the TAC recommendations, PSET will assess whether the regular public transport services could operate in a level playing field among different modes of transport services and whether the proposed changes would be conducive to effective road usage and traffic management. PSET will also assist SETW in explaining the policy in securing support from parties concerned including the general public, operators of the regular public transport services and NFB.

Hong Kong-Zhuhai-Macau Bridge

12. The Hong Kong-Zhuhai-Macau Bridge (HZMB) is an unprecedented cross-boundary infrastructure project. It involves three different jurisdictions and different levels of governments. The Government of the Hong Kong Special Administrative Region (HKSAR), as the convener of the HZMB Advance Work Co-ordination Group (AWCG), plays the leading role in coordinating views of the three sides, resolving conflicts and differences, proposing compromised agenda and formulating workable action plans acceptable to all. HZMB will be of strategic importance to the development of Hong Kong, Macao and the western part of the Pearl River Delta. It will strengthen the economic ties and synergy within the region and facilitate the best utilisation of resources in the Pearl River West

hinterland. ETWB makes every endeavour to ensure that the advance work for HZMB progresses as a matter of priority as agreed by AWCG. To provide support to the Hong Kong team attending AWCG, a HZMB and Connecting Infrastructure Project Implementation Steering Group has been set up. The Steering Group, under the chairmanship of PSET with representatives from relevant bureaux and departments as members, is responsible for ensuring timely completion of the connecting infrastructure for HZMB and providing guidance on major issues of concerns such as progress of the programme, interface issues between HKSAR Government and the relevant Mainland authorities as well as community relations and publicity programme to ensure wide community support for the project. PSET plays a key role in coordinating and expediting efforts by different bureaux and departments to foster their close cooperation in this significant project.

Express Rail Link

13. The main function of the Express Rail Link (ERL) is to reduce the commuting time between Guangzhou and Hong Kong from the current 100 minutes to within 60 minutes. It is also intended that ERL will link up with the national rail network and the regional transit network in the Pearl River Delta. A Joint Expert Group jointly led by ETWB and the Ministry of Railways of the Mainland embarked on a feasibility study on ERL in March 2002 and confirmed the need and strategic value of the rail link in Stage I of the study. The Technical Group under the Joint Expert Group has completed Stage II of the study on the railway technology, crossing points, alignments, and cost and benefit analysis. The Joint Expert Group will meet to consider the findings of the Stage II study. PSET, as head of the Hong Kong team, needs to maintain effective and close liaison with senior officials of the Mainland to ensure synergic partnership with the latter over the project and to come up with proposals agreeable to both sides for the consideration of the Mainland/HKSAR Conference on the Coordination of Major Infrastructure Projects.

Cross-boundary Quota Review

14. At present, the cross-boundary quota system plays an important role in the economic development of HKSAR and the Guangdong Province. While properly regulating cross-boundary traffic to avoid overloading of our land crossings, it also ensures smooth cross-boundary freight traffic flow. Under the system, except for all goods vehicles, all cross-boundary vehicles are subject to quota control. The construction of the Hong Kong-Shenzhen Western Corridor (SWC) will significantly improve our overall capacity in handling cross-boundary traffic and provide room for relaxing the present quota control. We will study different options covering different types of cross-boundary vehicles. We will discuss with the Mainland authorities to formulate a policy that suits the needs of both places, before the commissioning of SWC scheduled for end 2005. PSET plays an important role in the review, and will provide policy steer on the direction of the review and the formulation of practicable proposals. PSET will also, on behalf of the HKSAR Government, discuss with Mainland counterparts the outcome of our review and proposals whenever necessary, with a view to formulating the relevant policies and detailed arrangements.

15. Much as there is broad-based community support for the above transport policy initiatives, they are highly complex and the delivery of these initiatives demands the skills and attention of a full-time Permanent Secretary. All the above strategically important initiatives demand top-level directives from PSET. As the head of the ET Branch, PSET underpins SETW and assists the latter in formulating and reviewing policies in the above tasks. PSET also oversees the work progress of these initiatives and gives policy steer to ensure their satisfactory completion and successful implementation. PSET should maintain an extensive liaison network with various stakeholders such as providers of transport services, the business sector, Legislative Council Members, other bureaux/departments as well as senior government officials of the Mainland and Macao over these transport

initiatives.

16. In addition to the work arising from all the above new initiatives, PSET is also expected to discharge on-going duties to assist SETW in formulating, explaining and defending policies, securing support of the public and the Legislative Council and answering Legislative Council questions, moving bills and taking part in motion debates in plenary sessions of Legislative Council, and acquiring and deploying resources to support the implementation of policies and delivery of services; to steer and coordinate with the executive departments (Transport Department and Highways Department) and liaise with other concerned bureaux to achieve smooth, timely and effective implementation of the agreed policies and programmes; and to manage staff and civil service matters in the Transport Sub-branch.

17. The work arising from the initiatives and the on-going duties described in paragraphs 10 – 16 above demands a dedicated directorate officer at senior level with the necessary experience, exposure and ability to handle the various complex issues, many of which must be completed within a fixed time frame. In view of the level of responsibility and the importance and wide span of duties involved, we consider it necessary to have a dedicated Permanent Secretary for the Transport portfolio and that the post should continue to be pitched at AOSGA1 (D8) level.

18. As the Transport portfolio is already massive, it would be unrealistic to expect PSET to be able to deliver on the environmental protection policy initiatives within the timetables set unless at the expense of the transport portfolio. To meet the operational needs, we propose to rationalise the directorate establishment of the ETB by creating a permanent post of PSE (AOSGA) (D6) to look after the Environment portfolio. The new PSE will help SETW to steer and coordinate with the departments under the Environment Branch (EB), including the Environmental Protection Department, Agriculture, Fisheries and Conservation Department (nature

conservation arm), Drainage Services Department, Civil Engineering Department and Electrical and Mechanical Services Department (Energy Efficiency Office) to achieve smooth, timely and effective implementation of the policy initiatives and programmes on environmental protection and nature conservation including those set out in the Policy Agenda. PSE would also need to work closely with other Permanent Secretaries, as the new policy initiatives of EB would have important implications for the policies and programmes of other bureaux and departments. The PSET post (AOSGA1) (D8) will be re-titled as PST and continue to oversee the Transport portfolio. The job descriptions of the PSE and PST posts are at Enclosures 1 and 2 respectively. The creation of the new permanent post of PSE will be offset by the deletion of the permanent post of Director of Civil Engineering (D5) upon the amalgamation of the Civil Engineering Department (CED) and Territory Development Department (TDD) with effect from 1 July 2004 as proposed vide a separate paper for the consideration of the Establishment Subcommittee of the Finance Committee at its meeting on 28 April 2004.

Encl. 1 &
2

19. To better reflect the different portfolios of the two Permanent Secretaries above, we propose to split the ETB into an Environment Branch to be headed by PSE and a Transport Branch to be headed by PST. The proposed organisation chart of the ETWB is at Enclosure 3.

Encl. 3

20. The level and complexity of the responsibilities of the proposed PSE post require personal attention and input at AOSGA (D6) level. It would be impracticable for PSET (to be re-titled as PST) to continue to take care of both the Environment and Transport portfolios as effectively as the community demands, or for PSW to absorb the work of the PSE post because he is already fully occupied with his sphere of responsibilities in respect of the Works portfolio. Neither would it be practicable for the Director of Environmental Protection (DEP) and the Director of Agriculture, Fisheries and Conservation (DAFC) to share out the environmental protection and nature conservation policy schedules of PSET respectively, as the two

Directors are already fully occupied with executive, facility management and enforcement functions, and have to manage departments of a substantial establishment. Indeed, the workload of DEP and DAFC has become significantly heavier since their departments have enhanced their advisory role to other works departments by providing early and in a proactive manner advice related to environmental protection and nature conservation. The objective is to preempt possible environmental problems such that the works departments can avoid the problems at the planning stage and, where that is not possible, draw up practicable solutions. It should also be noted that, other than nature conservation work, DAFC has to look after agricultural and fishery matters under the lead of the Secretary for Health, Welfare and Food. The current avian flu incident has clearly demonstrated that the Director would not have spare capacity to take on the policy formulation functions of PSET on the nature conservation side.

FINANCIAL IMPLICATIONS

21. The additional staff cost required for the creation of the proposed AOSGA (D6) post is \$1,951,800 in notional annual mid-point salary cost and \$2,867,784 in full annual average staff cost. The cost will be met by internal redeployment of resources within ETWB through savings from the amalgamation of CED and TDD.

22. In line with the existing practice, PSE should be designated as the Controlling Officer responsible for the expenditure of the Environment Branch. It follows that the current Head 158 - Government Secretariat: ETWB (ETB) should be split to reflect the changes. We plan to deal with the separation of the two expenditure heads in the 2005-06 Estimates. In the meantime, PSET (to be retitled as PST) will continue to look after Head 158 in 2004-05.

Proposed Job Description for

**Permanent Secretary for the Environment, Transport and Works
(Environment)**

Rank : Administrative Officer Staff Grade A (D6)

Main Duties and Responsibilities –

Responsible to the Secretary for the Environment, Transport and Works for the following main duties –

- (1) assisting SETW to formulate, coordinate and implement environmental protection policies;
- (2) supporting SETW in explaining policies, in securing support of the public and Legislative Council (LegCo), and in dealing with LegCo businesses;
- (3) steering and coordinating with executive departments, including the conservation arm of the Agriculture, Fisheries and Conservation Department and the Environmental Protection Department, to achieve timely and effective implementation of agreed policies and programmes; and
- (4) as the head of the Environment Branch of ETWB, managing civil servants and other staff in the Branch and acting as the Controlling Officer for the expenditure head of the Environment Branch and ensuring the cost-effective use of financial and human resources through re-organizing, re-engineering and refocusing of the executive departments.

**Proposed Job Description for
Permanent Secretary for the Environment, Transport and Works
(Transport)**

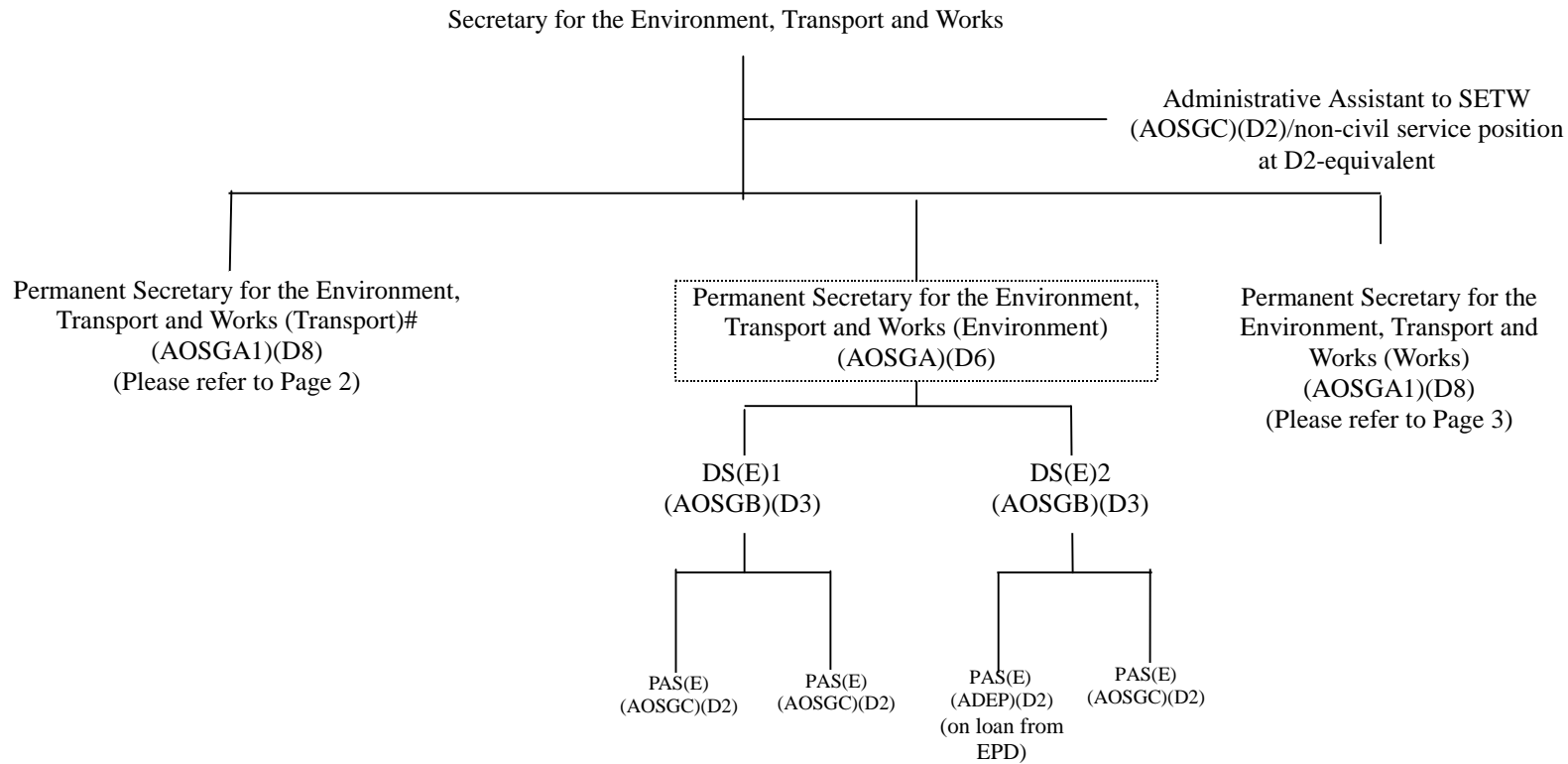
Rank : Administrative Officer Staff Grade A1 (D8)

Main Duties and Responsibilities –

Responsible to the Secretary for the Environment, Transport and Works for the following main duties –

- (1) assisting SETW to formulate, coordinate and implement transport policies;
- (2) supporting SETW in explaining policies, in securing support of the public and Legislative Council (LegCo), and in dealing with LegCo businesses;
- (3) steering and coordinating with executive departments, including the Highways Department and the Transport Department, to achieve timely and effective implementation of agreed policies and programmes;
- (4) housekeeping of the Kowloon-Canton Railway Corporation and the Mass Transit Railway Corporation Limited; and
- (5) as the head of the Transport Branch of ETWB, managing civil servants and other staff in the Branch and acting as the Controlling Officer for the expenditure head of the Transport Branch and ensuring the cost-effective use of financial and human resources through re-engineering, re-organizing and re-focusing of the executive departments.

Proposed Organization Chart of the Environment, Transport and Works Bureau (Environment Branch)



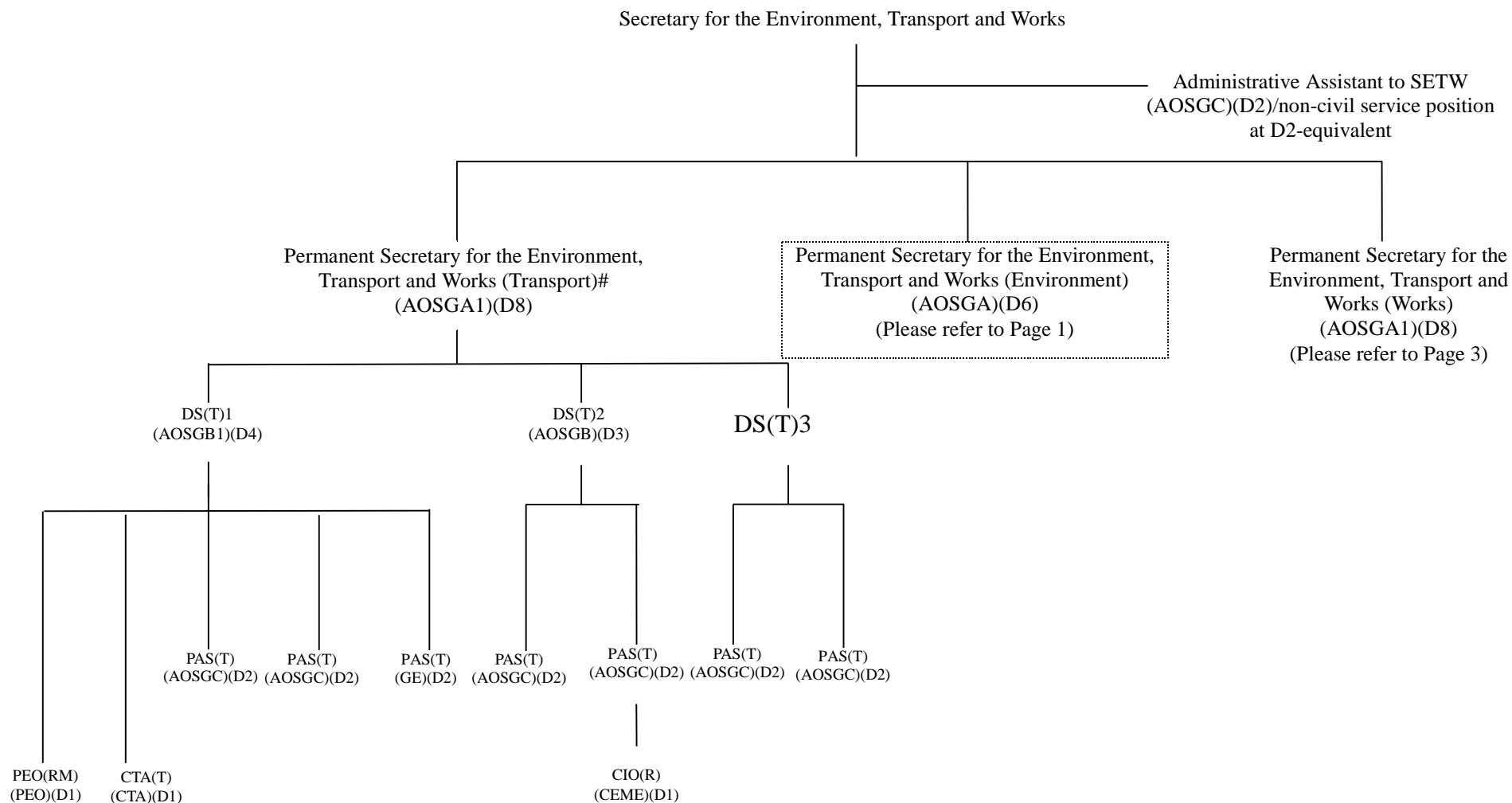
Legend

SETW	Secretary for the Environment, Transport and Works
DS	Deputy Secretary
PAS	Principal Assistant Secretary
CAS	Chief Assistant Secretary
AOSGA1	Administrative Officer Staff Grade A1
AOSGA	Administrative Officer Staff Grade A
AOSGB	Administrative Officer Staff Grade B
AOSGC	Administrative Officer Staff Grade C
ADEP	Assistant Director of Environmental Protection
E	Environment
EPD	Environmental Protection Department



Proposed creation of a permanent AOSGA post
Post to be re-titled

**Proposed Organization Chart of the Environment, Transport and Works Bureau
(Transport Branch)**



Legend

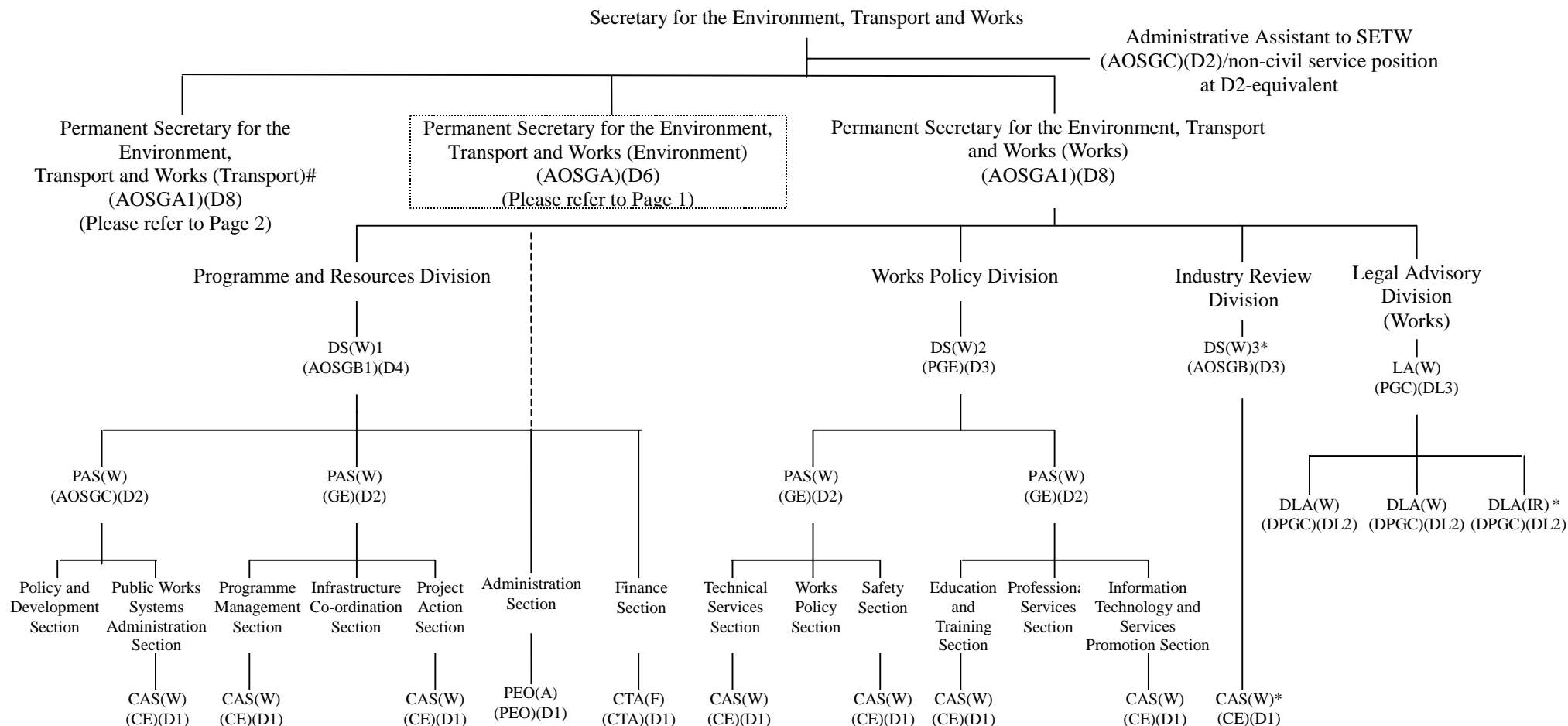
SETW Secretary for the Environment, Transport and Works
DS Deputy Secretary
PAS Principal Assistant Secretary
AOSGA1 Administrative Officer Staff Grade A1
AOSGB1 Administrative Officer Staff Grade B1
AOSGB Administrative Officer Staff Grade B
AOSGC Administrative Officer Staff Grade C

PEO Principal Executive Officer
RM Resource Management
GE Government Engineer
CTA Chief Treasury Accountant
CIO(R) Chief Inspecting Officer (Railways)
CEME Chief Electrical and Mechanical Engineer
T Transport



Proposed creation of a permanent AOSGA post
Post to be re-titled

Proposed Organization Chart of the Environment, Transport and Works Bureau (Works Branch)



Legend

SETW Secretary for the Environment,
Transport and Works
DS Deputy Secretary
LA Legal Advisor
PAS Principal Assistant Secretary
DLA Deputy Legal Advisor
IR Industry Review
CAS Chief Assistant Secretary

AOSGA1 Administrative Officer Staff Grade A1
AOSGB1 Administrative Officer Staff Grade B1
AOSGB Administrative Officer Staff Grade B
AOSGC Administrative Officer Staff Grade C
PGE Principal Government Engineer
GE Government Engineer
CE Chief Engineer

PGC Principal Government Counsel
DPGC Deputy Principal Government Counsel
PEO Principal Executive Officer
RM Resource Management
CTA Chief Treasury Accountant
A Administration
F Finance
W Works

--- Proposed creation of a permanent AOSGA post
Post to be re-titled
* Supernumerary posts up to 5.7.2004