

Legislative Council Panel on Constitutional Affairs

Re-organisation of the Government Secretariat

Introduction

This note sets out the proposals of the new organisation structure of the Government Secretariat envisaged by the Chief Executive-elect (CE-elect) to be implemented with effect from 1 July 2012.

Re-organisation proposals

2. To facilitate the CE-elect to re-organise the Government Secretariat, the Chief Executive (CE) has agreed to provide full support to the exercise in the interest of ensuring a smooth transition to the fourth-term Government. Having sought the views from various sectors of the community and the current term Government through the CE's Office, the CE-elect has proposed to restructure the Government Secretariat as follows:

- (a) two Deputy Secretary of Department (DSoD) posts should be created to share the workload of the Chief Secretary for Administration (CS) and the Financial Secretary (FS). A new rank of DSoD should be created, and the monthly salary of the DSoD rank should be pitched midway between that of the Secretary for Justice (SJ) and Directors of Bureau (DoBs);
- (b) a new Culture Bureau should be set up to take over the policy responsibilities on culture and the West Kowloon Cultural District from the Home Affairs Bureau, film and creative industries from the Commerce and Economic Development Bureau (CEDB), and heritage conservation from the Development Bureau (DEVB);
- (c) the existing CEDB (less policy responsibilities on film and creative industries) should be restructured into two new bureaux, namely the Commerce and Industries Bureau (CIB), and the Technology and Communications

Bureau. Policy responsibilities on the maritime, air and logistics industries should be transferred from the Transport and Housing Bureau (THB) to the new CIB; and

- (d) the existing DEVB (less policy responsibilities on heritage preservation) and THB (less policy responsibilities on the maritime, air and logistics industries) should be restructured into two new bureaux, namely the Housing, Planning and Lands Bureau, and the Transport and Works Bureau.

3. With the re-organisation proposals in paragraph 2(c) and 2(d) above, policy responsibilities on housing and transport will be transferred from CS' side to FS' side. The policy responsibilities of the eight bureaux not affected by the re-organisation will remain unchanged. They are the Civil Service Bureau, the Constitutional and Mainland Affairs Bureau, the Education Bureau, the Environment Bureau, the Financial Services and the Treasury Bureau, the Food and Health Bureau, the Labour and Welfare Bureau, and the Security Bureau.

4. Details of the re-organisation proposals of the CE-elect and the rationale for the changes are set out in the note prepared by the Office of the CE-elect at **Annex A**.

Legislative procedures

5. To implement the new organisation structure with effect from 1 July 2012, the current term Government needs to move a resolution to effect the transfer of statutory functions. Pursuant to section 54A of Cap.1, the Legislative Council (LegCo) may by resolution provide for the transfer of statutory functions vested in one public officer to another public officer. The resolution will provide that, with effect from 1 July 2012, the functions currently exercisable by a certain public officer by virtue of the ordinances set out in the resolution be transferred to another public officer who will take charge of the relevant policy responsibilities following the re-organisation of the Government Secretariat.

6. The resolution will not involve substantive amendments to the statutory functions (including powers and duties) provided for in the relevant ordinances. Instead, it will provide for the simple substitution of the current title of the public officer by the new title of the public officer in

whom policy responsibility for the provision in question will be vested with effect from 1 July 2012.

7. After the resolution has been passed, the CE-in-Council will need to make an order to include the post titles of the two DSoDs and reflect the changes to the post titles of the various public officers.

Legislative timetable

8. The resolution needs to undergo positive vetting by LegCo, with notice made at least 20 days in advance. We will serve notice as soon as possible for moving the resolution in June. The order is subject to negative vetting by LegCo and should be made after the resolution has been passed. According to this timetable, both the resolution and the order will come into force on 1 July 2012.

9. We will also submit proposals in June to the Establishment Subcommittee and the Finance Committee for approval of the staffing and financial implications arising from the re-organisation exercise.

Implications of the proposal

10. The proposals are in conformity with the Basic Law, including the provisions concerning human rights. From the economic perspective, the re-organisation helps enhance the effectiveness and responsiveness of the Administration in addressing Hong Kong's changing social and economic needs, meeting growing public expectations, and promoting Hong Kong's further economic development and integration with the Mainland. In respect of financial and civil service implications, the proposals will entail a net increase of two DSoDs, two DoBs, two Under Secretaries, a number of Political Assistants (PAs)¹, six civil service directorate posts and some other civil service supporting posts. Details of the posts to be created are at **Annex B**. The additional staff cost arising from the proposed re-organisation of the Government Secretariat (excluding the fringe benefits for the additional Politically Appointed Officials (PAOs) is estimated to range from \$72,194,000 to \$72,909,000 each year. The proposals have no productivity, environmental or sustainability implications.

¹ The current term Government proposes that with effect from the fourth-term Government, SoDs, DSoDs and DoBs should have the discretion to decide to employ one or more PA(s), subject to a cap on the total monthly salaries payable to the PAs employed. At present, there are no PAs for SJ and the Secretary for the Civil Service (SCS) because of the special nature of these two posts. The proposed discretion will therefore not be extended to SJ and SCS.

Public consultation

11. The CE-elect consulted the public and different sectors of the community on the re-organisation proposals during his election campaign. The Office of the CE-elect sought views and advice from the current term Government through the CE's Office, and has met with the bureaux concerned to hear their views. The present proposals have taken into account the views expressed.

Publicity

12. A press statement has been issued on 4 May 2012.

Advice Sought

13. Members are invited to give views on the re-organisation proposals set out in the paper.

**Constitutional and Mainland Affairs Bureau
May 2012**

RE-ORGANISATION OF THE GOVERNMENT SECRETARIAT

INTRODUCTION

This note sets out the key elements and rationale of the proposed re-organisation of the Government Secretariat of the fourth-term Government to be implemented with effect from 1 July 2012.

PROPOSALS

2. The Chief Executive-elect (CE-elect) has proposed to restructure the Government Secretariat as follows:

- (a) two Deputy Secretary of Department (DSoD) posts should be created to share the workload of the Chief Secretary for Administration (CS) and the Financial Secretary (FS). A new rank of DSoD should be created, and the monthly salary of the DSoD rank should be pitched midway between that of the Secretary for Justice (SJ) and Directors of Bureau (DoBs);
- (b) a new Culture Bureau (CB) should be set up to take over the policy responsibilities on culture and the West Kowloon Cultural District (WKCD) from the Home Affairs Bureau (HAB), film and creative industries from the Commerce and Economic Development Bureau (CEDB), and heritage conservation from the Development Bureau (DEVB);
- (c) the existing CEDB (less policy responsibilities on film and creative industries) should be restructured into two new bureaux, namely the Commerce and Industries Bureau (CIB), and the Technology and Communications Bureau (TCB). Policy responsibilities on the maritime, air and logistics industries will be transferred from the Transport and Housing Bureau (THB) to the new CIB; and
- (d) the existing DEVB (less policy responsibilities on heritage conservation) and THB (less policy responsibilities on the maritime, air and logistics industries) should be restructured into two new bureaux, namely the Housing, Planning and Lands Bureau (HPLB), and the Transport and Works Bureau (TWB).

3. With the re-organisation proposals in paragraph 2(c) and 2(d) above, policy responsibilities on housing and transport will be transferred from CS' side to FS' side. The policy responsibilities of the eight bureaux not affected by the re-organisation will remain unchanged. They are the Civil Service Bureau (CSB), the Constitutional and Mainland Affairs Bureau (CMAB), the Education Bureau (EDB), the Environment Bureau (ENB), the Financial Services and the Treasury Bureau (FSTB), the Food and Health Bureau (FHB), the Labour and Welfare Bureau (LWB), and the Security Bureau (SB).

JUSTIFICATIONS

4. Under the existing Government structure, there are three Secretaries of Department (SoDs), namely CS, FS and SJ; and 12 policy bureaux each headed by a DoB. The existing distribution of key policy responsibilities among policy bureaux (and the departments under their charge) is set out at **Appendix A**. The Government structure after the proposed re-organisation is at **Appendix B**.

5. The over-arching objectives of the proposed re-organisation are:

- (a) to expand the capacity of the team of politically appointed officials (PAOs) in reaching out to the public and stakeholders, and in developing longer term plans;
- (b) to strengthen the coordination of policy formulation and implementation that cut across policy programmes; and
- (c) to step up efforts in expanding the economic base of Hong Kong, in capitalising on the opportunities arising from the rapid economic development in the Mainland, and in addressing key livelihood issues, including housing and poverty alleviation.

Creation of Deputy Secretaries of Department

6. In his Manifesto, the CE-elect has proposed to create two DSoD posts, i.e. the Deputy Chief Secretary for Administration (DCS) and Deputy Financial Secretary (DFS), to share the workload of CS and FS respectively to oversee and coordinate the cooperation between the Hong Kong Special Administrative Region (HKSAR) and the Mainland, and a number of cross-cutting policy issues¹.

¹ "We will consider the creation of deputy posts to share the workload of the Chief Secretary for Administration and the Financial Secretary. Under their purview, we

Policy Responsibilities of the Deputy Chief Secretary for Administration

7. At present, the span of control of the CS is very wide. He has to supervise nine policy bureaux, the Efficiency Unit and Administration Wing, in addition to playing an active role in Hong Kong-Guangdong economic cooperation, coordination of population policy, development of the WKCD, and the operation of the Community Care Fund.

8. To share some of CS's responsibilities, it is proposed that DCS be tasked to assist CS in coordinating policy formulation and implementation in policy areas pertaining to human resources (including education; manpower planning and development; welfare planning; and retirement protection), and culture. He will supervise three bureaux closely connected to these policy areas, namely, EDB, LWB and CB.

9. With the support of DCS, CS could focus more on other cross-cutting policies requiring longer term planning, e.g. poverty alleviation and sustainable development. He will continue to oversee Hong Kong-Guangdong cooperation, and the operation of the Community Care Fund. In addition, CS will have to provide leadership on further constitutional development and strengthening district administration. He will maintain direct supervision of six policy bureaux, namely, CSB, CMAB, ENB, FHB, HAB and SB.

Policy Responsibilities of the Deputy Financial Secretary

10. At present, FS has overall responsibility for economic and infrastructure development, and the management of public finance. FS supervises three policy bureaux, namely CEDB, DEVB and FSTB, the Hong Kong Monetary Authority and the Economic Analysis and Business Facilitation Unit.

11. To further promote the economic development of Hong Kong and enhance our competitiveness, it is proposed that DFS be tasked to assist FS in implementing economic cooperation agreements signed with Mainland authorities, coordinating the formulation and implementation of policies to promote Hong Kong's development set out in the national five-year plan, and supporting the further development of trade and industries, including maritime, air, logistics and tourism; as well as

will strengthen the cooperation between Hong Kong and the Mainland in diverse fields and actively plan for the economic and social developments in Hong Kong, including financial innovations, tourism promotion, population policy and retirement protection, as well as stepping up coordination among different bureaux in formulating and implementing policies." (*Point 8 under My Policy Platform in the Chapter on My Pledge on Administrative and Political System, page 76 of the Manifesto*)

technology and communications. He will supervise two bureaux closely connected to these policy areas, namely, CIB and TCB.

12. With the support of DFS, FS could focus more on the further development of Hong Kong as a leading international financial centre and the premiere offshore Renminbi business centre. He will review the management of public finance and the fiscal reserves, in accordance with the CE-elect's Manifesto², and oversee the formulation of longer term policies on housing, planning and lands, and transport. He will directly supervise three policy bureaux, namely, FSTB, HPLB and TWB.

Ranking, Precedence, Remuneration and Other Support

13. Within the existing government structure, the ranking and precedence of the PAOs are: CS, FS, SJ, followed by DoBs according to their seniority. To reflect the relative ranking and responsibilities amongst the PAOs, there is a 3.5% differential in the monthly salary in each of the ranks of the CS, FS, SJ and DoBs. Post-holders of the three SoDs are also provided with official residences.

14. With the creation of DCS and DFS posts, it is proposed that:

- (a) a new rank of DSoD should be created, as provided for in the Basic Law³, and pitched below SJ but above the DoBs. The new ranking and precedence will be CS, FS, SJ, DCS, DFS, followed by DoBs according to their seniority; and
- (b) to reflect their relative ranking and to avoid substantial changes to the existing salary structure of SoDs and DoBs, the monthly salary of the new rank of DSoD should be pitched midway between those of SJ and DoB, i.e. the monthly salary of a DSoD will be 101.75% of DoBs⁴. The

² "We will make proper use of the fiscal reserves to invest in four areas: (a) financial investment to seek returns to supplement recurrent expenditure; (b) social investment such as building more homes for the elderly and people with disabilities, and improving air quality; (c) economic investment such as building the third runway at the airport and providing seed money for new industries; and (d) setting aside funding to meet future expenditures arising from the ageing population such as medical and healthcare expense and pension payments." (*Point 22 under My Policy Platform in the Chapter on My Pledge on Administrative and Political System, page 78 of the Manifesto*)

³ Article 48 of the Basic Law: "The Chief Executive of the HKSAR shall... (5) ...nominate and report to the Central People's Government for appointment the following principal officials: Secretaries and Deputy Secretaries of Departments, Directors of Bureaux ...".

⁴ The approved salary of a DoB is currently \$298,115 per month. The proposed monthly salary of a DSoD will accordingly be \$303,330 per month.

fringe benefits for a DSoD should be on par with those of a SoD except that the post-holder will not be provided with an official residence.

15. The Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the HKSAR has been consulted and agrees with the remuneration package for the newly created DCS and DFS posts. In line with the set-up for the private offices of other PAOs, DCS and DFS will be provided with supporting staff including an Administrative Assistant (AA), a Press Secretary (PrS), one or more Political Assistant(s) (PAs)⁵, and other secretarial and chauffeur support.

Creation of the Culture Bureau

16. At present, cultural affairs are scattered among a number of policy bureaux. Funding for arts, libraries and museums, for example, come under HAB; heritage conservation is the responsibility of DEVB; and film and creative industries are under CEDB. Bringing these under the unified structure of a new CB will enhance policy coherence and facilitate strategic planning on culture.

17. Being the confluence of eastern and western cultures, Hong Kong is well-positioned to be a cultural hub with a distinct character. Apart from embarking on the WKCD as the landmark for Hong Kong's art scene, more importantly there should be a focal point and champion within the Government to devise a holistic culture policy, promote cultural activities and exchanges, nurture talents and cultural groups, and encourage community participation, i.e. to develop both the hardware and software for Hong Kong as a cultural hub.

18. The proposed CB reports to CS via DCS. It will take over the Culture Branch and the WKCD Management Team from HAB, Create Hong Kong (CreateHK) from CEDB, and the Commissioner for Heritage's Office from DEVB. In addition, CB will work with EDB to promote arts education within and outside schools in a well-coordinated manner, and partner with District Councils to popularise arts programmes at the district level. With the creation of CB, a new DoB post, the Secretary for Culture (S for C), has to be created to take over the policy responsibilities

⁵ The current term Government proposes that with effect from the fourth-term Government, SoDs, DSoDs and DoBs should have the discretion to decide to employ one or more PA(s), subject to a cap on the total monthly salaries payable for the PAs employed. At present, there are no PAs for SJ and the Secretary for the Civil Service (SCS) because of the special nature of these two posts. The proposed discretion will therefore not be extended to SJ and SCS.

on culture from the concerned bureaux and give these efforts extra impetus.

19. With cultural policies transferred to S for C, the Secretary for Home Affairs (SHA), in consultation with relevant bureaux and departments, will devise measures to enhance the role of district councils and empower the District Officers to coordinate the work and services provided by government departments at the district level. The objective is to address district issues at the district level and capitalise on local opportunities. SHA will continue to be responsible for sports and recreation; civic affairs; youth development; community relations; building management; and most entertainment and accommodation related licensing. Details of the new organisation structure under S for C and SHA are at **Appendix C and D**.

C & D

20. The establishment of a new CB will entail the creation of a new DoB post and a number of supporting posts in the new CB, including a Permanent Secretary for Culture, an Under Secretary for Culture, an AA, a PrS, one or more PAs, and other secretarial and chauffeur support.

Restructuring of Commerce and Economic Development Bureau

21. At present, the Secretary for Commerce and Economic Development (SCED) is responsible for a wide range of policy areas, including information technology; broadcasting; telecommunications; innovation and technology; film and creative industries; commercial and trade relations with the Mainland and the rest of the world; intellectual property; industry support; and tourism. As a result, there have been complaints from the concerned sectors that SCED has not been able to attend to their needs and champion their development.

22. To fully recognise the importance of industrial development and technology in our economic development, and to provide more dedicated high level leadership in developing Hong Kong's trade and key service industries, it is proposed to restructure CEDB into two new bureaux, namely the TCB and the CIB.

23. The new TCB will be responsible for promoting innovative technology and communications in Hong Kong. More specifically, it will formulate a comprehensive technology policy to support the development of technology infrastructure; encourage synergy among government, enterprises as well as research and academic institutions in research and development; and integrate the development of emerging industries in the Mainland with innovative technology in Hong Kong. The new bureau is

transformed from the existing Communications and Technology Branch of CEDB, less the CreateHK division which will be put under the newly formed CB (see paragraph 18 above). A new DoB post, the Secretary for Technology and Communications (STC), has to be created together with corresponding supporting posts, including an Under Secretary for Technology and Communications, an AA, a PrS, one or more PAs, and other secretarial and chauffeur support.

24. The new CIB will have overall responsibility for trade and industry policy as well as the development of the maritime, air, logistics and tourism industries. Recognising the intimate connection between aviation, shipping and logistics with other sectors of the economy, such as tourism, import and export, it is proposed to transfer the policy responsibilities on air, maritime and logistics services from THB to the new CIB. SCED will be renamed as the Secretary for Commerce and Industries (SCI). The new CIB will have two branches, namely the Maritime, Aviation, Logistics and Tourism Branch (MALTB), and the Trade and Industry Branch (TIB), which is transformed from the existing Commerce, Industry and Tourism Branch (CITB) (except tourism which will be transferred to MALTB). Each branch is to be headed by a Permanent Secretary. MALTB will provide holistic support to promote the development of the maritime, aviation, logistics and travel industries in Hong Kong so as to enhance their competitiveness and increase market penetration. TIB will assume the current policy responsibilities of CITB except tourism which will be transferred to MALTB. TIB will also coordinate the implementation of the Closer Economic Partnership Arrangement between the HKSAR and the Mainland (CEPA), notably in the trade in services and professional services with a view to promoting Hong Kong as an international trade and services centre. Details of the new organisation structure under SCI and STC are at **Appendices E and F**.

E & F

Restructuring the Development Bureau and the Transport and Housing Bureau

25. Steady and adequate supply of housing underpins social harmony and stability. It is among the top priorities of the fourth-term Government. To enable the Government to respond effectively to the growing calls for more housing, it is proposed that a new HPLB be created by combining the Planning and Lands Branch of the existing DEVB and the Housing Branch/Housing Department of the existing THB. By putting housing and land production in the same bureau, there would be better coordination in the timing of land supply to meet the demand for both public and private housing. HPLB will also assume policy responsibilities

for developing a long-term housing strategy, urban renewal as well as building maintenance and safety.

26. A new TWB is proposed to be created by combining the existing Transport Branch of THB (except policy responsibilities on maritime, air and logistics industries to be transferred to CIB) with the existing Works Branch of DEVB (except policy responsibilities on heritage preservation to be transferred to the new CB). TWB will be responsible for further improving the quality of public transport services, reviewing fare scales, accelerating the ten major infrastructure projects, updating and implementing the Railway Development Strategy 2000 and exploring green transport modes. Given the interface between transportation and public infrastructure development works, the new bureau can effectively plan, manage and implement the works programmes and transport infrastructure to further enhance the economic development of Hong Kong and the connectivity and integration with the Mainland. Details of the new organisation structure of HPLB and TWB are at **Appendices G and H**.

G & H

New Structure of the Government Secretariat

27. After the re-organisation, there will be three SoDs, two DSoDs and 14 DoBs in the fourth-term Government. Their post titles are as follows:

- Chief Secretary for Administration
- Financial Secretary
- Secretary for Justice
- Deputy Chief Secretary for Administration
- Deputy Financial Secretary
- Secretary for the Civil Service
- Secretary for Commerce and Industries
- Secretary for Constitutional and Mainland Affairs
- Secretary for Culture
- Secretary for Education
- Secretary for the Environment
- Secretary for Financial Services and the Treasury
- Secretary for Food and Health
- Secretary for Home Affairs
- Secretary for Housing, Planning and Lands
- Secretary for Labour and Welfare
- Secretary for Security
- Secretary for Technology and Communications
- Secretary for Transport and Works

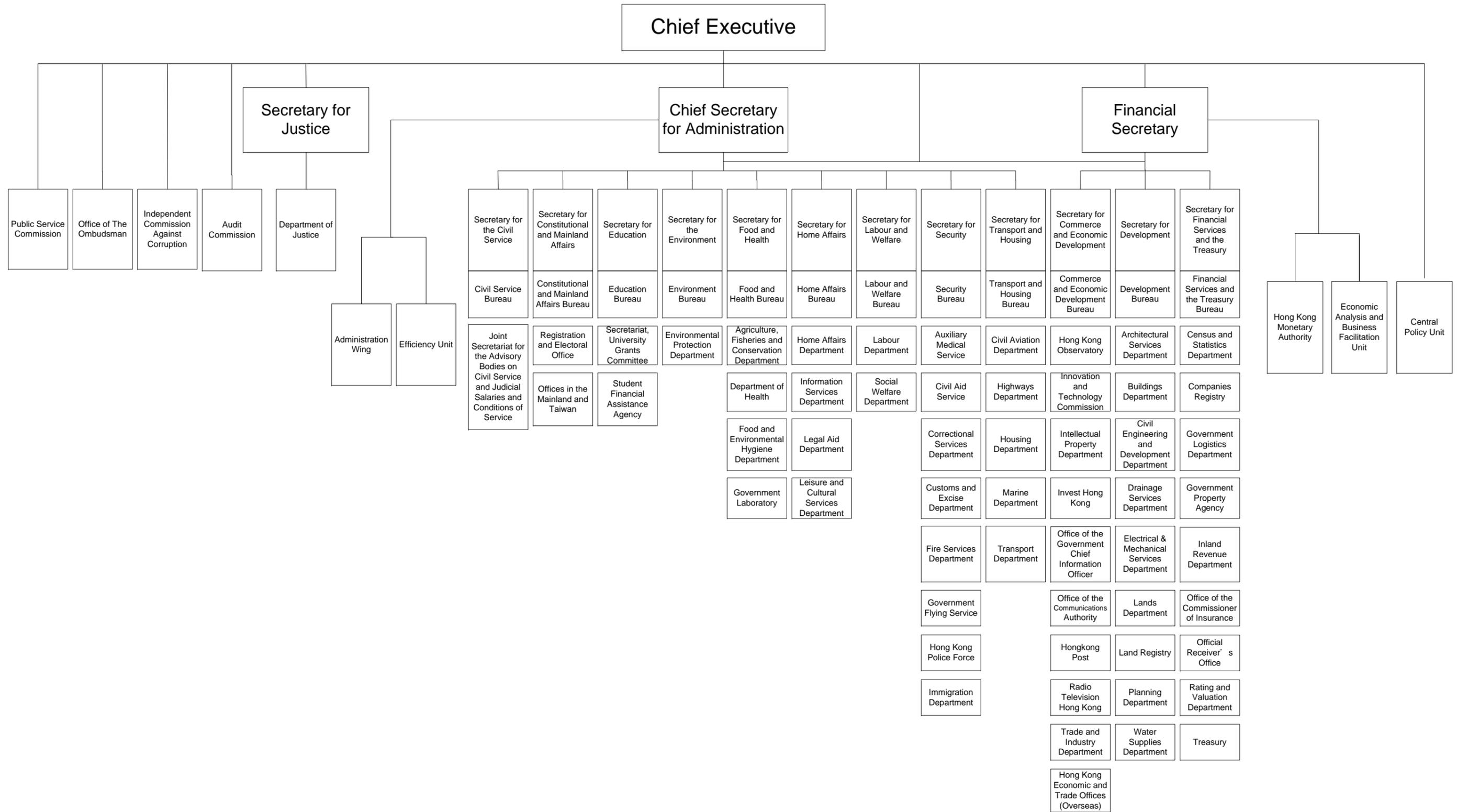
28. To tie in with the changes in portfolios among policy bureaux, some departments may come under a different policy bureau, but there will be no change of responsibilities or organisation structure at the departmental level. The proposed distribution of responsibilities with effect from 1 July 2012 is at **Appendix I**.

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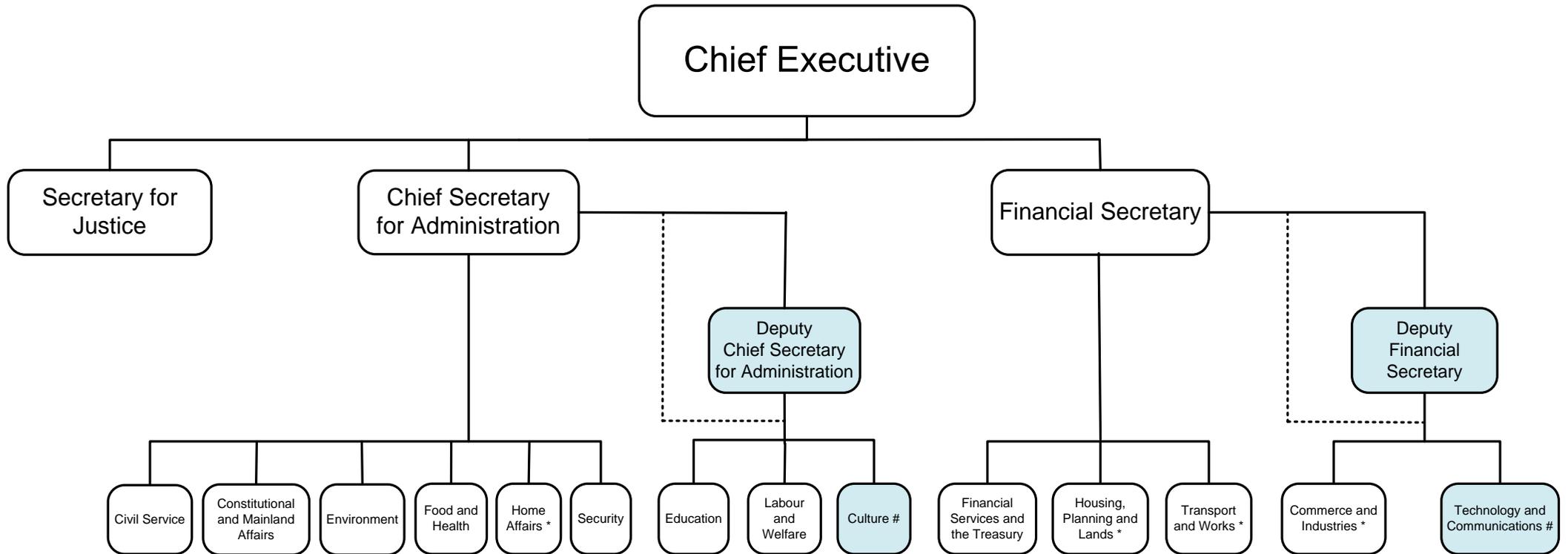
**Office of Chief Executive-elect
May 2012**

ORGANISATION CHART OF THE GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION

(1 April 2012)



Proposed Organisation Chart (1 July 2012)

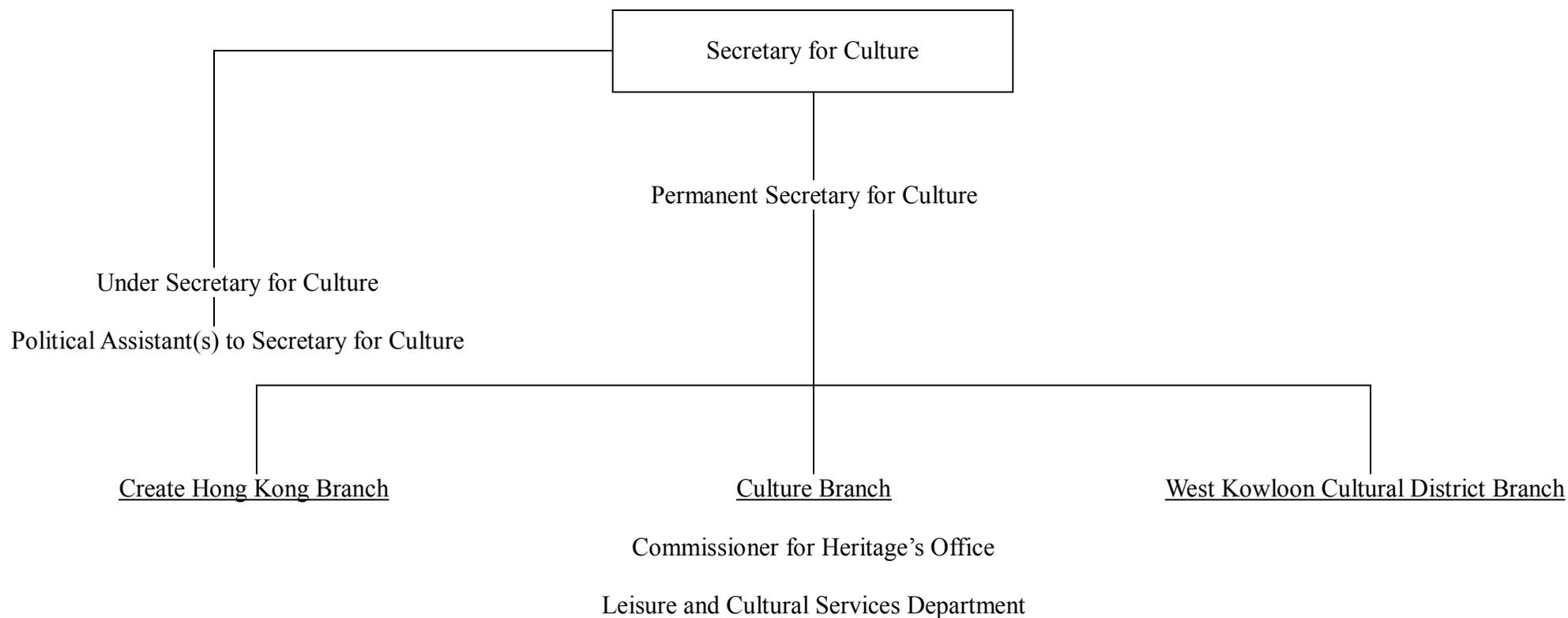


New Politically Appointed Official posts

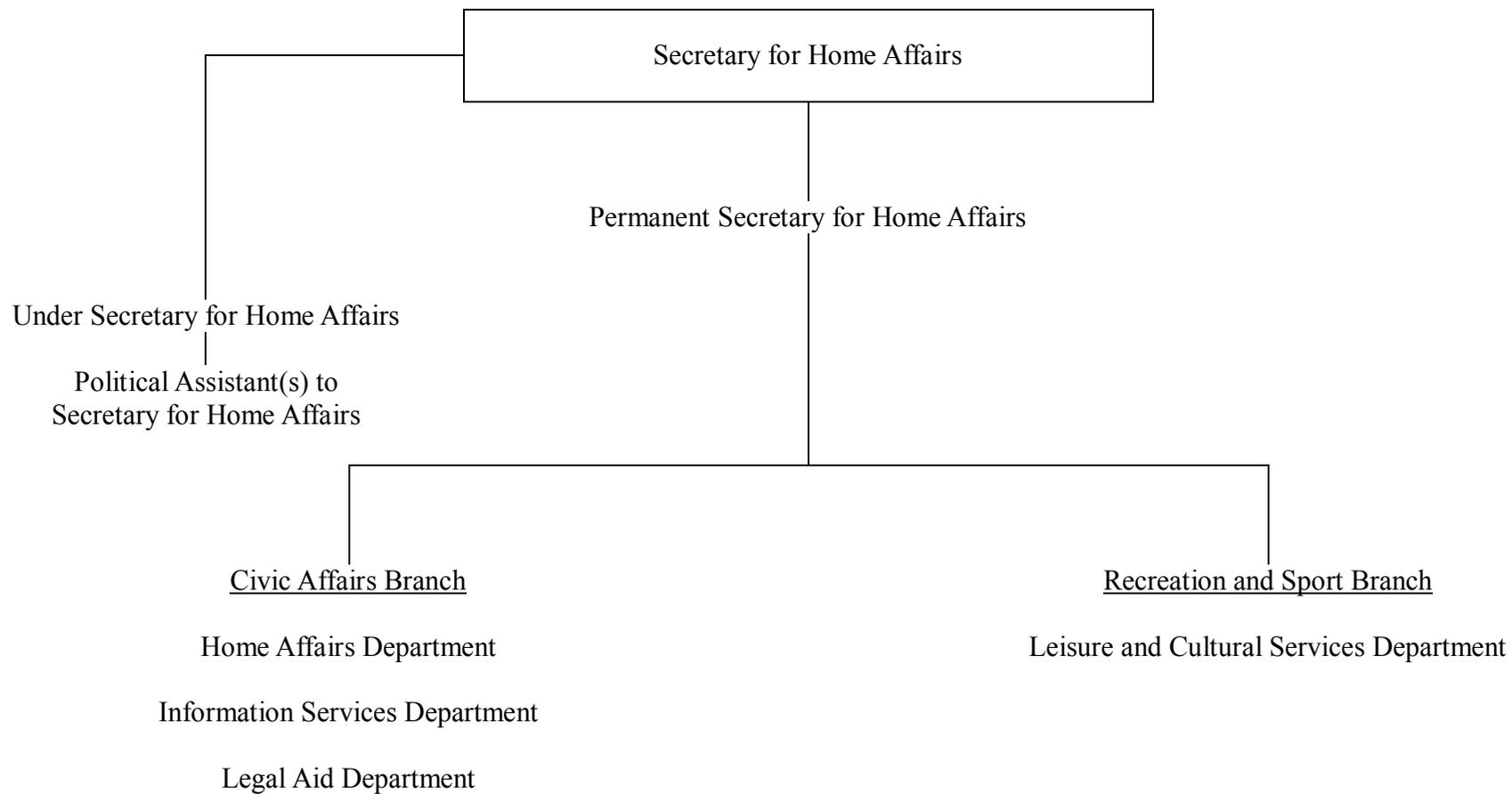
* Existing portfolio affected by re-organisation

New bureau split from an existing bureau

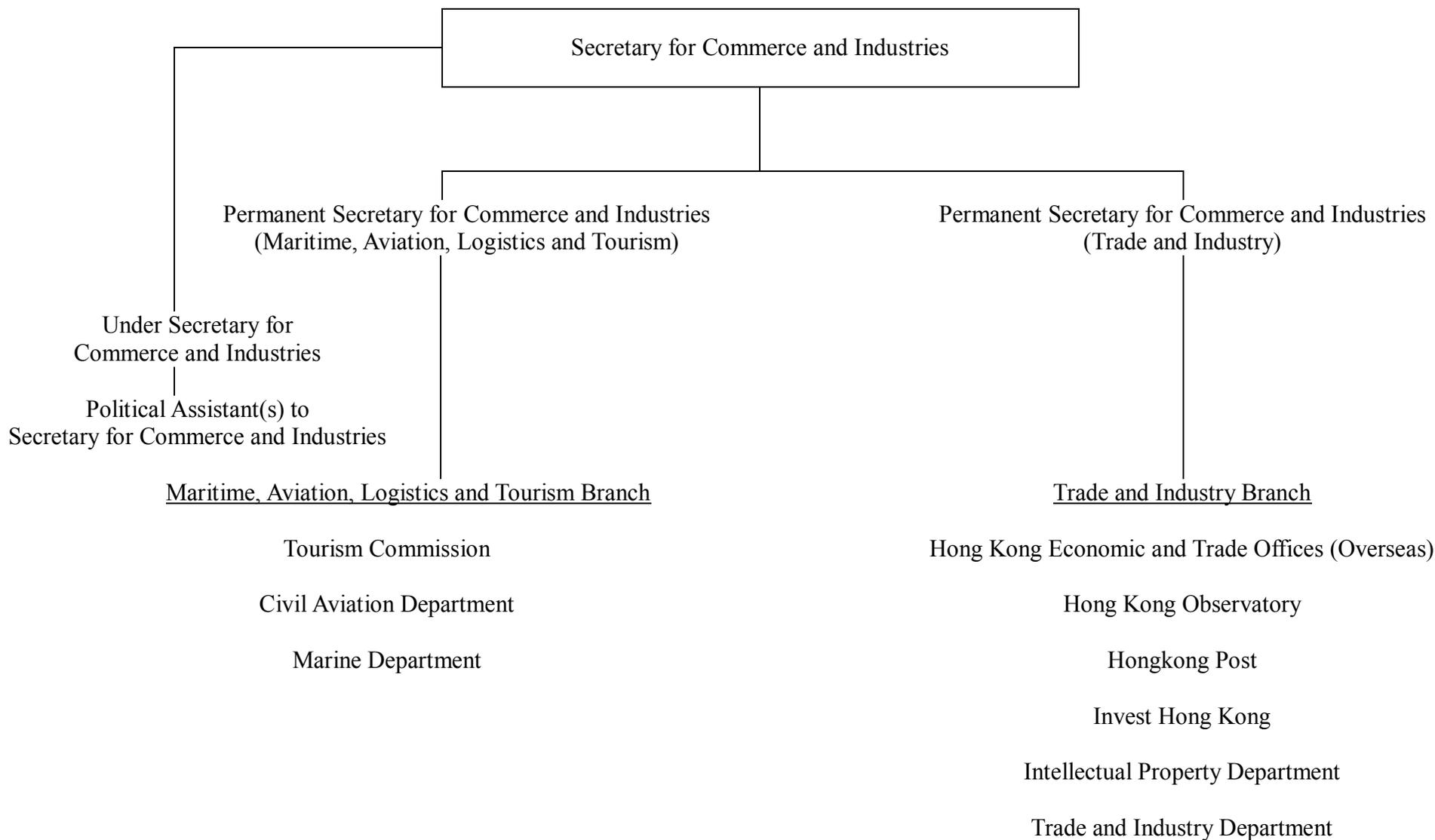
Organisation Structure of the New Culture Bureau



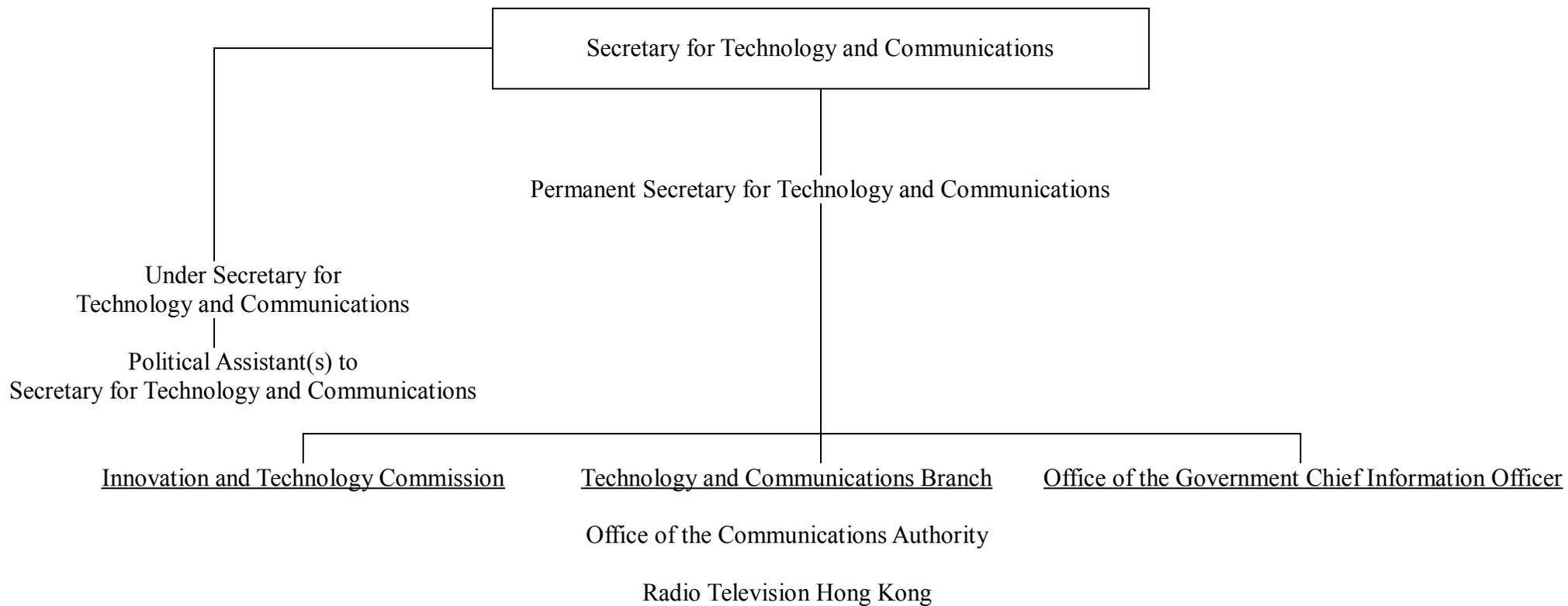
New Organisation Structure of the Home Affairs Bureau after Re-organisation



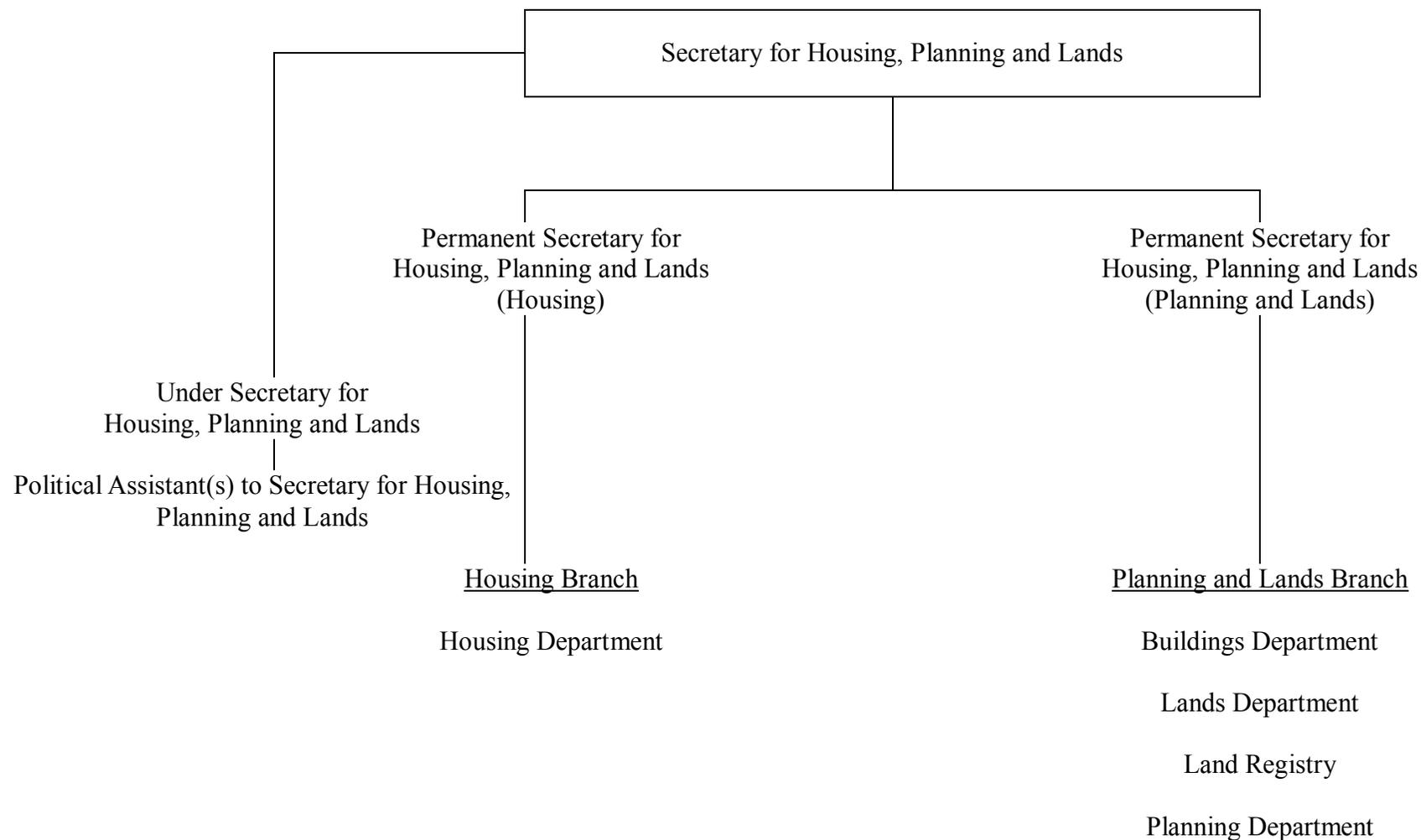
New Organisation Structure of the Commerce and Industries Bureau after Re-organisation



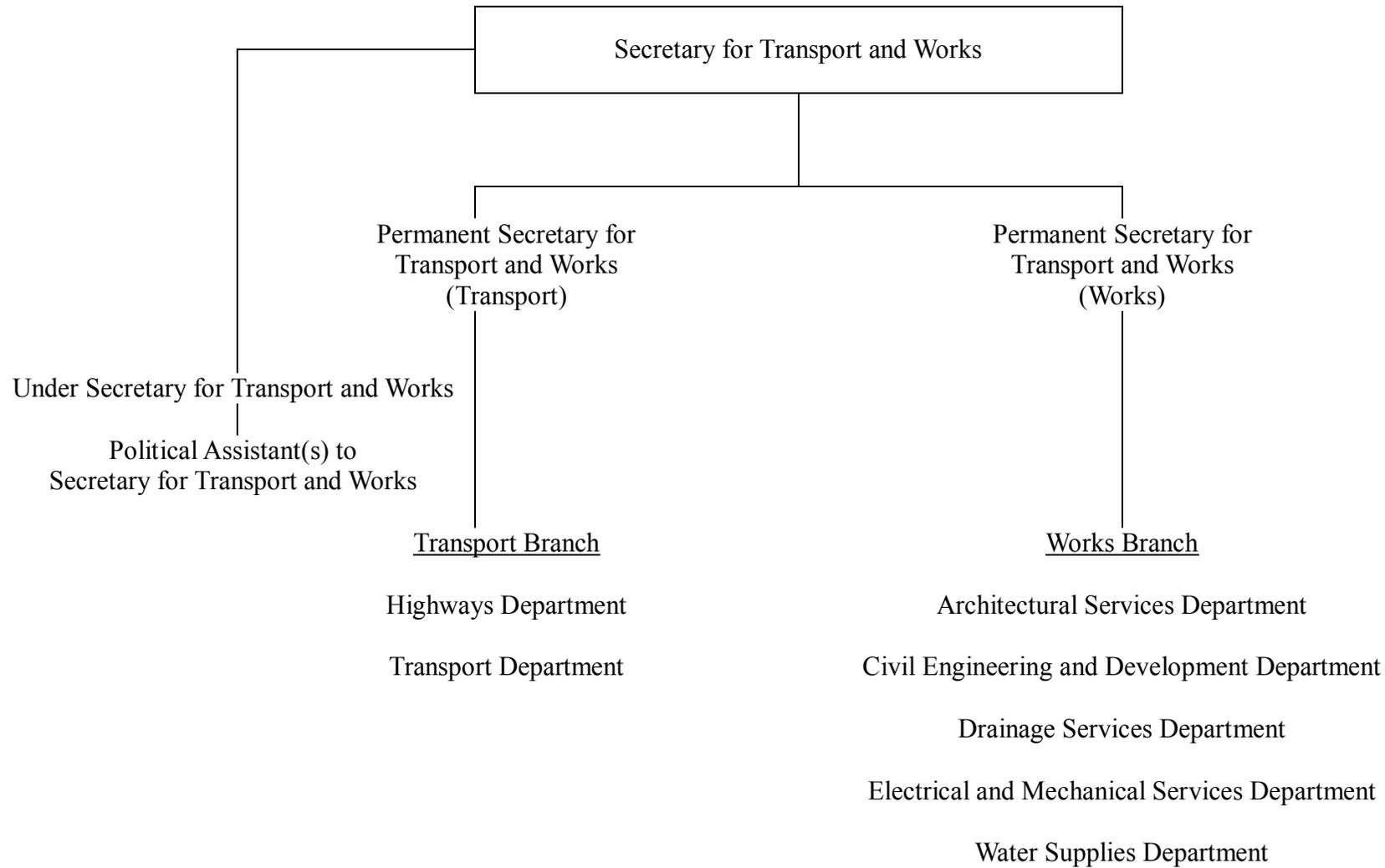
Organisation Structure of the New Technology and Communications Bureau



New Organisation Structure of the Housing, Planning and Lands Bureau after Re-organisation

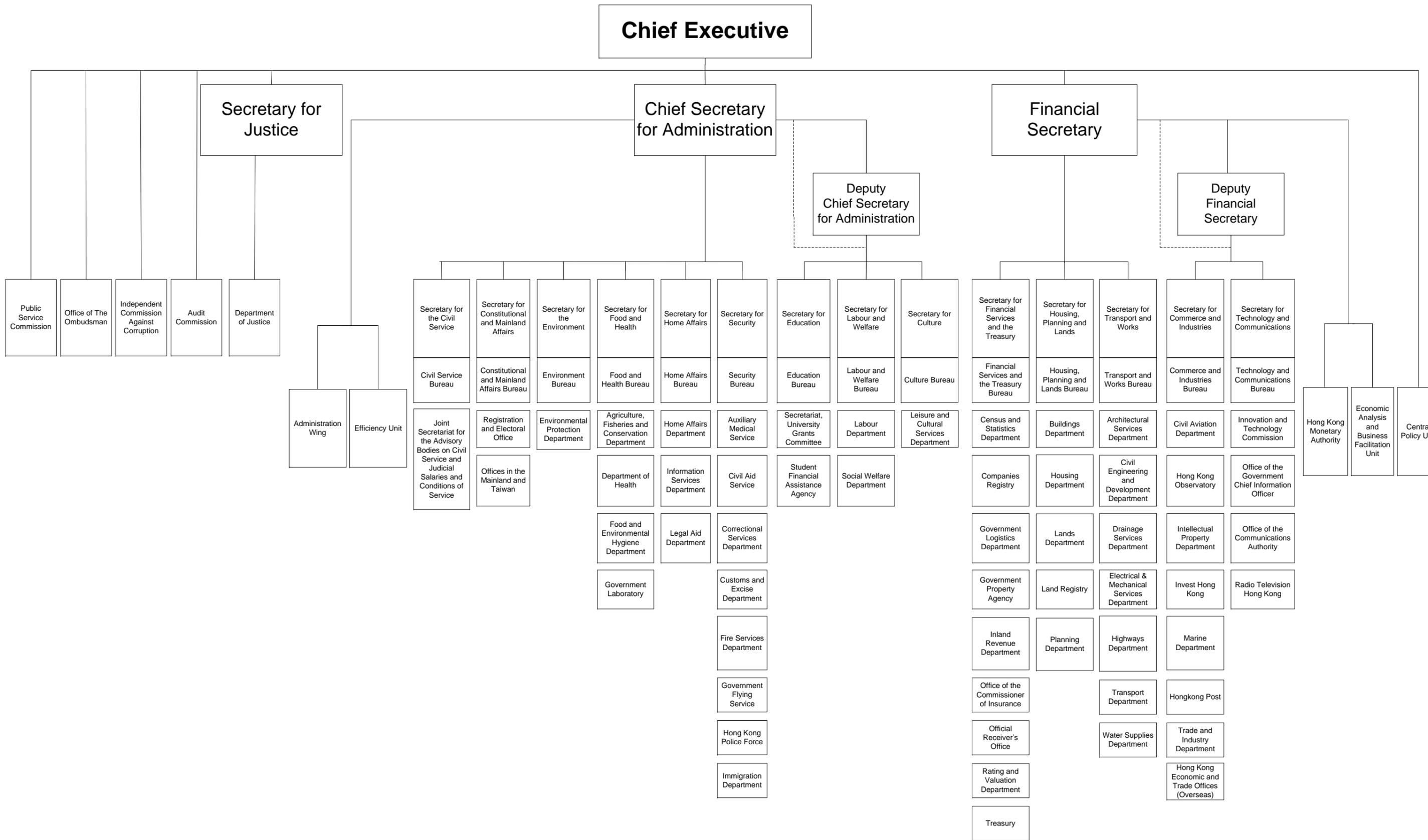


New Organisation Structure of the Transport and Works Bureau after Re-organisation



PROPOSED ORGANISATION CHART OF THE GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION

(1 July 2012)



**Re-organisation of the Government Secretariat
Changes in Establishment**

A. Deputy Secretaries of Department (+2)

- Deputy Chief Secretary for Administration (DCS)
- Deputy Financial Secretary (DFS)

B. Directors of Bureau (+2)

- Secretary for Culture (S for C)
- Secretary for Technology and Communications (STC)

C. Permanent Secretaries (PSs) (AOSGA1 D8) (+2)

- Permanent Secretary (Culture) (PS(C))
- Permanent Secretary (Maritime, Air, Logistics and Tourism) (PS(MALT))

D. Under Secretaries (+2)

- Under Secretary for Culture (US for C)
- Under Secretary for Technology and Communications (USTC)

E. Political Assistants (PAs)

- It is proposed that with effect from the fourth-term Government, each Principal Official (except Secretary for Justice and Secretary for the Civil Service) should be provided with \$1.2 million per annum (i.e. \$100,000 per month) for engaging one or more PA(s).

F. Administrative Assistants (AAs) (AOSGC D2) (+4)

- AA/DCS
- AA/DFS
- AA/S for Culture

- AA/STC

G. Press Secretaries (PrSs) (CIO) (+4)

- PrS/DCS
- PrS/DFS
- PrS/S for C
- PrS/STC

H. Other Supporting Staff (+41)

- Senior Administrative Officers (+2)
- Executive Officers (+3)
- Information Officers (+7)
- Secretaries (+12)
- Drivers (+6)
- Clerical Support (+11)

Total : Politically Appointed Officials (+6)*

Directorate Staff (+6)

Non-directorate Staff (+45)

Grand Total : (+57)*

* Excluding Political Assistants