

For discussion
on 6 January 2003

Legislative Council Panel on Financial Affairs

Organizational Review for Logistic Support Departments under the Financial Services and the Treasury Bureau

Purpose

The purpose of this paper is to consult Members on a proposal, made in the light of a recent organizational review, to merge the Government Land Transport Agency (GLTA), Government Supplies Department (GSD) and Printing Department (PD).

Background

2. Government is committed to ensuring the cost-effective use of public resources and improving the efficiency of its operation. In this context, we have recently reviewed the organization for provision of logistic support services in Government, in particular the functions and organization of GLTA, GSD and PD.

3. The existing organization and key responsibilities of the three Departments are at **Annexes A to F**. Despite their specialisations, the three Departments share a common objective of providing cost-effective logistic support to facilitate the efficient operation of other bureaux and departments. There is scope for better efficiency and economy through integration, specifically to –

- (a) streamline organization and enable better co-ordination of logistic support services within the Government;

- (b) facilitate synergies in operation and cross-fertilisation of expertise for provision of the services; and
- (c) enhance efficiency and economy in deployment of resources for providing the services.

4. We therefore propose to merge GLTA, GSD and PD into a new Department, to be called Government Logistics Department (GLD), and for it to be established on 1 July 2003, subject to the approval of the Establishment Sub-committee and the Finance Committee of LegCo.

Proposed Government Logistics Department

5. The new Department will continue the existing functions of GLTA, GSD and PD to provide the essential logistic support services for government bureaux and departments, specifically those relating to transport operation and management, procurement and supplies, as well as the provision of government printing services. It will be headed by a Director of Government Logistics, to be ranked at D5, who will be underpinned by a Deputy Director at D3.

6. Organizationally, the professional functions of GLTA, GSD and GP will be preserved under three specialist operational divisions in the new GLD while the departmental administrative, financial control and procurement functions of the three existing Departments will be combined and re-organized under three new common services divisions. The proposed GLD will have the following six divisions –

Common Services Divisions

(a) Administration Division

Comprising the Administration Section and the Accounts Section, this Division will be responsible for departmental administration, human resource management and financial management of the new Department.

(b) *Management Services Division*

Comprising the Supplies Surveys and Stock Verification Section and Systems Administration Section, this Division will mainly be responsible for conducting system and financial surveys, internal audit checks and providing IT support for departmental operations.

(c) *Procurement Division*

This Division will be responsible for the procurement of general purpose vehicles and common stores and services for the Government. It will also be responsible for market research and sourcing, providing advice on the terms of tenders and contracts, conducting tender negotiations and handling matters relating to the World Trade Organization Agreement on Government Procurement.

Operational Divisions

(d) *Supplies Management Division*

This Division will be responsible for the operation of the Government Logistics Centre, the grade management of supplies grade staff in various departments, monitoring contracts and claims, handling quarters furniture inspection and inventories and disposal of stores.

(e) *Printing Division*

This Division will operate the printing workshop and administer contracts for outsourcing of printing work for government bureaux and departments. It will also be responsible for advising bureaux and departments on all matters relating to printing, including the use and purchase of printing equipment and accessories.

(f) Land Transport Division

This Division will look after the provision of vehicles and land transport services to the departments, including the vetting of vehicle requirements. It will also be responsible for operating the central transport pool and for management of the driver grades.

The proposed organization chart for the new GLD is at **Annex G**.

7. Apart from the centralisation of the common services in the three Departments, the merger will also coincide with the planned rationalization of current establishment arising from changing operational needs. These initiatives include the adjustment to the size of the GLTA pool to align with the anticipated service demand and the disbandment of the ID Card Unit in PD upon introduction of the SmartCard ID cards.

8. Taking into account the above changes, the GLD will have a planned establishment of 819 posts. It will also be responsible for the grade management of about 3,700 transport, supplies and printing grades staff now posted in various bureaux and departments.

Accommodation

9. The headquarters of the new Department will be accommodated in GSD's current premises at North Point Government Offices. For the time being, the GLTA transport pool and the printing house of PD will stay in their present accommodation at Wanchai Tower and Cornwall House respectively.

Staffing and financial implications

10. The merger, together with the planned initiatives to streamline organization, will result in a net deletion of 60 posts, equivalent to a 6.8% reduction in the combined establishment of 879 posts in the three existing Departments.

11. The changes in establishment will involve both Directorate and non-Directorate posts. At the Directorate level, we propose to –

- (a) create a Director of Government Logistics (D5) post and a Deputy Director of Government Logistics (D3) post, to be off-set by the deletion of the existing Director of Government Supplies (D5) and Deputy Director of Government Supplies (D3) posts;
- (b) delete the Government Printer (D5) post;
- (c) downgrade the Government Land Transport Administrator post from D2 to D1;
- (d) delete a Chief Printing Superintendent (D1) post; and
- (e) upgrade an existing Chief Executive Officer (MPS 45-49) post to Principal Executive Officer (D1).

12. At the non-Directorate level, the deletion of posts will mainly be in general grades which are normally posted across departments and in surplus departmental grades. These involve the Executive Officer (4), Secretarial (4) and Clerical Grades (19), as well as some posts in the Motor Driver (9), Workman (8), Supplies (7), Printing (3), Treasury Accountant/Accounting Officer (2), Driving Instructor (1), Calligraphist (1) and Foreman (1) Grades.

13. Of the above, the deletion of 25 posts is directly attributable to the merger. The remainder 35 are due to changes in operational requirements and arrangements.

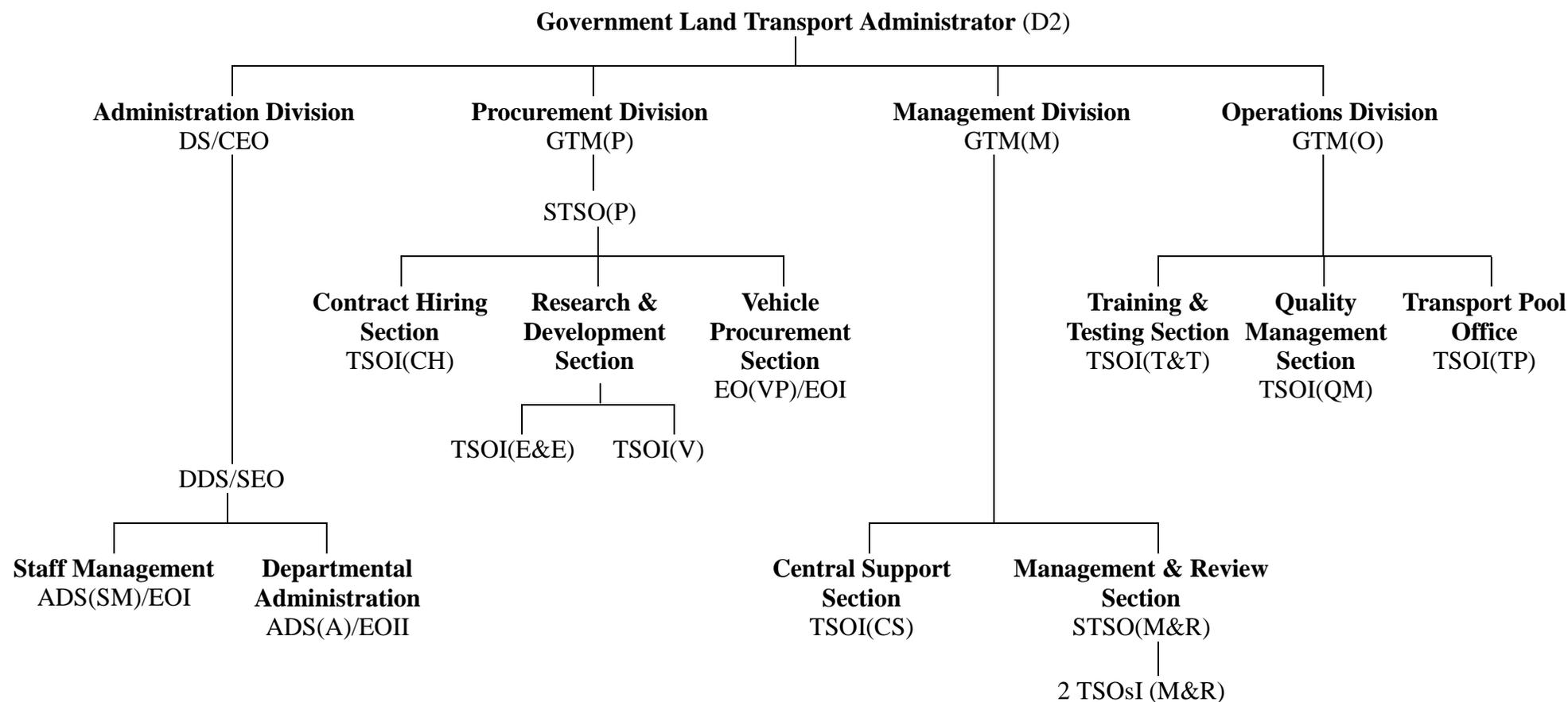
14. In general, the vast majority of staff will not be affected by the re-organization. For those departmental grade officers currently working in GLTA, GSD and PD, their work and responsibilities will also remain largely unchanged. As regards the small number of staff who will be affected, mostly in the general grades and in other surplus departmental grades, we will arrange posting and re-deployment in consultation with the relevant Heads of Grade. We will dovetail the deletion of posts with natural wastage, retirement and re-deployment.

15. We estimate that the changes in organization and deletion of posts will bring about annual savings of about \$26.47M in total staff costs, equivalent to 7.45% of the total staff costs of the three Departments combined. In addition, the relocation of the departmental headquarters to North Point Government Offices will enable the release of 377 m² of much needed premises at Wanchai Tower for use by other departments.

Staff consultation and implementation

16. In parallel with consultation with Members, we are consulting staff in the three Departments concerned, with a view to finalising the detailed implementation arrangements. We aim to consult the ESC and FC on finalised proposal in the second quarter of 2003, for establishing the new Department on 1 July 2003.

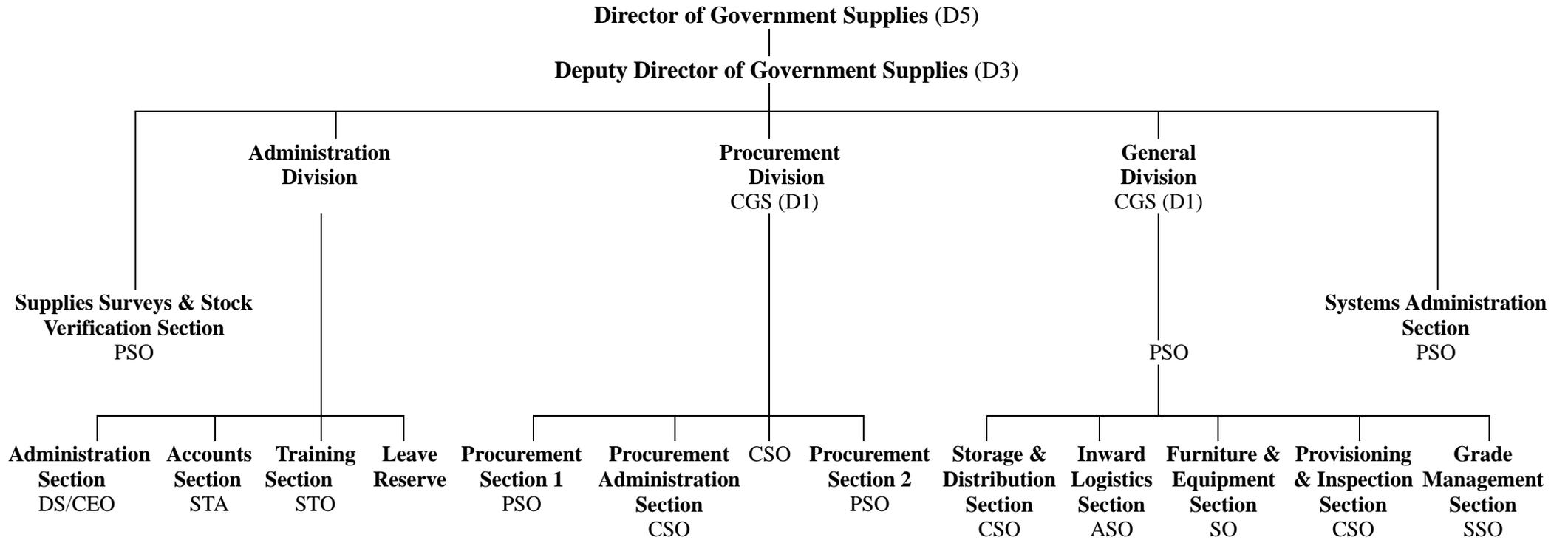
Existing Organization Structure of Government Land Transport Agency



Legend

ADS	Assistant Departmental Secretary	EOII	Executive Officer II
CEO	Chief Executive Officer	GTM	Government Transport Manager
DS	Departmental Secretary	SEO	Senior Executive Officer
DDS	Deputy Departmental Secretary	STSO	Senior Transport Services Officer
EOI	Executive Officer I	TSOI	Transport Services Officer I

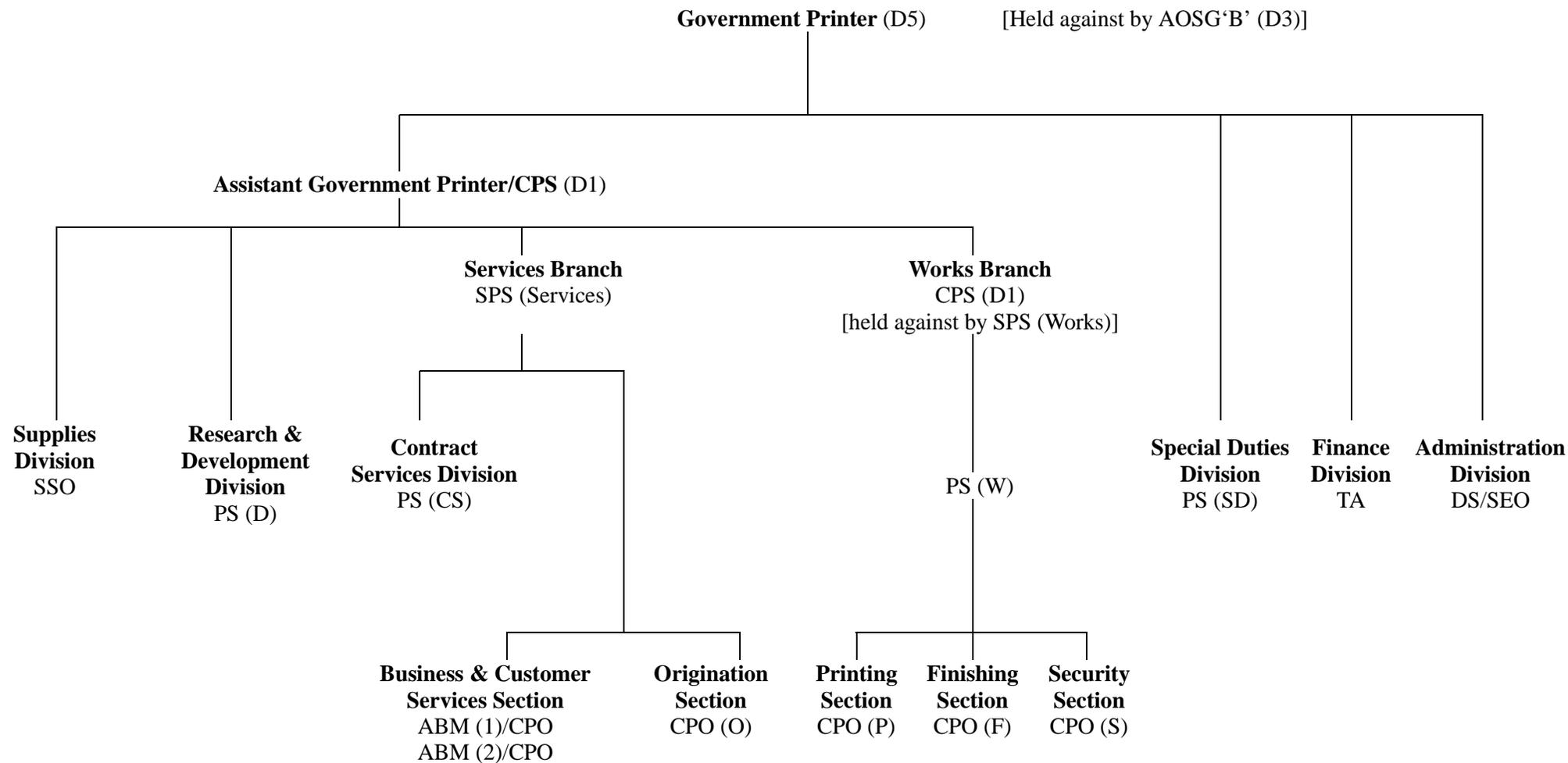
Existing Organization Structure of Government Supplies Department



Legend

- ASO Assistant Supplies Officer
- CEO Chief Executive Officer
- CGS Controller of Government Supplies
- CSO Chief Supplies Officer
- DS Departmental Secretary
- PSO Principal Supplies Officer
- SO Supplies Officer
- STA Senior Treasury Accountant
- STO Senior Training Officer

Existing Organization Structure of Printing Department



Legend

- | | |
|-----------------------------------|------------------------------------|
| ABM Assistant Business Manager | SPS Senior Printing Superintendent |
| CPO Chief Printing Officer | SEO Senior Executive Officer |
| CPS Chief Printing Superintendent | SSO Senior Supplies Officer |
| DS Departmental Secretary | TA Treasury Accountant |
| PS Printing Superintendent | |

**Responsibilities and Size of
Government Land Transport Agency (GLTA)**

Key responsibilities

GLTA oversees the government transport service and advises departments on transport management matters. It is responsible for procurement of general purpose vehicles and administering government vehicle hiring contracts centrally. It operates a transport pool which supplements the departmental fleets, and provides driving training and testing for government drivers.

Approved provision in 2002-03 : \$152.7M

Establishment : 146*

Grade management responsibilities	(Total establishment: 2,789*)
• Government Transport Manager Grade	(4)
• Transport Services Officer Grade	(51)
• Driving Instructor Grade	(4)
• Chauffeur Grade	(55)
• Special Driver Grade	(600)
• Motor Driver Grade	(2,075)

* as at 1.12.2002

**Responsibilities and Size of
Government Supplies Department (GSD)**

Key responsibilities

GSD is the central purchasing, storage and supplies organization for the Government serving over 80 government departments, subvented organizations and certain non-government public bodies.

It is the procurement agent for the Government. The objective of GSD's procurement service is to obtain, at best value for money and in a timely manner, the goods and services required by the user departments. This is achieved by the use of open competitive tendering procedures and specifications as general as possible and by the widest possible sourcing to maximize competition.

GSD is also responsible for the provisioning, storage and distribution of a wide range of common-user items such as stationery, pharmaceutical products and hospital sundries, furniture and household goods, which are used across the service by government departments and public bodies.

Approved provision in 2002-03 : \$177.5M

Establishment : 395*

Grade management responsibilities	(Total establishment: 1,298*)
• Supplies Officer Grade	(183)
• Supplies Supervisor Grade	(704)
• Supplies Assistant Grade	(345)
• Supplies Attendant Grade	(66)

* as at 1.12.2002

**Responsibilities and Size of
Printing Department (PD)**

Key responsibilities

PD is responsible for production of printed publications, forms, paper stationery, etc. for bureaux, branches and departments. PD also advises bureaux and departments on all matters related to printing, including the use and purchase of printing equipment and accessories. It also administers the contracting out of government printed requirements to the private sector.

Approved provision in 2002-03 : \$234.2M

Establishment : 338*

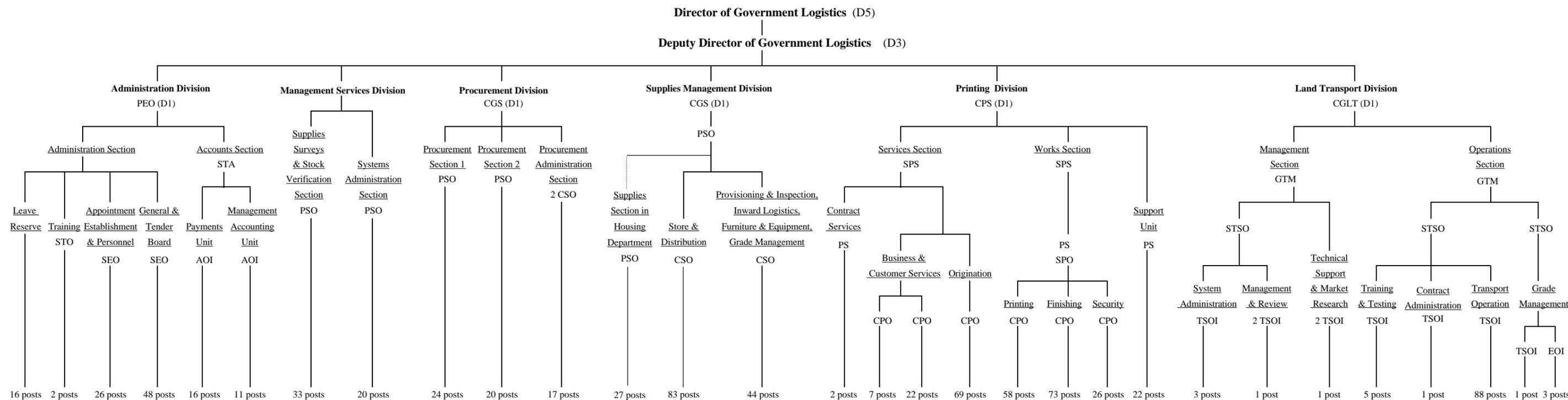
Grade management responsibilities

(Total establishment: 189*)

- Printing Officer Grade (30)
- Printing Technician Grade (145)
- Proof Reader Grade (14)

* as at 1.12.2002

Proposed Organization Structure Government Logistics Department



Legend

AOI	Accounting Officer I	GTM	Government Transport Manager	SPO	Senior Printing Officer
CGS	Controller of Government Supplies	PEO	Principal Executive Officer	SPS	Senior Printing Superintendent
CGLT	Controller of Government Land Transport	PO	Printing Officer	STA	Senior Treasury Accountant
CPO	Chief Printing Officer	PS	Printing Superintendent	STO	Senior Training Officer
CPS	Chief Printing Superintendent	PSO	Principal Supplies Officer	STSO	Senior Transport Services Officer
CSO	Chief Supplies Officer	SCO	Senior Clerical Officer	TSOI	Transport Services Officer I
EOI	Executive Officer I	SEO	Senior Executive Officer		

Establishment

Directorate posts	:	7
Non-directorate posts	:	812
Total	:	819