

**Merger of the Environment Branch of  
the Environment, Transport and Works Bureau  
with the Environmental Protection Department**

**Purpose**

This paper briefs Members on a plan to merge the Environment Branch (EB) of the Environment, Transport and Works Bureau (ETWB) and the Environmental Protection Department (EPD).

**Background**

2. While there have been some evolutionary changes as new duties and responsibilities have been taken on board, the basic structure of the EPD remains largely the same, in functional terms, as it was when the department came into being in 1986. Recognizing the need to adapt to changing circumstances, the EPD, assisted by management consultants, has over the past few years carried out a succession of studies examining a number of options for restructuring.

3. EB was formerly part of the Environment and Transport Branch of ETWB until a Permanent Secretary for the Environment, Transport and Works (Environment) (PSE), ranked at D6, was appointed on 1 July 2004. PSE currently oversees the environmental portfolio, including the nature conservation schedule, of ETWB.

4. Following the introduction of the Accountability System in July 2002, the Administration has been exploring ways and means to rationalize the institutional set-up to promote a closer link between the formulation and implementation of policies, and to bring about efficiency gains.

## **Justification**

5. The current organization charts of EB and EPD are at **Annex A** and **Annex B** respectively. To test out the feasibility of a merger between EB and EPD, we have since March 2004 implemented a pilot scheme whereby 40 EPD staff in the air pollution and noise control divisions were seconded to EB on a trial basis to enhance technical support to the policy formulation role of EB. We have taken stock of the pilot scheme and concluded that the policy formulation process has been substantially enhanced. Taking into account the outcome of the pilot scheme and having reviewed the scope of responsibilities and staffing of both EB and EPD, we consider that there are merits in merging the two organizations into one single entity to achieve synergy between policy formulation and implementation. Under the new organization, the policy development resources of EPD and EB will be pooled together. This will help streamline the policy formulation process and enhance ownership of policies amongst officers responsible for their execution. It is intended that EB and EPD be merged with effect from 1 April 2005.

6. We do not have any plans to merge the conservation arm of Agriculture, Fisheries and Conservation Department (AFCD) with the new organization at this stage. We will closely monitor the operation of the new department before deciding the way forward in close consultation with the Health, Welfare and Food Bureau, the housekeeping Bureau for AFCD.

7. All existing EB staff will be transferred to the new organization which will comprise four policy development divisions, three operational divisions, a housekeeping division and a prosecution unit (see **Annex C**) -

- (a) the four policy development divisions will be responsible for formulating policies on -
  - (i) waste;
  - (ii) water;
  - (iii) air; and
  - (iv) nature conservation;
- (b) an Environmental Assessment Division will be responsible for the

administration of the Environmental Impact Assessment Ordinance, and for pragmatic purposes will also handle policy relating to environmental assessment and noise;

- (c) an Environmental Infrastructure Division will take charge of sewerage infrastructure planning in addition to its existing responsibilities for waste facility development and management, collection of waste in need of special treatment (e.g. livestock waste), treatment and disposal services, and implementation of the waste reduction programme;
- (d) an Environmental Compliance Division, which, in addition to its existing enforcement functions, will consolidate enforcement information management and other control activities e.g. asbestos control, and coordinate partnership programmes and other trade/corporate assistance programmes;
- (e) a Corporate Affairs Division which will be in charge of housekeeping matters including departmental administration, accounting, information technology and human resources management; and
- (f) a Prosecution Unit to take forward prosecution on referral from the Environmental Compliance Division and provide legal advice to appeal cases.

8. The new organization will be called the Environmental Protection Department. The head of the new organization, a D6 officer, will be designated the Permanent Secretary for the Environment, Transport and Works (Environment) and Director of Environmental Protection (PSE/DEP). He will directly oversee all operational matters relating to environmental protection while assuming the policy formulation function in support of the Secretary for the Environment, Transport and Works. We therefore propose to delete the existing DEP post which is ranked at D5.

9. There will be three Deputy Director posts ranked at D3 to support the head of the new organization; of which one will be filled by a professional officer from the existing EPD whereas the other two posts will be filled by Administrative Officers. Of the seven Assistant Director posts in the new Environmental

Protection Department, five will be filled by professional officers from the existing EPD whereas the remaining two will be filled by Administrative Officers.

### **Financial and staffing implications**

10. The proposed merger will result in the deletion of one D5 post, one D2 post and two D1 posts. Net savings in staff cost of about \$8.85 million in full annual average staff cost will be achieved. Other consequential savings, such as departmental expenses, will be further assessed.

11. The combined effect of the Voluntary Retirement Scheme and Efficiency Savings Programme is that the EPD will delete 47 non-directorate posts between 2004/05 and 2006/07. The proposed merger will enable us to absorb the reduction in establishment while still delivering our environmental programme. We envisage that there is scope for further savings at the non-directorate levels in the new entity through streamlining and reengineering of administrative processes. We intend to achieve further savings within two years after the establishment of the new entity, taking into account the actual operating experience of the new organisation. These savings will be achieved through natural wastage and deletion of vacancies without resulting in any forced redundancy.

### **Way forward**

12. We intend to seek endorsement of the Legislative Council Establishment Subcommittee and subsequently the Finance Committee later in the year.

**Environment, Transport and Works Bureau**

**23 September 2004**