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Establishment Subcommittee of the Finance Committee

**Minutes of the 9th meeting
held in Conference Room 1 of Legislative Council Complex
on Monday, 29 February 2016, at 8:30 am**

Members present:

Hon Mrs Regina IP LAU Suk-yee, GBS, JP (Chairman)

Hon James TO Kun-sun

Hon CHAN Kam-lam, SBS, JP

Hon LEUNG Yiu-chung

Hon Emily LAU Wai-hing, JP

Hon TAM Yiu-chung, GBS, JP

Hon WONG Kwok-hing, BBS, MH

Hon WONG Ting-kwong, SBS, JP

Hon IP Kwok-him, GBS, JP

Hon LEUNG Kwok-hung

Hon Albert CHAN Wai-yip

Hon NG Leung-sing, SBS, JP

Hon Steven HO Chun-yin, BBS

Hon WU Chi-wai, MH

Hon YIU Si-wing, BBS

Hon MA Fung-kwok, SBS, JP

Hon Charles Peter MOK, JP

Hon CHAN Chi-chuen

Hon CHAN Han-pan, JP

Hon Kenneth LEUNG

Hon KWOK Wai-keung

Hon Christopher CHEUNG Wah-fung, SBS, JP

Dr Hon Fernando CHEUNG Chiu-hung

Hon SIN Chung-kai, SBS, JP

Hon IP Kin-yuen

Hon Martin LIAO Cheung-kwong, SBS, JP
Hon POON Siu-ping, BBS, MH
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon Christopher CHUNG Shu-kun, BBS, MH, JP

Members absent:

Hon WONG Kwok-kin, SBS (Deputy Chairman)
Hon Albert HO Chun-yan
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Cyd HO Sau-lan, JP
Hon Starry LEE Wai-king, JP
Hon CHAN Hak-kan, JP
Hon Alan LEONG Kah-kit, SC
Dr Hon Kenneth CHAN Ka-lok
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon Helena WONG Pik-wan
Dr Hon Elizabeth QUAT, JP
Hon TANG Ka-piu, JP
Dr Hon CHIANG Lai-wan, JP
Hon CHUNG Kwok-pan

Public Officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Eddie MAK Tak-wai, JP	Deputy Secretary for the Civil Service (1)
Mrs Helen CHAN, JP	Government Economist, Financial Secretary's Office
Mr Andrew AU, JP	Principal Economist (1), Financial Secretary's Office
Ms Reddy NG, JP	Principal Economist (5), Financial Secretary's Office
Ms Kitty CHOI, JP	Director of Administration

Clerk in attendance:

Ms Connie SZETO	Chief Council Secretary (1)4
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Staff in attendance:

Mr Jason KONG	Council Secretary (1)4
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Ms Haley CHEUNG	Legislative Assistant (1)9
Miss Yannes HO	Legislative Assistant (1)6

Action

The Chairman drew members' attention to the information paper ECI(2015-16)18 which set out the latest changes in the directorate establishment approved since 2002. She then reminded members that in accordance with Rule 83A of the Rules of Procedure ("RoP"), they should disclose the nature of any direct or indirect pecuniary interest relating to the funding proposals under discussion at the meeting before they spoke on the items. She also drew members' attention to RoP 84 on voting in case of direct pecuniary interest.

EC(2015-16)14 Proposed retention of one supernumerary post of Principal Economist (D2) in the Economic Analysis Division of Economic Analysis and Business Facilitation Unit under the Financial Secretary's Office for three years with effect from 1 April 2016 or with immediate effect upon approval of the Finance Committee, whichever is the later, to strengthen support at the directorate level in enhancing the economic analytical and research capacity in the policy areas of population, poverty and welfare

2. The Chairman remarked that the Administration's proposal was to retain a supernumerary Principal Economist post (designated as Principal Economist 5 ("Pr Econ (5)")) in the Economic Analysis Division ("EAD") of the Economic Analysis and Business Facilitation Unit ("EABFU") under the Financial Secretary's Office for three years to strengthen support at the directorate level in enhancing the economic analytical and research capacity in the policy areas of population, poverty and welfare. The Chairman said that discussion on the item was carried over from the meeting on 3 February 2016.

Duration, duties and workload of the proposed post

3. Mr Martin LIAO noted that the workload of Section V of EAD was expected to increase in the coming years with tasks including updating the poverty situation of ethnic minorities, research on income disparity based on

the results of the 2016 Population By-census, and review of the Low-income Working Family Allowance ("LIFA") Scheme. He asked if the Administration had considered a longer retention period for the Pr Econ (5) post or turning the post permanent.

4. Government Economist ("G Econ") responded that the Government attached much importance to the work of alleviating poverty. Since announcement of the official poverty line in 2013, there had been increasing demand for poverty-related economic analyses and research. Thus the workload of Section V would be very heavy in the coming years. Yet the Government was prudent in containing the directorate establishment, and hence had proposed to retain the Pr Econ (5) post for three years. The Government would continue to monitor the workload of Pr Econ (5) and progress of the various tasks as well as the operational needs of EAD in reviewing the need to further extend the duration or make the supernumerary post permanent.

5. Mr LEUNG Kwok-hung and Mr James TO considered that the new initiatives announced in the 2016 Policy Address to complement the Belt and Road Initiative would increase the workload of Section III of EAD which was responsible for work on regional and international trade and economic relations. They expressed concern that, after approval of the proposal by the Finance Committee ("FC"), Pr Econ (5) might be redeployed to share the additional duties arising from the Belt and Road Initiative. They queried if G Econ could assign new duties unrelated to the current job description of Pr Econ (5) without FC's consent, and sought details on the staff deployment and resources allocation within EABFU.

6. G Econ emphasized that the present proposal was to retain the post of Pr Econ (5) for three years to continue providing directorate support in conducting economic analyses and research in the policy areas of population, poverty and welfare. Given the continuous surge in the workload of Section V of EAD and growth in complexity of tasks to be carried out in the coming years, it was considered necessary to retain the Pr Econ (5) post to ensure timely completion of various tasks. G Econ added that, as the Head of EABFU, in principle she could deploy internal resources taking into account operational needs and work priorities of the Unit. However, in reality, given that the capacity of Section V of EAD had been stretched to its limit, it was simply not possible for Pr Econ (5) and other officers in Section V to absorb the duties of other sections of EAD. Indeed, other sections in EAD had absorbed some of the duties of Section V in recent years due to the surge in workload in poverty-related analyses. G Econ assured members that she would not redeploy Pr Econ (5) to take up duties of another section in EAD in the coming three years.

7. As regards economic analysis and research work associated with the Belt and Road Initiative, G Econ said that the work of EAD was multifaceted and included monitoring of the macroeconomic environment as well as conducting studies on the Mainland economy. It was envisaged that the Belt and Road Initiative would increase the workload of Section III of EAD, for which EABFU would make internal manpower deployment and seek new resources as necessary to ensure adequate staffing support. However, this would not involve staff re-deployment from Section V to Section III, given that Section V would already be fully occupied by the work related to population, poverty and welfare.

8. Mr James TO requested the Administration to provide supplementary information on the mechanism for changing the job duties of and reassigning new duties to the Pr Econ (5) post after its creation by FC, and whether EABFU had the authority to amend the duties of the post after FC's approval of the proposal. Deputy Secretary for Financial Services and the Treasury (Treasury) 1 responded that as any proposals to create permanent or supernumerary directorate posts for durations of more than six months required the approval of FC upon recommendation by the Establishment Subcommittee, any approved directorate post should not be re-deployed to take up other duties which were substantially different from the duties of the post at the time of approval.

[Post-meeting note: The supplementary information submitted by the Administration was circulated to members on 7 April 2016, vide LC Paper No. ESC71/15-16(01).]

9. Mr YIU Si-wing sought details on the division of work among Section V of EAD, Commission on Poverty ("CoP") and the Labour and Welfare Bureau ("LWB"). He expressed concern about potential overlap of work among the above parties which would lead to wastage of resources.

10. G Econ responded that there was a clear division of work among EABFU, CoP and LWB. As far as welfare policy was concerned, LWB was responsible for policy formulation and implementation; and EABFU conducted research and analyses on poverty, such as assessment on the forms and causes of poverty, to facilitate CoP's deliberation on different policy options. Such analyses had formed an important basis for the Government to review existing policy measures and formulate new policy initiatives, including the newly launched LIFA Scheme.

11. Mr CHAN Chi-chuen questioned the need to retain the Pr Econ (5) post as EABFU's workload in poverty-related areas should have been reduced after establishment of the official poverty line. He sought details on the workload of the post in the coming years. He further suggested that the

official poverty line should be improved by adopting an expenditure-based analytical framework.

12. G Econ reiterated that the workload of Section V of EAD was set to increase in the coming years. A considerable number of complicated tasks were already in the pipeline, including a comprehensive review of the current income-based poverty line framework, update of the poverty situations of the disadvantaged and ethnic minorities and review of the relevant policy measures, studies on income disparity and earnings mobility, economic analyses of population ageing, and review of the LIFA Scheme in 2017, etc.

13. Regarding the analytical framework of the poverty line, G Econ said that the Census and Statistics Department ("C&SD") conducted the Household Expenditure Survey at five-year intervals. As up-to-date information on cost of living was not available when the Government was working out the official poverty line in 2013, an income-based approach was thus adopted. Results of the latest Household Expenditure Survey would be released in 2016, and the Government would analyse the relationship between poverty and the expenditure pattern of households with a view to enhancing the poverty line framework.

14. Mr Albert CHAN questioned the effectiveness of EABFU's work in assisting the formulation of initiatives to address poverty in Hong Kong, and expressed great disappointment about insufficient measures in the 2016-2017 Budget to alleviate poverty and narrow the income gap.

15. G Econ responded that monitoring the macroeconomic environment and external risks constituted a major part of EABFU's work, and such work had contributed to the formulation of appropriate relief measures in the budgets over the years. The relief measures had helped preserve economic stability and maintain full employment in Hong Kong amidst the uncertain external environment.

16. Mr YIU Si-wing suggested that the Government should conduct a comprehensive study on the trend of Hong Kong senior citizens moving to the Mainland for retirement in order to help the formulation of policy on population ageing. G Econ responded that currently, C&SD could only collect data from the Hong Kong resident population but not people permanently residing in the Mainland. The Government recognized the need to obtain data on the trend of Hong Kong citizens working and residing in the Mainland in order to fine-tune relevant policy measures. To this end, the Government would seek to utilize big data analytics to support long-term policy planning.

Voting on the item

17. The Chairman put the item EC(2015-16)14 to vote. At the request of Mr Albert CHAN, the Chairman ordered a division and the division bell rang for five minutes. Before the Chairman announced the voting results, Mr LEUNG Kwok-hung (who voted against the item) and Mr MA Fung-kwok (who voted for the item) said that the electronic voting system had not recorded their votes. The Chairman instructed that the voting results be rectified manually. She then announced that a total of 12 members had voted for, and three had voted against the item. She declared that the Subcommittee agreed to recommend the item to FC for approval. The votes of individual members were as follows:

For

Mr CHAN Kam-lam
Mr TAM Yiu-chung
Mr YIU Si-wing
Mr Charles MOK
Mr SIN Chung-kai
Mr POON Siu-ping
(12 members)

Mr Emily LAU
Mr WONG Kwok-hing
Mr MA Fung-kwok
Mr KWOK Wai-keung
Mr Martin LIAO
Mr Christopher CHUNG

Against

Mr LEUNG Kwok-hung
Mr CHAN Chi-chuen
(3 members)

Mr Albert CHAN

18. Mr LEUNG Kwok-hung requested separate voting for the item at the relevant FC meeting.

EC(2015-16)13

Proposed upgrading the permanent directorate post of Government Economist from the existing D4 to D5 rank and creation of a new rank and permanent post of Deputy Government Economist (D3) in the Economic Analysis and Business Facilitation Unit (EABFU) under the Financial Secretary's Office with effect from the date of approval by the Finance Committee to strengthen directorate support in the EABFU

19. The Chairman remarked that the Administration's proposal was to upgrade the rank of the permanent G Econ post from D4 to D5, and create a new rank and permanent post of Deputy Government Economist ("Deputy G Econ") (D3) in EABFU.

20. Mr POON Siu-ping, Chairman of the Panel on Public Service, reported that the proposal was discussed at the Panel meeting on 18 January 2016. Panel members generally supported the proposal. A member expressed reservation about creating the Deputy G Econ post, and considered that the additional workload of G Econ could be shared by the five Principal Economists in EAD instead.

Justifications for upgrading the rank of the Government Economist post

21. Mr Martin LIAO considered that with the publication of the Long Term Housing Strategy ("LTHS") and introduction of the statutory minimum wage, there should be significant reduction in the workload of EABFU. Moreover, the workload generated from the existing duties in respect of monitoring the external economic environment and the local property market was expected to remain steady. He therefore sought elaboration on the justifications to upgrade the G Econ post.

22. G Econ responded that Section II of EAD was responsible for the ongoing monitoring of the local property market. Despite the completion of LTHS, Section II still had to support the Transport and Housing Bureau and the Housing Department on a continuous basis in updating the long-term housing demand projections. Section II also needed to take up the important and complicated task of assessing the impact of the US interest rate normalization and the ensuing downward adjustment pressures on the local property market, and monitoring their repercussions on the Hong Kong economy and employment situation at the macro level. G Econ added that there was a general need for EABFU to conduct more analyses in all policy areas to meet the public aspiration that policy deliberation should be evidence-based. As such, it was expected that the workload of all sections in EAD would continue to surge.

23. Mr Albert CHAN was unconvinced of the justifications to upgrade the rank of the G Econ post and the need for EABFU to step up work in monitoring Hong Kong's competitiveness rankings. He expressed disappointment on EABFU's work and reiterated his concerns about the effectiveness of its work, particularly in facilitating formulation of initiatives in the welfare aspects and relief measures targeted at the needy in the 2016-2017 Budget.

24. Director of Administration ("D of Adm") and G Econ said that the present establishment proposal concerned the rank of the post, and the filling of the post should be considered separately. They pointed out that as explained in EC(2015-16)13, the present proposal aimed to enhance EABFU's capability in coping with expansion in the scope and complexity of its work

portfolio. G Econ reiterated that EABFU's work was multifaceted, which included monitoring the macroeconomic environment and external risks, and rendering timely advice on precautionary measures to maintain economic stability and safeguard employment. Such work was particularly important in the foreseeable future in the light of the highly uncertain external environment. It was also crucial for the Government to undertake thorough analyses of Hong Kong's competitiveness rankings. Such rankings could affect multinational corporations' decisions in making investment and establishing regional headquarters in Hong Kong. These ranking analyses would also help identify the room for further enhancing the local business environment and in addressing Hong Kong's relative weaknesses. Governments in other places were very proactive in their efforts to uphold international competitiveness, and the Hong Kong Government could not afford to lag behind.

25. As regards how EABFU's work could contribute to the formulation of effective initiatives in welfare aspects, G Econ reiterated that the official poverty line was developed based on economic analyses conducted by EABFU. The poverty line in turn had laid the groundwork for the new LIFA Scheme which aimed to bolster working poor and encourage self-reliance. With an estimated recurrent expenditure of around \$3 billion in 2016-2017, the Scheme was expected to benefit some 200 000 low-income households. G Econ also pointed out that in light of the poverty data analyses, the Government had introduced a number of new measures to assist the underprivileged group in recent years. The Pilot Scheme on Living Allowance for Carers of Elderly Persons from Low Income Families supported by the Community Care Fund was one such example. Furthermore, with the deliberations of the minimum wage level well supported by an evidence-based approach, and due to a favourable macroeconomic environment, the average income of low-paid workers had registered cumulative increase of about 40% over the past few years, well exceeding inflation and the overall income rise of the working population. She assured members that EABFU would continue to keep track of the poverty situation to support deliberation in welfare initiatives.

Duties of the Economic Analysis and Business Facilitation Unit

26. The Chairman noted from Enclosure 6 to EC(2015-16)13 that under the proposal, Deputy G Econ would take up the duty of supervising all the five sections of EAD, and G Econ would directly supervise the Business Facilitation Division. She sought details on the new duties to be taken up by G Econ after upgrading the rank and the division of work between G Econ and Deputy G Econ.

27. G Econ explained that there had been many new service demands on the G Econ post. Specifically, the number of high-level committees that G Econ currently needed to attend in person to support policy deliberations with economic and policy analyses exceeded 10, involving a total of 70 meetings per year. Another new and important task for G Econ was to establish high-level dialogue with international competitiveness ranking institutes to clarify doubts and misperceptions and explain Hong Kong's latest economic developments and policy efforts. On top of these, G Econ needed to provide in-depth economic analyses and policy research for tackling the increasing challenges from population ageing, and devise economic strategies in light of the Mainland's new reform and policy initiatives, including the Belt and Road Initiative. She said that the proposed Deputy G Econ post would share part of G Econ's workload so that G Econ could devote more time to the more important and high-level tasks. Deputy G Econ would take over the day-to-day administration and management of EABFU, and be responsible for leading the five sections in EAD. Despite the new arrangement, G Econ, as Head of EABFU, would continue to be accountable for the work of EABFU.

28. The Chairman remarked that some international competitiveness ranking institutes and the Hong Kong business sector had expressed concern about the competitiveness of the tourism, retail and logistics industries. Moreover, the Belt and Road Initiative might affect Hong Kong's role as a logistics hub. She asked whether EABFU would study the competitiveness of Hong Kong's pillar industries, and recommend improvement measures for relevant Government bureaux and departments.

29. G Econ responded that Hong Kong's competitiveness was mainly built on its institutional strengths, including in particular, a simple and low tax regime, rule of law, supply of talents, developed infrastructure, and a robust financial regulatory framework. The Government was aware of the challenges faced by the tourism, retail and logistics industries, and hence the need to diversify industries in sustaining economic growth. In this connection, the 2016-2017 Budget had included various measures with a view to encouraging investment in research and development ("R&D"), fostering growth of creative industries, and promoting the development of high value-added services in the tourism and logistics industries. Focused studies on the competitiveness of different industries would constitute an important part of EABFU's work in future. On the work in monitoring Hong Kong's competitiveness rankings, G Econ said that EABFU had already set up regular dialogue with seven ranking institutes, including the Chinese Academy of Social Sciences. EABFU was consolidating information obtained from those institutes and would seek to produce some research papers on the subject for public consumption in future.

30. Ms Emily LAU commented that EABFU should ensure its economic analyses and research work were apolitical and conducted in a professional, independent and objective manner. She stressed the need for EABFU to adopt a proactive approach in reporting its work to LegCo and the public through various channels. G Econ responded that EABFU would follow the principles of professionalism, objectiveness, evidence-based, and without political consideration in conducting research and economic analyses. She thanked Ms LAU for her views, and said that EABFU would continue to enhance publicity on its research work through different channels, such as through arranging technical briefings, workshops, and tea gatherings with the media. She added that many of EABFU's reports were accessible to the public through the Internet.

31. On Ms Emily LAU's views that EABFU should introduce measures to streamline business registration procedures and provide one-stop service to business start-ups, G Econ responded that EABFU endeavoured to cut red tape and enhance Hong Kong's business environment. In particular, 66 process reviews had been conducted for improving the efficiency of government licensing services. Another example of business facilitation measure was the introduction of a provisional licensing system to enable restaurant operators to start their business early. The Government welcomed suggestions from the business sector on ways to further improve its services.

32. Ir Dr LO Wai-kwok expressed support for the establishment proposal. He commented that emergence of the new economic order and population ageing had posed enormous challenges to the long-term economic development of Hong Kong, and thus necessitated the Government to explore new engines in sustaining economic growth. He enquired about EABFU's role in promoting the development of innovation and technology in Hong Kong and enhancing Hong Kong's competitiveness.

33. G Econ said that in light of comments from some competitiveness ranking institutes and in order to support the development of innovation and technology in Hong Kong, the Government had launched various new initiatives in recent years, including, among others, establishing the \$2 billion Innovation and Technology Venture Fund, and increasing the cash rebate level under the R&D Cash Rebate Scheme to encourage corporate investment in R&D. G Econ added that EABFU's role in this regard included strengthening the relevant data analysis, assessing the effectiveness of various policy initiatives and exploring other means for Hong Kong's enterprises to move up the value-added ladder.

Staffing arrangements

34. In response to the Chairman's enquiry about filling of the upgraded G Econ post, D of Adm said that the post in question was a promotion post, and the Administration would conduct a promotion exercise in due course to identify the most suitable candidate to fill the post. In the event that no suitable candidate could be identified in the promotion exercise, the Administration would consider alternative arrangements, such as in-service appointment or open recruitment, in accordance with the established civil service procedures.

35. Mr Martin LIAO enquired about the ratio of directorate posts to non-directorate posts in EABFU after creation of the Deputy G Econ post. G Econ advised that, as at April 2016, taking into account all staff including those employed on contract terms, the ratio would be 1:9.2. The ratio would be slightly improved upon creation of the Deputy G Econ post.

36. Mr Kenneth LEUNG supported the proposed creation of the Deputy G Econ post. He observed that some Economist grade officers were deployed to Government bureaux and departments to take up research work in specific policy areas. He was concerned whether the above arrangement would lead to duplication of research efforts between EABFU and those of bureaux/departments. In order to enhance work efficiency, improve flexibility in staff deployment, and widen the horizons of the Economist grade officers, he suggested that the Administration should make reference to the central economic intelligence units of major investment banks in revamping the structure of EABFU to create a centralized research unit.

37. G Econ responded that EABFU accounted for the majority of the Economist grade establishment. As the Head of the Economist grade, she was responsible for the management of all officers in the grade, including those out-posted to other bureaux/departments. The purpose of the out-posting arrangement was to enable the officers to take up some well-defined tasks in specific areas, and at the same time to widen exposure of these officers and provide career development opportunities. Out-posted officers actually had close work contacts with EABFU, and usually returned to EABFU after completing a career tour of two to three years in other bureaux/departments. G Econ said that she would convey Mr Kenneth LEUNG's views to the Financial Secretary.

Policy on public finance

38. Mr LEUNG Kwok-hung said that the measures in the 2016-2017 Budget were insufficient in relieving the hardship of the grassroots. He stressed the need to improve the livelihood of the grassroots through giving

out money to the public direct and increasing expenditure in public services. He further queried the fiscal stimulus effect of the relief measures claimed by the Government. Ir Dr LO Wai-kyok sought elaboration on the calculation of the fiscal stimulus effect.

39. Dr Fernando CHEUNG remarked that the provisions on public services in Hong Kong had failed to meet the needs of the population, and expenditure on public services was below 20% of the Gross Domestic Product ("GDP") which was far lower than that of over 40% of GDP of other advanced economies. He urged the Government to study the economic models of advanced economies and explore measures to increase investment in public services.

40. G Econ responded that the 2016-2017 Budget had included measures requiring increase in recurrent expenditure and short-term relief measures. The fiscal stimulus effect of boosting GDP for 2016 by 1.1 percentage point was mainly attributed to the proposed tax relief measures. The calculation of the fiscal stimulus effect took into account the multiplier effect of the relief measures and spending initiatives in the Budget on the basis of the input-output linkages among industries. EABFU could arrange a technical briefing to explain the methodology for calculating the fiscal stimulus effect if so requested by Members.

41. As regards recurrent expenditure, G Econ said that Article 107 of the Basic Law mandated the Government to keep its expenditure within the limits of revenue in drawing up the budget, avoid deficits, and keep the budget commensurate with GDP growth. That said, the growth in public expenditure actually exceed GDP growth in the past years. At present, total government expenditure amounted to less than 20% of GDP. As compared with other advanced economies, Hong Kong maintained a relatively low tax regime. A significant increase in public expenditure might require a corresponding increase in the tax rates. G Econ said that the Government had been exploring ways to strengthen public services along the lines of the "appropriately proactive" approach. It should be noted that overall government expenditure would increase by 14% in 2016-2017 with expenditure in social welfare services up by 11.4%, and about 60% of government expenditure in 2016-2017 would be spent on improving people's livelihood.

Policy on standard working hours

42. Mr LEUNG Kwok-hung enquired about the role of EABFU in the deliberation of policy on standard working hours ("SWH"). He called on the Government to expedite the introduction of mandatory requirement for employment contracts to specify working hours arrangements and overtime

compensation, and continue to explore ways for implementing SWH.

43. Mr KWOK Wai-keung commented that the work of the Standard Working Hours Committee ("SWHC") had lopsided towards the business sector by exaggerating the cost impact of SWH on enterprises while overlooking the long-term socio-economic benefits of SWH. He suggested that EABFU should carry out an independent and comprehensive study on SWH including both quantitative and qualitative assessments of the social factors. Mr LEUNG Yiu-chung concurred that the social cost of long working hours could be quantified. He said that a number of countries had conducted studies on the impact of long working hours on healthcare expenditure.

44. G Econ said that she was an ex officio member of SWHC. The role of EABFU was to provide technical support to SWHC to facilitate evidence-based discussion, and conduct related research and economic analyses upon the request of SWHC. EABFU's major contribution in this regard included analysing the working hours situation in Hong Kong and identifying the sectors with long working hours. She said that there had been in-depth discussion on the working hour policy at meetings of SWHC and both economic and social factors had been examined during the discussion. G Econ noted members' suggestions to include more analyses on the social benefits. She explained that EABFU specialized in conducting economic analyses, though it might be possible for her office to render technical assistance in searching for relevant research work elsewhere, for assessing the data gaps and examining the feasibility of data collection, if so requested by SWHC. She emphasized that any quantitative analysis required a sound analytical framework and must be supported by sufficient data.

45. G Econ supplemented that it was found that the majority of employment contracts in Hong Kong had not included arrangements for compensating overtime. SWHC was exploring the possibility of introducing a mandatory requirement for employment contracts to specify working hours and overtime compensation arrangements. She stressed that the subject of SWH involved very controversial issues with diverse views among stakeholders. SWHC was aware that certain social factors were of considerable importance to the working hour policy, even though they could not be quantified. She said that the role of EABFU was to lay out the objective facts and assessment results for SWHC to consider these quantifiable factors side by side with the non-quantifiable factors, in seeking to strike a proper balance in their policy deliberations.

46. The Chairman said that discussion of the item would continue at the next meeting.

47. There being no other business, the meeting ended at 10:28 am.

Council Business Division 1
Legislative Council Secretariat
22 April 2016