

立法會
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Establishment Subcommittee of the Finance Committee

Minutes of the 10th meeting
held in Conference Room 1 of Legislative Council Complex
on Wednesday, 24 January 2018, at 8:30 am

Members present:

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

Hon Alvin YEUNG (Deputy Chairman)

Hon James TO Kun-sun

Hon LEUNG Yiu-chung

Hon Abraham SHEK Lai-him, GBS, JP

Hon WONG Ting-kwong, GBS, JP

Dr Hon Priscilla LEUNG Mei-fun, SBS, JP

Hon WONG Kwok-kin, SBS, JP

Hon Steven HO Chun-yin, BBS

Hon WU Chi-wai, MH

Hon Charles Peter MOK, JP

Hon CHAN Chi-chuen

Dr Hon KWOK Ka-ki

Hon KWOK Wai-keung, JP

Dr Hon Fernando CHEUNG Chiu-hung

Hon IP Kin-yuen

Dr Hon Elizabeth QUAT, BBS, JP

Hon Martin LIAO Cheung-kong, SBS, JP

Hon POON Siu-ping, BBS, MH

Dr Hon CHIANG Lai-wan, JP

Ir Dr Hon LO Wai-kwok, SBS, MH, JP

Hon CHUNG Kwok-pan

Hon CHU Hoi-dick

Hon Holden CHOW Ho-ding

Hon SHIU Ka-fai

Hon SHIU Ka-chun
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho

Member attending:

Hon CHAN Hak-kan, BBS, JP

Members absent:

Hon HO Kai-ming

Public Officers attending:

Ms Carol YUEN Siu-wai, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Eddie MAK Tak-wai, JP	Deputy Secretary for the Civil Service 1
Mr Laurie LO, JP	Head, Task Force on Central Policy Unit Re-organization
Mr Wilson KWONG	Assistant Head, Preparatory Office for Policy Innovation and Co-ordination Office
	Central Policy Unit

Clerk in attendance:

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

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

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The Chairman drew members' attention to the information paper ECI(2017-18)15, which set out the latest changes in the directorate establishment approved since 2002 and the changes to the directorate establishment in relation to the six items on the agenda. 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 item under discussion at the meeting before they spoke on the item. She also drew members' attention to RoP 84 on voting in case of direct pecuniary interest.

EC(2017-18)14 Proposed creation of six permanent posts of one non-civil service position (equivalent to the rank of D8)/Administrative Officer Staff Grade A1 (D8), one Administrative Officer Staff Grade B (D3) and four Administrative Officer Staff Grade C/Principal Economist/Government Town Planner/Deputy Principal Government Counsel/Government Engineer (D2/DL2); deletion of two permanent posts of one Administrative Officer Staff Grade C (D2) and one Government Town Planner (D2); and deletion of four non-civil service positions of one Head, Central Policy Unit (equivalent to the rank of D8) and three Full-time Members of Central Policy Unit (equivalent to the rank of D3) in the Central Policy Unit of the Offices of the Chief Secretary for Administration and the Financial Secretary with effect from 1 April 2018, or with immediate effect upon approval by the Finance Committee (whichever is later) for the re-organization of the Central Policy Unit as a new Policy Innovation and Co-ordination Office

2. The Chairman remarked that the staffing proposal was to create six permanent posts of one non-civil service position (equivalent to the rank of D8)/Administrative Officer Staff Grade A1 (D8), one Administrative Officer Staff Grade B (D3) and four Administrative Officer Staff Grade C/Principal Economist/Government Town Planner/Deputy Principal Government Counsel/Government Engineer (D2/DL2); delete two permanent posts of one Administrative Officer Staff Grade C (D2) and one Government Town Planner (D2); and delete four non-civil service positions of one Head, Central Policy Unit (equivalent to the rank of D8) and three Full-time Members of Central Policy Unit (equivalent to the rank of D3) in the Central Policy Unit of the Offices of the Chief Secretary for

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Administration and the Financial Secretary with effect from 1 April 2018, or with immediate effect upon approval by the Finance Committee ("FC") (whichever was later) for the re-organization of the Central Policy Unit ("CPU") as a new Policy Innovation and Co-ordination Office ("PICO"). She pointed out that discussion of the item was carried over from the meeting on 22 January 2018.

Work of the proposed Policy Innovation and Co-ordination Office

3. Ir Dr LO Wai-kwok expressed support for the staffing proposal. He commented that the establishment of PICO would demonstrate the new style of governance introduced by the Chief Executive ("CE") without incurring considerable expenses. Ir Dr LO enquired about the concrete benefits of CPU's work to the Government's policy implementation at present, and the difference between PICO's work in future and those conducted by CPU at present.

4. Head, Task Force on Central Policy Unit Re-organization ("Head/Task Force") pointed out that the establishment changes arising from the re-organization of CPU as PICO would not incur additional expenses. CPU's existing financial provision would be redeployed to PICO. He pointed out that CPU was mainly tasked to conduct medium and long-term policy research and provide alternative advice in respect of various government policies; and the purpose of establishing PICO was to dovetail with the new style of governance introduced by the new-term Government and to assist the Government in performing the role of a facilitator, as well as encouraging public participation in policy formulation. Head/Task Force also briefed members about PICO's functions as stated in paragraph 5 of the Administration's paper.

5. Mr LEUNG Yiu-chung enquired whether PICO would only be responsible for policy coordination, while the implementation of policies would be taken up by various bureaux/departments themselves. He pointed out that certain government officials had shirked their duties in handling livelihood-related issues with excuses that the bureaux/departments concerned did not have the relevant power. Therefore, if PICO was only tasked to carry out policy coordination work, it might not be able to ensure that the bureaux/departments would earnestly implement the policies.

6. Dr Fernando CHEUNG enquired whether PICO would only focus on Hong Kong's economic development while neglecting livelihood-related issues.

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7. Head/Task Force said that PICO would only be responsible for policy coordination, and various bureaux/departments would specifically carry out the policies. He supplemented that, owing to the detailed division of duties within the Government, certain officials might not have the power required to perform certain tasks. PICO would enhance policy formulation and coordination across bureaux and departments, as well as clarifying the power vested in these bureaux/departments and identifying any new power required. He emphasized that PICO's purview would cover livelihood issues.

8. Mr SHIU Ka-chun said that, while certain public engagement activities were held by CPU before, the public queried if they were merely public relations activities as CPU rarely published reports/records on those activities. He was concerned whether public engagement activities to be held by PICO would also become public relations activities, and urged the Administration to increase the transparency of PICO's work, including publishing reports/summaries of its public engagement activities, thereby ensuring the faithful reflection of participants' opinions. Dr KWOK Ka-ki shared Mr SHIU's concern.

9. Head/Task Force said that the Government noticed similar concern when reviewing CPU's work. PICO would study opinions collected via public engagement activities, and would invite relevant stakeholders to conduct specialized studies on specific policy issues.

10. Dr KWOK Ka-ki commented that the Administration should formulate a set of value-for-money indicators for PICO and provide information (including but not limited to quantitative data) to illustrate the present and estimated achievements of CPU and PICO.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members on 26 January 2018 vide LC Paper No. ESC71/17-18(01).]

11. Mr KWONG Chun-yu declared that he had been a Part-time Member of CPU. He said that while the staffing proposal would not incur additional expenses, PICO's annual recurrent expenditure would reach \$120 million. He enquired about the specific work of PICO, and whether there would be any work schedule and performance indicators. He questioned how PICO would achieve policy innovation if it would mainly concentrate on policy coordination work. Mr KWONG also requested the Administration to list PICO's short-term work targets and outline a concrete proposal for achieving those targets.

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12. Head/Task Force replied that achievements in coordinating public policies could not be quantified easily, but Members could observe the work quality of relevant departments. For example, the Development Opportunities Office ("DOO") previously set up by the Development Bureau and the Policy and Project Co-ordination Unit ("PPCU") under the Chief Secretary for Administration's Office had achieved considerable success in coordinating cross-bureaux tasks. Besides, PICO would take over the "Public Policy Research Funding Scheme" and the "Strategic Public Policy Research Funding Scheme" ("the two research funding schemes") and provide project coordination for certain projects (such as innovative land development projects). PICO should be able to devise a set of quantitative indicators for these tasks in the future. He added that PICO was grasping information related to major cross-bureaux issues (including new economy, open data and sharing economy) selected by CE and the Secretaries of Departments. It was expected that PICO would come up with specific proposals in a year's time.

13. Dr KWOK Ka-ki enquired whether the Administration could undertake that PICO would regularly update the Legislative Council ("LegCo") on its work, as well as enhancing PICO's transparency (such as making its research reports public). He also asked how PICO would ensure that its public engagement activities would not become formalistic, and that no political censorship would be applied to its recruitment exercise. Mr CHAN Chi-chuen agreed that PICO should report its work to LegCo on a regular basis.

14. Head/Task Force stressed that PICO's public engagement exercises would not become merely formalistic. Regarding work transparency, PICO would maintain the practice of uploading reports of completed research projects under the two research funding schemes to websites of departments. Members of the public could also learn about PICO's current research topics through its public engagement exercises. PICO would coordinate policy formulation work among bureaux/departments in respect of selected major cross-bureaux policies. When bureaux/departments explained the policies concerned to LegCo, PICO would consider sending representatives to attend the meetings.

15. Mr CHAN Chi-chuen noted from the paper submitted by the Administration, i.e. LC Paper No. ESC67/17-18(01) ("the Administration's response paper") that one of PICO's tasks was to review the existing policies and legislation in relation to major cross-bureaux policies selected by CE and the Secretaries of Departments. He enquired whether PICO would review legislation related to livelihood issues and refer legislative

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revisions concerning cross-bureaux issues to the Law Reform Commission of Hong Kong ("HKLRC").

16. In reply, Head/Task Force said that PICO would not establish a permanent working relationship with HKLRC, nor would it take the initiative to request any legislative revision by HKLRC.

Coordination work on specific policies by the Policy Innovation and Co-ordination Office

17. Mr WU Chi-wai noted from the Administration's response paper that CPU was collecting basic information and outlining the research direction of the study on sharing economy. Upon the establishment of PICO, it would further discuss the work plan with relevant bureaux in detail. He requested the Administration to further expound on the details in this regard.

18. Head/Task Force said that CPU was undergoing re-organization. Besides, the posts under this staffing proposal had yet to be created. With insufficient manpower, CPU could manage only to conduct preliminary background research on sharing economy, rendering it difficult to offer any specific recommendation at this stage. He also said that PICO would first understand the aspirations of stakeholders before proceeding to policy formulation and coordination.

19. Mr WU Chi-wai pointed out that expediting the opening up of government data was one of the issues to be handled by PICO. Upon its establishment, the Innovation and Technology Bureau ("ITB") had stated that sharing and opening up data was one of the key areas of its work. However, the work progressed sluggishly. He enquired CPU about the challenges the Government encountered in promoting the opening up and sharing of data, and how PICO would overcome these difficulties, as well as why PICO would handle the relevant coordination better than ITB. Dr KWOK Ka-ki queried whether PICO's work would overlap with that of ITB. Dr Pierre CHAN welcomed the Administration's promotion of data sharing among bureaux/departments, but he was concerned about the enormous difficulties in implementing the measures.

20. Head/Task Force explained that there would be no overlapping of work as ITB would focus its work on technological innovation, while policy innovation was not confined to technology. Regarding sharing and opening up of data, the issue involved different institutions and a number of questions to be addressed, including technical problems (such as

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standardizing data format) and the public's concern about privacy. It might also involve relevant legislative amendments. Therefore, a dedicated task force would be necessary to coordinate cross-bureaux and cross-departmental work. Since bureaux were more preoccupied with pressing legislative enactment, administrative and ad hoc duties, it was difficult for them to deploy resources for the work concerned. The establishment of PICO could reinforce the Government's coordination of cross-bureaux and cross-departmental duties. He also pointed out that PICO would coordinate the formulation of a data sharing platform or solution but various bureaux/departments and non-governmental organizations would have to consider ways to utilize the open data.

Recruitment exercise of the Policy Innovation and Co-ordination Office

21. The Chairman noted that PICO intended to recruit outside talents who aspired to pursue a career in public policy research and project coordination. She was concerned whether there were enough talents available. Pointing out that CPU had appointed people with different backgrounds, experience and political views as Part-time Members, the Chairman enquired whether PICO would continue doing so. Mr CHUNG Kwok-pan also enquired if PICO would consider candidates' political backgrounds and views.

22. Head/Task Force pointed out that PICO's recruitment exercise would not be limited to community think tanks, and that any person could apply for PICO's job openings. PICO would consider candidates' professional background, ability and experience (e.g. experience in evidence-based policy research or project coordination), without taking their political views into account. It was expected that the appointees would have different professional backgrounds and experience, and that they would be complementary to the civil servants from PICO. Under the new structure, the "Chief Executive's Council of Advisers on Innovation and Strategic Development" would guide the policy research projects relating to the long-term strategic positioning of Hong Kong, while the appointed Policy and Project Co-ordination Officers would specialize in different research areas.

23. Mr CHAN Chi-chuen enquired whether the recruitment exercise would be affected if the staffing proposal was not approved by FC in time. Considering Head/PICO's access to sensitive government information and the incumbent might have influence on the Government's policy formulation, he urged the Administration to strengthen integrity check and the interest declaration system in respect of the post concerned.

24. The Chairman enquired whether the staff of PICO would be required to disclose issues which were potentially embarrassing for the Government (such as whether their properties had unauthorized building works and whether they had been involved in tax avoidance) during integrity check. She also enquired how the Government would deal with a situation in which it was revealed after a certain staff member of PICO had taken office that the staff member had been involved in the above-mentioned issues without making any declaration.

25. Mr CHUNG Kwok-pan enquired about the mechanism to ensure that researchers of PICO would not disclose sensitive government information. Pointing out that researchers of PICO would only know about their research areas after assuming office, Mr CHUNG asked how PICO would handle any potential conflict of interests during the recruitment exercise.

26. Head/Task Force responded that, as some Non-Civil Service Contract ("NCSC") staff of CPU had left office upon contract expiry, the Government was conducting a recruitment exercise to fill the vacancies for NCSC posts in PICO. Appointees of such posts would be expected to report duty progressively from April 2018 onwards. As regards integrity check, he said that both civil servants or non-civil servants could be appointed as Head/PICO, subject to an integrity check equivalent to that applicable to officers at D8 rank. Other staff of PICO would also be subject to integrity checks. He would relay members' comments and society's concern to the department responsible for conducting integrity checks. Apart from the integrity check system, PICO also had a system for declaration of interests. He stressed that PICO's research work would be conducted on a team basis and individual researchers would not be able to privately influence the results. With regard to confidentiality issues, researchers of PICO had to sign a confidentiality undertaking and go through integrity checks, which would assess the risk of their misuse of internal government information.

The impact of abolition of Part-time Members of CPU

27. Mr IP Kin-yuen declared that he was a former Part-time Member of CPU. He said that CPU played a more independent role in the past, but the revamped PICO would be responsible for policy coordination and would take part in administration work. He was concerned whether PICO would be able to provide alternative views to the Government. He also pointed out that the limited information published by bureaux/departments at present might affect PICO's work in promoting stakeholders and the

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public's early participation in policy formulation.

28. Dr Fernando CHEUNG was concerned about how PICO, without further appointing Part-time Members, could ensure that its research would be evidence-based, and that the results would not be perverted in favour of the Government's policies. Mr SHIU Ka-chun was concerned about how PICO could admit people holding conflicting views to the Government in order to rebuild public confidence in the new-term Government.

29. Head/Task Force responded that CPU had not appointed any Part-time Member since 30 June 2017. He reiterated that CPU mainly dealt with medium and long-term policy research and provided independent and alternative advice on government policies in the past, and was rarely responsible for cross-bureaux and cross-departmental policy coordination work. There were also views that CPU, despite its relatively independent status, had little influence over the Government. He believed that the establishment of PICO would alleviate the problem. CE expected that the establishment of PICO would enable stakeholders and the public to participate in policy formulation at an earlier stage. PICO would absorb people with different backgrounds and rebuild public confidence in the Government through its concrete work.

The role of the Policy Innovation and Co-ordination Office

30. Mr James TO criticized that CPU was reduced to CE's tool for political struggle in the last-term government, coupled with a lack of transparency in CPU's operation, leading to worries whether PICO would continue to be a political tool for CE. He urged the Government to take measures (such as enhancing PICO's transparency and publishing its current research topics) to restore public confidence in PICO.

31. Mr Charles Peter MOK pointed out that PICO would adopt a "top-down approach" to address the lack of coordination among bureaux/departments. He enquired whether PICO was established with a view to solving the systemic problems within the Government. He opined that, to allay public concern, the Administration should clarify clearly the purpose of establishing PICO, as well as enhance the transparency of PICO.

32. Head/Task Force replied that it was necessary for the Government to establish PICO for strengthening cross-bureaux and cross-departmental policy formulation and coordination. He stressed that PICO would not be involved in the personnel appointments of bureaux/departments and

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advisory committees. He also said that CE wished to encourage stakeholders and members of the public to participate in policy formulation at an earlier stage through the establishment of PICO. Regarding publication of information on project coordination, PICO would make reference to the practice of DOO.

33. Mr CHU Hoi-dick said that the Administration should examine the reasons for a lack of collaboration and coordination among bureaux/departments. He considered that PICO was established with the purpose of concentrating the power of bureaux to conduct researches in CE, and that it would not effectively solve the problems faced by the Government. He opined that the establishment of DOO, PPCU and PICO merely demonstrated the fulfillment of CE's own wishes.

34. Head/Task Force replied that PICO would only carry out cross-bureaux and cross-departmental policy formulation and coordination work on cross-bureaux policies selected by CE and the Secretaries of Departments (instead of all policies). Governments in other places also established similar institutions. He also said that the work of DOO was recognized by the Panel on Development of LegCo then, yet it was difficult for DOO to coordinate cross-bureaux policies.

Research work of the Policy Innovation and Co-ordination Office

35. Mr SHIU Ka-chun criticized that CPU seldom published its research results (such as research on social welfare policies). He enquired how PICO would share its research results with the public and academia. He opined that, while conducting researches, PICO should take the initiative to understand the views of stakeholders. He also enquired about the mechanism to ensure that PICO would treat researches done by all institutions impartially.

36. Head/Task Force responded that CPU used to conduct researches independently. The establishment of PICO would engage stakeholders and the public early in the policy formulation process. He emphasized that both of the two research funding schemes had an independent assessment panel to ensure the fairness and impartiality of the assessments. Moreover, he mentioned that CPU had already uploaded all the research projects funded by the two research funding schemes and the relevant reports to its website for public reference. PICO would continue this practice.

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37. Dr Pierre CHAN noted that PICO would promote "evidence-based" policy research. He requested the Administration to elaborate on the initiative, and enquired about the international standards/practices to be adopted by PICO in its research.

38. Head/Task Force responded that, when conducting "evidence-based" policy research, PICO would collect data through surveys, refer to existing practices and experience of relevant local organizations/industries as well as related overseas cases, so as to evaluate the implication and feasibility of the policies. He also stated that PICO would draw reference from prevailing academic practice to determine priority among different types of evidence.

(At 10:22 am, the Chairman enquired if members agreed to extend the meeting by 15 minutes. No members expressed objection.)

39. The Chairman remarked that as some members were still waiting for their turn to ask questions, the Subcommittee would continue the discussion on this item at the meeting on 29 January 2018.

40. The meeting ended at 10:42 am.

Council Business Division 1
Legislative Council Secretariat
8 February 2018