

**立法會**  
***Legislative Council***

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(These minutes have been  
seen by the Administration)

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**Finance Committee of the Legislative Council**

**Minutes of the 24<sup>th</sup> meeting**  
**held at Conference Room 1 of the Legislative Council Complex**  
**on Friday, 4 May 2018, at 4:00 pm**

**Members present:**

Hon CHAN Kin-por, GBS, JP (Chairman)  
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)  
Hon James TO Kun-sun  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon Tommy CHEUNG Yu-yan, GBS, JP  
Prof Hon Joseph LEE Kok-long, SBS, JP  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon WONG Ting-kwong, GBS, JP  
Hon Starry LEE Wai-king, SBS, JP  
Hon CHAN Hak-kan, BBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
Hon WONG Kwok-kin, SBS, JP  
Hon Mrs Regina IP LAU Suk-yea, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Claudia MO  
Hon Steven HO Chun-yin, BBS  
Hon Frankie YICK Chi-ming, SBS, JP  
Hon WU Chi-wai, MH  
Hon YIU Si-wing, BBS  
Hon Charles Peter MOK, JP  
Hon CHAN Chi-chuen  
Hon CHAN Han-pan, JP  
Hon LEUNG Che-cheung, SBS, MH, JP  
Hon Kenneth LEUNG  
Hon Alice MAK Mei-kuen, BBS, JP

Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung, JP  
Hon Dennis KWOK Wing-hang  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Dr Hon Helena WONG Pik-wan  
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-kiwok, SBS, MH, JP  
Hon CHUNG Kwok-pan  
Hon Alvin YEUNG  
Hon Andrew WAN Siu-kin  
Hon CHU Hoi-dick  
Dr Hon Junius HO Kwan-yiu, JP  
Hon HO Kai-ming  
Hon LAM Cheuk-ting  
Hon Holden CHOW Ho-ding  
Hon SHIU Ka-fai  
Hon SHIU Ka-chun  
Hon Wilson OR Chong-shing, MH  
Hon YUNG Hoi-yan  
Hon CHAN Chun-ying  
Hon Tanya CHAN  
Hon CHEUNG Kwok-kwan, JP  
Hon HUI Chi-fung  
Hon LUK Chung-hung  
Hon LAU Kwok-fan, MH  
Dr Hon CHENG Chung-tai  
Hon KWONG Chun-yu  
Hon Jeremy TAM Man-ho  
Hon Gary FAN Kwok-wai  
Hon AU Nok-hin  
Hon Vincent CHENG Wing-shun, MH  
Hon Tony TSE Wai-chuen, BBS

**Members absent:**

Hon LEUNG Yiu-chung  
Hon MA Fung-kiwok, SBS, JP  
Hon Jimmy NG Wing-ka, JP

Dr Hon Pierre CHAN  
Hon Kenneth LAU Ip-keung, BBS, MH, JP

**Public officers attending:**

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|---------------------------------------|--|
| Ms Alice LAU YIM, JP                  | Permanent Secretary for Financial Services and the Treasury (Treasury)                                   |
| Ms Carol YUEN, JP                     | Deputy Secretary for Financial Services and the Treasury (Treasury) 1                                    |
| Mr Mike CHENG Wai-man                 | Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)  |
| Mr Sonny AU Chi-kwong, PDSM, PMSM, JP | Under Secretary for Security   |
| Mr Parson LAM Chun-wah                | Principal Assistant Secretary for Security D   |
| Mr Alvis TSUI Yat                     | Assistant Secretary for Security D3  |
| Mr Raymond LOK Wai-man                | Assistant Director of Immigration (Information Systems)  |
| Miss Caroline FAN Mei-hing            | Chief Systems Manager (Technology Services), Immigration Department                                      |
| Mr Caspar TSUI Ying-wai, JP           | Under Secretary for Labour and Welfare   |
| Miss Leonia TAI Shuk-yiu, JP          | Deputy Secretary for Labour and Welfare (Welfare) 1  |
| Mr Stanley WAN Ching-yu               | Acting Principal Assistant Secretary for Labour and Welfare (Manpower)                                   |
| Mr Stanley TO Sik-hung                | Controller, Student Finance Office, Working Family and Student Financial Assistance Agency               |
| Ms TONG Kit-man                       | Senior Deputy Controller, Student Finance Office, Working Family and Student Financial Assistance Agency |
| Mr Roy TANG Yun-kwong, JP             | Permanent Secretary for Constitutional and Mainland Affairs  |
| Mr Ryan CHIU Pit-ming                 | Principal Assistant Secretary for Constitutional and Mainland Affairs 3                                  |
| Mr WONG See-man                       | Chief Electoral Officer, Registration and Electoral Office   |
| Ms Bertha LEE Wai-fong                | Deputy Chief Electoral Officer (Administration), Registration and Electoral Office                       |

**Clerk in attendance:**

Ms Anita SIT

Assistant Secretary General 1

**Staff in attendance:**

Mr Derek LO

Chief Council Secretary (1)5

Ms Ada LAU

Senior Council Secretary(1)7

Mr Raymond SZETO

Council Secretary (1)5

Miss Queenie LAM

Senior Legislative Assistant (1)2

Mr Frankie WOO

Senior Legislative Assistant (1)3

Ms Michelle NIEN

Legislative Assistant (1)5

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Action

The Chairman reminded members of the requirements under Rules 83A and 84 of the Rules of Procedure.

**Item 1 —FCR(2018-19)6**

**RECOMMENDATION OF THE ESTABLISHMENT  
SUBCOMMITTEE MADE ON 9 APRIL 2018**

**EC(2017-18)21**

**HEAD 151 —GOVERNMENT SECRETARIAT: SECURITY  
BUREAU**

**Subhead 000 —Operational Expenses**

2. The Chairman advised that the item sought the approval of the Finance Committee ("FC") of the recommendation of the Establishment Subcommittee ("ESC") made at its meeting held on 9 April 2018 regarding EC(2017-18)21 for the creation of a permanent post of Administrative Officer Staff Grade C in the Narcotics Division of the Security Bureau ("SB") to provide the necessary support at the directorate level to sustain the efforts in combating the drug problem. No request for separate voting on the recommendation at the FC meeting was made by members.

Voting on FCR(2018-19)6

3. The Chairman put item FCR(2018-19)6 to vote. The Chairman was of the view that the majority of the members present and voting were in favour of the item, and he declared that the item was approved by FC.

**Item 2 — FCR(2018-19)7  
RECOMMENDATION OF THE PUBLIC WORKS  
SUBCOMMITTEE MADE ON 11 APRIL 2018**

**PWSC(2017-18)32**

**HEAD 703 — BUILDINGS**

**Recreation, Culture and Amenities — Open spaces**

**436RO — Avenue Park at Kai Tak**

**452RO — Waterfront promenade adjacent to the Hong Kong  
Children's Hospital**

**466RO — Improvement of Hoi Bun Road Park and adjacent area**

4. The Chairman advised that the item sought FC's approval of the recommendation of the Public Works Subcommittee made at its meeting held on 11 April 2018 regarding PWSC(2017-18)32 for upgrading 436RO in respect of the Avenue Park at Kai Tak, 452RO in respect of the waterfront promenade adjacent to the Hong Kong Children's Hospital and 466RO in respect of the improvement of Hoi Bun Road Park and adjacent area to Category A at estimated costs of \$321.9 million, \$82.2 million and \$186.7 million in money-of-the-day prices respectively. No request for separate voting on the recommendation at the FC meeting was made by members.

5. The Chairman declared that he was an independent non-executive director of The Bank of East Asia.

Voting on FCR(2018-19)7

6. The Chairman put item FCR(2018-19)7 to vote. The Chairman was of the view that the majority of the members present and voting were in favour of the item, and he declared that the item was approved by FC.

**Item 3 — FCR(2018-19)4**

**CAPITAL WORKS RESERVE FUND**

**HEAD 710 — COMPUTERISATION**

**Immigration Department**

**New Subhead — "Next Generation Application and Investigation Easy  
Systems"**

7. The Chairman advised that the item sought FC's approval of a new commitment of \$452,968,000 for the proposed implementation of the Next Generation Application and Investigation Easy Systems ("the new systems") by the Immigration Department ("ImmD").

8. SB had consulted the Panel on Security on the relevant proposal on 6 March 2018.

9. At the Chairman's invitation, Mr CHAN Hak-kan, Chairman of the Panel on Security, briefed members on the salient points of the Panel's discussion as follows.

10. Mr CHAN Hak-kan said that the proposed implementation of the new systems by ImmD was discussed by the Panel on Security at its meeting held on 6 March 2018. Members had no objection to the Administration's submission of its proposal to FC. Regarding members' concerns about the transition from the existing system to the new systems, as well as the compatibility among different systems, the Administration advised that the new systems would be fully tested before production rollout to ensure interoperability and communication among the systems. Meanwhile, the maintenance contract for the existing Application and Investigation Easy System had been extended, and the new systems would be operated in parallel with the existing system for nearly one year to ensure smooth transition. Separately, some members expressed concern about the number of contract staff involved under the Administration's proposal and requested the said information be included in the Administration's paper for FC. The relevant information had been set out in the Administration's paper.

Transition from existing system to new systems

11. Mr CHAN Chun-ying enquired about the following:

- (a) matters concerning the maintenance contract for the existing system during the one-year period where the old and new systems were expected to operate in parallel;
- (b) reasons why work relating to system analysis and design would only be carried out in the fourth quarter of 2020, as well as the relevant payment arrangement; and
- (c) details about the "recurrent realizable and notional savings" as stated in the discussion paper submitted by the Administration.

12. Assistant Director of Immigration (Information Systems) ("AD(IS)/ImmD") responded that:

- (a) a tendering exercise for the maintenance of the existing system had been conducted earlier. According to the tender result, maintenance services would continue to be provided by the existing service contractor;
- (b) subject to FC's approval, it was expected that the contract would be awarded in the fourth quarter of 2018, and the contractor would commence work in early 2019. Work relating to system analysis and design was expected to be completed by the fourth quarter of 2020. During the development of the new systems, payments would be made according to implementation progress; and
- (c) "recurrent realizable and notional savings" were related to the additional expenditure of staff costs required to cope with the increased caseload had the new systems not been developed; in other words, the implementation of the new systems could enhance service efficiency and alleviate the manpower pressure.

13. Noting that the Government was planning to develop a government cloud platform, Mr CHU Hoi-dick asked whether ImmD would, instead of implementing a new system separately, consider continuing the use of the existing system and implementing the new systems after the development and operation of the government cloud platform.

14. Ms Claudia MO was concerned about information security risks arising from the continued use of the existing system if the new systems were not implemented. She asked whether the systems would need to be replaced about every 10 years.

15. Mr YIU Si-wing expressed support for the item and enquired about the following:

- (a) the expected life span of the new systems;
- (b) the countries whose technologies would serve as reference for developing the new systems; and
- (c) whether the Government could incorporate the most

advanced technologies into the new systems in the course of their development.

16. AD(IS)/ImmD responded that:

- (a) the existing system had been in use since 2007 and was beyond its expected life span of 10 years. The maintenance service contract would be extended to 2022;
- (b) the new systems would be operated in parallel with the existing system for about one year to ensure smooth transition;
- (c) if the development of the new systems was put on hold pending the implementation of the government cloud platform, the existing system would definitely become even more outdated, resulting in direct impact on the services provided to the public;
- (d) the ImmD system was designed as a closed system without any direct interconnection to the Internet. Nonetheless, very high technical standards concerning information security and encryption were adopted by the department. Even if the existing system was still to be used, security measures would be updated periodically to ensure security in data storage and transmission;
- (e) past systems could generally be used for about 10 years. The tendering document would require the contractor to provide the new systems which were expected to operate for 15 years; and
- (f) market research was conducted by the Government prior to the tendering exercise. The tendering document had already reflected the software and hardware technologies available in the market, as well as the technical specifications of similar systems used in other places, and the contractor would be required to provide the best technical option to cope with ImmD's business needs.

#### Compatibility of the new systems

17. Mr WU Chi-wai considered the existing system outdated and could not cope with service demand. Mr WU Chi-wai and Mr CHAN



Chun-ying noted that the Information and Technology Bureau ("ITB") was planning to integrate various government services and launch electronic identity ("e-ID") through the government cloud platform. In this connection, Mr WU Chi-wai asked whether the new systems would be integrated into the government cloud platform, so as to achieve savings in the management and maintenance of the new systems in future; and Mr CHAN Chun-ying asked whether the news systems would be compatible with other systems of ImmD and the government cloud platform.

18. Mr CHAN Chi-chuen was also of the view that the existing system was outdated, and its services were lagging behind those in Taiwan. Noting that members of the public must have digital certificates before they could use electronic services provided by certain departments (such as the Transport Department), he enquired about the following:

- (a) whether members of the public must have e-ID before they could use the services provided by the new systems in the future;
- (b) whether the fees of services provided by the new systems would be waived/reduced; and
- (c) whether the governments of other jurisdictions could use the information of the new systems.

19. AD(IS)/ImmD responded that:

- (a) as cloud technologies had already been deployed within ImmD to increase cost-effectiveness, the new systems would also be integrated with other systems of the department in the future. Meanwhile, ImmD would closely keep in view the development of the government cloud platform and factor in compatibility when designing the new systems;
- (b) when the strategic assessment was conducted by ImmD in 2013, the Government did not have any plan for launching e-ID. That was why the proposal for the new systems was not directly related to e-ID. While e-ID was not required for the use of services provided by the new systems, ImmD would keep the matter closely in view and suitably complement the development of e-ID;
- (c) the new systems, which were designed as closed systems, could only be accessed and used by ImmD. There was no

interconnection between the new systems and other places/organizations; and

- (d) ImmD would closely keep in view the provision of electronic services in different countries/places, in the hope of keeping the department's services on par with those provided in more advanced places.

Functions of the new systems

20. Regarding the functions of the new systems, Mr CHU Hoi-dick enquired about the following:

- (a) whether members of the public could have online access to personal records such as birth, death and marriage registration records; and
- (b) whether some services would still require personal attendance of the applicants at ImmD offices.

21. Mr CHAN Chi-chuen and Mr AU Nok-hin asked whether services provided to Hong Kong residents in distress outside Hong Kong would be enhanced with the incorporation of the 24-hour "1868" hotline into the proposed new systems. Mr CHAN Chi-chuen asked how the new systems could enhance law enforcement work on cases in relation to immigration offenders, removees, deportees, etc. Mr AU Nok-hin asked how the new systems could improve the online application of visas and what measures would be taken by the authorities to promote the widespread use of services provided by the new systems.

22. AD(IS)/ImmD responded that:

- (a) under the new systems, members of the public could access personal registration records through the self-service kiosks;
- (b) ImmD would develop mobile platform to facilitate the public's use of electronic services anywhere. Subject to the provisions under the Personal Data (Privacy) Ordinance, members of the public should be able to access personal registration records online;
- (c) foreign residents could apply for visas to visit Hong Kong through ImmD's online services, while Hong Kong residents who would like to apply for visas to visit overseas countries

must do so at their respective Consulates in Hong Kong;

- (d) the new systems would incorporate the 24-hour "1868" hotline of the Assistance to Hong Kong Residents Unit of ImmD. At present, information about a Hong Kong resident in distress outside Hong Kong had to be retrieved from different systems, but the relevant information could be retrieved instantaneously with the new systems, thus facilitating the timely provision of assistance. Apart from the assistance hotline, consideration was being given to including other means under the new systems for Hong Kong residents outside Hong Kong to contact ImmD;
- (e) in the course of law enforcement, the new systems could expedite the retrieval of the relevant information, thus improving the efficiency of various stages of processing the cases; and
- (f) different channels (including overseas offices of the Hong Kong Government) would be used to publicize and promote the services provided by the new systems.

Estimated expenditure and effectiveness of the new systems

23. Mr Martin LIAO noted that as mentioned by the Administration in paragraph 15 of the discussion paper, the expenditure for implementation services and contract staff was about \$200 million. Mr LIAO requested the Administration to provide a breakdown of the said expenditure.

24. AD(IS)/ImmD explained that the expenditure for implementation services and contract staff was \$198 million, including:

- (a) engaging external service providers (about \$150 million);
- (b) engaging temporary staff of ImmD (about \$6 million);
- (c) conducting Privacy Impact Assessments (about \$1.2 million) and Information Technology Security Risk Assessment (about \$1.2 million); and
- (d) other staff costs and related expenses.

25. Mr SHIU Ka-fai expressed support for implementing the new systems. Mr SHIU Ka-fai sought details about the manpower savings and

enhancement of service efficiency to be brought by the new systems for ImmD. Mr CHU Hoi-dick noted the cost-benefit analysis for implementing the new systems provided by the Administration in the discussion paper. Mr CHU asked whether the Administration would only decide to implement the new systems if cost savings were shown in the cost-benefit analysis, and whether further recurrent cost savings could be achieved when the new systems had been used for some years (such as by 2030). Noting the deployment of cloud technologies within ImmD, Mr WU Chi-wai asked why it would still be necessary to incur an annual recurrent expenditure of \$70 million for repairs and maintenance of the new systems. Ms Claudia MO was concerned whether the contract for the new systems would be tendered out under the primary consideration of "the lowest bid wins".

26. Mr Charles Peter MOK noted that when funding applications for computer system replacement projects were submitted by individual government departments to FC for consideration from time to time, members invariably hoped that the new systems could be used for a long time, preferably at least 10 to 15 years. Mr MOK considered that if a system had been used for more than 10 years, it would become outdated. That was why durability might not be something to be sought after as a given. As awarding tenders on the basis of "the lowest bid wins" was one of the major reasons for the unsatisfactory performance of computer systems, he hoped that members could give holistic consideration to the funding applications.

27. AD(IS)/ImmD responded that:

- (a) for visa applications, services provided by the new systems could be accessed by the applicants through different platforms, while processing of applications could also be expedited. As the processing of visa applications would depend on whether the applicants had submitted all the necessary documents/information, it would be impossible to project at this juncture how far the application process could be expedited under the new systems;
- (b) cost-benefit analyses were also provided in past discussion papers (for example, the item for implementing the Next Generation Smart Identity Card System);
- (c) with reference to the cost-benefit analysis set out in the discussion paper, the new systems would already achieve net return in 2024, while the actual expenditure would be subject

to the returned tender prices;

- (d) when evaluating the tenders, consideration would be given to the fulfillment of technical requirements first and then price; and
- (e) the estimated savings in day-to-day maintenance costs as a result of the deployment of cloud technologies within ImmD had already been reflected in the cost estimates set out in the paper.

Voting on FCR(2018-19)4

28. There being no further questions from members, the Chairman put item FCR(2018-19)4 to vote. The Chairman was of the view that the majority of the members present and voting were in favour of the item, and he declared that the item was approved.

**Item 4 — FCR(2018-19)5**  
**HEAD 173 — WORKING FAMILY AND STUDENT FINANCIAL ASSISTANCE AGENCY**  
**Subhead 700— General non-recurrent**  
**Item 508 — Continuing Education Fund**

29. The Chairman advised that the item sought FC's approval to increase the non-recurrent commitment of \$6.2 billion for Continuing Education Fund ("CEF") under Head 173—Working Family and Student Financial Assistance Agency by \$10 billion to \$16.2 billion. The Labour and Welfare Bureau ("LWB") had consulted the Panel on Manpower on the relevant proposal on 21 November 2017 and 20 March 2018.

Scope of Continuing Education Fund courses

30. Mr Tony TSE said that many professional bodies would require their members to attend continuing professional development courses. Mr TSE asked whether the Administration would consider including those continuing professional development courses under the scope of CEF. Dr CHIANG Lai-wan considered the scope of CEF courses currently registered in the Qualifications Register ("QR") too narrow. She was concerned that some vocational skills course (for example, driving training courses) were not covered under CEF because they were not registered in QR. Mr Charles Peter MOK noted that while many online courses were provided free-of-charge, the relevant professional qualification

examinations were not part of the courses. He was concerned that the relevant examination fees were not covered under the scope of CEF.

31. Under Secretary for Labour and Welfare ("USLW") responded that:

- (a) many preparation courses for professional qualification examinations had already been included under the scope of CEF courses. The Administration would consider any applications for including continuing professional development courses or preparation courses for professional qualification examinations in the list of CEF courses so long as they met CEF's requirements;
- (b) some local operators of online courses had also cooperated with educational institutions. If the relevant examinations were part of the courses, they would fall within the scope of CEF courses and would be eligible for subsidies; and
- (c) some online courses were solely operated by overseas institutions. As it would be difficult for the Administration to monitor those courses, they could not be included within the scope of CEF courses.

32. Dr Fernando CHEUNG welcomed the enhancement measures of CEF, but he considered the CEF courses too career-oriented because the courses must first be Specifications of Competency Standards ("SCS")-based courses registered in QR before they would be included within the scope of CEF courses. As such, some courses relating to people-oriented services (such as education, healthcare, elderly care, etc.) had been neglected. For instance, only 9 of the 7 800 CEF courses were related to elderly care service. He asked whether the Administration would encourage course operators to operate more courses relating to people-oriented services, so as to cope with the demand in the community.

33. Mr AU Nok-hin welcomed the expansion of the scope of CEF courses to cover certain career-oriented courses. He hoped that the scope of CEF courses could cover more continuing education courses which catered to the living pattern of Hong Kong people, such as part-time courses, online courses which were only offered by overseas course operators, etc.

34. Noting the Administration's plan to expand the scope of CEF courses to cover all courses registered in QR, Dr CHENG Chung-tai asked why programmes funded by the University Grants Committee ("UGC") and

the Employees Retraining Board ("ERB") were excluded from the scope of CEF courses.

35. USLW responded that:

- (a) all non-SCS/Specification of Generic (Foundation) Competencies-based courses in QR were categorized into 14 areas which included elderly care service, domestic services, etc. The relevant courses would also be included under the scope of CEF courses;
- (b) when contemplating the optimal content and teaching methodology of the courses, course operators would presumably take into account social needs and market demand. Subject to the courses meeting CEF's requirements, the Administration would consider applications for their inclusion in the list of CEF courses; and
- (c) to avoid double subsidy, courses which were already subsidized through other channels (such as by UGC and ERB) would be excluded from the scope of CEF courses.

36. Mr CHAN Chi-chuen said that some arts and cultural workers were of the view that the scope of CEF courses was narrow and lacking courses relating to performing arts, while some workshops and master classes which were beneficial to them were not included under the scope of CEF courses. He thus asked whether the Administration would cater to the need of arts and cultural workers and expand the scope of CEF courses.

37. USLW responded that existing CEF courses already covered those relating to performing arts, arts and design. If new courses were operated in the future, the Administration would also consider applications for their inclusion in the list of CEF courses.

38. Mr SHIU Ka-chun said that the objective of establishing CEF was to encourage people to enrich their knowledge through continuing education, so that they could further equip themselves and enhance their work capabilities. However he considered that CEF's objective could be achieved not only through continuing education, but also sabbatical. For example, a carer might want to take a sabbatical from his position for a few days for rest/rejuvenation. In that case, he would need to engage a relief helper. He asked whether the Administration would consider providing subsidy for sabbatical through CEF.

39. Mr IP Kin-yuen considered that the scope of CEF courses was too narrow and many courses were employment-related, which might possibly be the cause for the low continuing education participation rate in Hong Kong. He pointed out that there were courses (such as parent education courses) which might neither be employment-related nor taught in the classroom, and taking sabbatical could also be a way of learning. Mr IP held that lifelong learning should not be limited to CEF courses, and the Administration should provide diverse articulation pathways to facilitate people's choice. He asked whether the above was within the policy area of lifelong learning under LWB.

40. USLW replied that many CEF courses which were not directly related to specific industries (for example, those for enhancing cultural literacy) were also available for people to choose from. He agreed that carers of persons with disabilities/elderly persons would also need to take a break from their work, and they should be provided with appropriate support. Moreover, resources had already been allocated by the Administration to provide support for parents from different areas. For instance, parenting work would be launched by the Family Council, Parents' Support Centre and the Commission on Children in due course. Deputy Secretary for Labour and Welfare (Welfare) 1 ("DS(W)1") supplemented that as far as the ladder of lifelong learning was concerned, the enhancement measures of CEF would require that all courses applying for inclusion as CEF courses must first be registered in QR. Students who completed the courses would therefore obtain the relevant qualifications, enabling them to proceed further along different pathways of continuing education.

#### Monitoring of courses

41. Mr CHAN Chi-chuen noted from an earlier paper submitted by the Administration to the Panel on Manpower that every year, 300-odd inspections were conducted by the authorities and several dozen non-compliant cases with CEF terms/conditions had been found. He asked whether bogus classes or touting enrollment with gift offers were involved in those non-compliant cases; whether serious non-compliant cases involving deception of students had happened in the past; and whether decoy operations would be conducted by the authorities to monitor the selling practices.

42. USLW replied that requirements had been specified under the terms of CEF on the promotion of CEF courses. Course providers were not allowed to offer any gifts, discounts or any other concessions. In



2017-2018, nearly 300 inspections had been conducted by the authorities, representing an increase of 83% from 2008-2009. The proposed enhancement measures of CEF also included stepping up monitoring of CEF courses. If any non-compliant case was found, consideration would be given to including the relevant course provider in the probation list. Controller, Student Finance Office, Working Family and Student Financial Assistance Agency supplemented that several fraud cases had happened in the past, and those cases were then referred to law enforcement agencies for follow-up. Similar cases had rarely happened in recent years.

43. Mr Tony TSE welcomed the enhancement measures of CEF. He noted that under the enhancement measures, any eligible courses registered in QR would be eligible for registration as CEF courses. He asked how long the vetting and approval of the relevant courses would take, and whether the Administration would regulate the level of course fees. Dr CHENG Chung-tai was concerned that some course operators might increase course fees because higher subsidies were provided by CEF, thus resulting in additional cost for the working class to pursue further studies.

44. USLW responded that:

- (a) the time taken for CEF to vet and approve the courses varied. Take for example a recent case concerning a new course on the application of business information technology, the vetting and approval process took about several months;
- (b) the Administration believed that course operators would take into account market need and market situation when contemplating the operation of suitable courses and the level of fees; and
- (c) after the enhancement of CEF, the co-payment ratio by learners for the second \$10,000 subsidy would be increased to 40%, while the co-payment ratio for the first \$10,000 subsidy would remain unchanged (i.e. 20%). The said arrangement was made exactly on the consideration that course operators should be deterred from increasing course fees as a result of the higher subsidies, so as to ensure the effective use of subsidies.

Scope of subsidy

45. Dr CHIANG Lai-wan welcomed the relaxation of the upper age limit for CEF applicants from 65 to 70 and appealed to the Administration to consider further lifting the restriction on age limit or abolishing the limit totally, with a view to encouraging lifelong learning among the elderly. Mr Tony TSE and Dr Fernando CHEUNG also shared the view that the Administration should abolish the restriction on age limit to encourage lifelong learning among the elderly.

46. Ir Dr LO Wai-kwok supported the enhancement measures of CEF and considered that more flexibility and less restrictions should apply in respect of the scope of both CEF courses and subsidy as far as practicable. He held that people's choices should not be restricted when it came to encouraging the pursuit of lifelong education.

47. Mr CHAN Chi-chuen noted that CEF applicants must complete the relevant courses and pass the specified examinations before they could apply for subsidy under CEF. He was concerned about the situation where the applicants could not apply for subsidy under CEF because they had yet to complete the relevant courses or pass the specified examinations. He asked whether the Administration had any statistics in this regard. Separately, Mr CHAN opined that the mandatory examination requirement was inflexible and could hardly encourage the elderly to pursue further studies. He asked whether the Administration had any statistics on CEF applications made by the elderly.

48. USLW and DS(W)1 responded that:

- (a) it was expected that with the relaxation of the upper age limit for CEF applicants to 70, the number of eligible applicants would increase by about 390 000. According to past records, the ratio of CEF applicants aged above 50 was relatively low. Upon the enhancement of CEF, the Administration would keep in view whether there was a significant increase in the number CEF applicants aged above 50;
- (b) for elderly persons aspiring to further studies, apart from CEF courses, they could also make use of courses and educational activities provided either free or at nominal charges under the Elder Academy Scheme, Adult Education Subvention Scheme, etc. While providing more choices for

the elderly, such schemes in general did not have any examination requirement; and

- (c) for the sake of monitoring the quality of CEF courses, course providers were required to conduct internal assessments on the learners, but such assessments might not necessarily be conducted in the form of examinations. Course providers must provide adequate information to help the learners choose suitable courses.

Administrative arrangements

49. Mr Martin LIAO noted from the paper provided by the Administration that as at the end of last year, around 400 000 closed accounts had yet to use up the subsidy of \$10,000, and the total unused subsidy of those closed accounts amounted to \$2.76 billion. Mr LIAO enquired about the following:

- (a) information about the types of CEF courses involved in those accounts;
- (b) whether the Administration had ascertained the difficulties faced by those applicants; and
- (c) whether the Administration would reactivate those accounts.

50. For those accounts which had yet to use up the subsidy of \$10,000, Mr CHAN Chi-chuen asked whether the account holders could continue to use the unused balance and check the balance of their accounts online upon the enhancement of CEF.

51. USLW and DS(W)1 replied that:

- (a) under the prevailing arrangements, reimbursement claims under a CEF account were subject to restrictions on a validity period of four years and a maximum number of four claims. Upon expiry of the validity period or making a total of four claims, the account would be closed even if the subsidy of \$10,000 had yet to be used up. The enhancement measures would allow greater flexibility for CEF applicants including lifting the restrictions on validity period and maximum number of reimbursement claims;
- (b) given that past success rate for CEF applications was as high

as 90%, the Administration believed that the applicants were not faced with any particular difficulty. It was mainly due to restrictions on the validity period and maximum number of reimbursement claims that CEF beneficiaries had yet to use up the subsidy;

- (c) the Administration did not have any information about the types of courses involved in closed CEF accounts with unused subsidy; and
- (d) upon enhancement of CEF, the Administration would arrange the reactivation of those closed accounts and allow the account holders to use the original unused balance, and CEF beneficiaries could also check the balance of their accounts with identity card numbers through a telephone hotline or the "GovHK" portal.

52. Mr Charles Peter MOK welcomed the enhancement measures proposed by the Administration to improve CEF's operation. He opined that consideration should be given by the Administration to further increase the amount of CEF subsidy. Dr CHENG Chung-tai held that the Administration should not impose restrictions on the validity period and maximum number of reimbursement claims on the grounds of administrative convenience. Dr CHENG said that as both the continuing education participation rate and the utilization rate of CEF were on the low side, the Administration should first assess the effectiveness of CEF before implementing the enhancement measures.

53. USLW said that the Administration had engaged a consultant in 2016 to conduct a review on the development of CEF. The review was completed in September 2017. According to the findings, CEF had achieved the intended objectives, and more than 80% of the respondents considered CEF useful for their development. He supplemented that the consultancy review was focusing on the use of CEF by the beneficiaries. As no serious abuse and non-compliance of CEF had been identified, the consultant had recommended implementing the proposed enhancement measures including the administrative arrangements.

#### Promotion and publicity

54. Mr AU Nok-hin and Mr IP Kin-yuen noted from the research brief published by the Legislative Council ("LegCo") Secretariat that the continuing education participation rate in Hong Kong had always been on the low side, lagging behind that in countries such as Japan, South Korea

and Singapore. Mr AU was concerned that the number of reimbursement claims for course fees had dropped significantly from about 73 000 in 2006 to less than 20 000 in 2016. He considered that the Administration should review the reasons behind such a remarkable decline. Mr IP held that apart from CEF subsidy, it was all the more necessary for the Administration to formulate a comprehensive policy for promoting a culture of continuing education and lifelong learning. Mr Martin LIAO and Mr Charles Peter MOK were also of the view that the Administration should step up publicity and promotion in this regard.

55. USLW responded that the Administration would step up publicity of the proposed enhancement measures, so that the public (including holders of existing and closed CEF accounts) could be better informed of the enhancement measures, and more eligible persons would be encouraged to make use of CEF. On the participation rate in continuing education, USLW advised that apart from CEF, other measures had been implemented by the Administration to encourage the public to pursue continuing education, such as the Elder Academy Scheme, Capacity Building Mileage Programme, Adult Education Subvention Scheme, Manpower Development Scheme of ERB, as well as various subsidy schemes for students pursuing self-financing undergraduate programmes, with a view to catering to the need of different people.

56. At 6:00 pm, the Chairman directed that the meeting be suspended. The meeting resumed at 6:07 pm.

Voting on FCR(2018-19)5

57. There being no further questions from members, the Chairman put item FCR(2018-19)5 to vote. The Chairman was of the view that the majority of the members present and voting were in favour of the item, and he declared that the item was approved.

**ITEM 5 — FCR(2018-19)8  
RECOMMENDATION OF THE ESTABLISHMENT  
SUBCOMMITTEE MADE ON 26 MARCH 2018**

**EC(2017-18)16**

**HEAD 163 — REGISTRATION AND ELECTORAL OFFICE**

**Subhead 000 — Operational expenses**

58. The Chairman advised that the item sought FC's approval of the recommendation of ESC made at its meeting held on 26 March 2018

regarding EC(2017-18)16 for the creation of a permanent post of Principal Executive Officer, to be designated as Principal Electoral Officer ("PEO"), in the Registration and Electoral Office ("REO") for strengthening the directorate structure and permanent establishment of REO.

Work and functions of the proposed permanent post

*Election arrangements*

59. Mr WONG Ting-kwong asked whether the work of the proposed permanent PEO post would include making arrangements for various elections. Dr Fernando CHEUNG said that he did not support the creation of the proposed permanent post. He noted from the discussion paper provided by the Administration that the proposed PEO would be responsible for handling "complex and sensitive issues cutting across policies and other areas". Dr CHEUNG asked about the details of such issues as mentioned in the paper and whether the relevant work must be handled by the proposed permanent post.

60. Permanent Secretary for Constitutional and Mainland Affairs ("PSCMA") responded that:

- (a) the proposed permanent post would mainly assist the Chief Electoral Officer ("CEO") in overseeing the overall preparatory work and arrangements for the elections, but not including the work of the Electoral Affairs Commission ("EAC") Secretariat;
- (b) "complex and sensitive issues cutting across policies and other areas" as stated in the paper referred to the making of security measures/arrangements in the course of overseeing the preparatory work and arrangements for the elections, including early discussion and coordination with the Police Force to ensure the smooth operation of all polling stations in the territory, conducting risk assessments on various polling stations, etc.; and
- (c) as the Police Force would assign officers in the senior management for discussion and coordination with REO, the ranking of the proposed permanent post was appropriate.

61. Dr CHENG Chung-tai asked how the proposed PEO could discharge his function in ensuring the accuracy of information contained in the registers of electors.

62. In response, Chief Electoral Officer, Registration and Electoral Office explained that:

- (a) the Operations Division of REO was responsible for work relating to voter registration ("VR"), including implementing the enhanced checking measures to improve the accuracy of information contained in the registers of electors, and the Operations Division was placed under CEO and not the proposed PEO; and
- (b) the creation of the proposed permanent post would relieve CEO's workload by assisting in other areas of work, so that CEO could concentrate on handling work relating to VR as well as other important and heavy duties.

*Preservation of institutional memory*

63. Mr CHAN Chi-chuen noted that preservation of institutional memory was one of the justifications for the present establishment proposal, but posting changes were a norm under the existing Civil Service system. He asked why institutional memory could not be preserved properly under the existing system. Similar concerns were also expressed by Mr HO Kai-ming and Dr CHENG Chung-tai. Mr HO Kai-ming was of the view that instead of relying on individual officers, the Administration should be able to retain information obtained from post-election reviews through documentary records for future reference. Dr CHENG Chung-tai stated that he did not support the present establishment proposal. He opined that the existing arrangement was conducive to maintaining the political neutrality of REO officers, while preservation of institutional memory would only help maintain the status quo, rather than seeking improvement through review.

64. Mr James TO was worried that the PEO post was made permanent for the purpose of helping REO preserve institutional memory. In particular, he was worried whether PEO would retain the experience relating to disqualification of prospective candidates or establish a database by collating the rationale and details of precedent disqualification cases for future reference by Returning Officers ("ROs"). Mr CHU Hoi-dick was also worried that when discharging their duties, ROs might consider the collected and collated information about the acts and comments of prospective candidates, giving rise to more restrictions on the part of the candidates.

65. In response, PSCMA explained that:

- (a) ROs for geographical constituencies ("GCs") and functional constituencies ("FCs") were appointed by EAC, and they were unrelated to the staff establishment, functions or duties of REO. Decisions on whether the nomination of a person as candidate was valid or not would be made by ROs in accordance with requirements under the law and the relevant procedures;
- (b) there were no reporting lines between PEO and ROs, and PEO did not have the power to discharge the duties of ROs;
- (c) major functions and duties of PEO had already been set out in detail in the discussion paper, namely, overseeing, preparing and conducting various public elections; and
- (d) the current practice of creating a supernumerary PEO post only at the beginning of each election cycle, and allowing it to lapse upon the end of the cycle had rendered the preservation of institutional memory at the senior level of the REO gravely ineffective. The proposal to make the PEO post permanent could help ensure effective oversight on the planning and operational aspects of elections, while valuable experience could be retained and utilized for sustainable review and improvement of the electoral system.

66. Mr AU Nok-hin asked whether REO would set specific value-for-money indicators for PEO's work concerning the preservation of institutional memory. Mr CHAN Chi-chuen enquired whether PEO's work would include reviewing the value-for-money indicators of REO. Separately, Mr CHAN was also concerned that REO's revised estimates of expenditure for 2017-2018 had been reduced by about 38% as compared with the original estimates, while the estimates for 2018-2019 had increased significantly by over 107% as compared with the revised estimates for 2017-2018.

67. PSCMA explained that:

- (a) specific service-related indicators had already been set out in the annual Controlling Officer's Report of REO for measurement of its performance. The relevant indicators would be reviewed as and when necessary, and the entire REO would take part in the review; and



- (b) the revised estimates of REO for 2017-2018 were less than the original estimates mainly because some LegCo by-elections would have to be held later than originally expected due to ongoing judicial proceedings. Regarding the increase in the funding provisions for 2018-2019, it was mainly because some expenditure arising from the said LegCo by-elections was expected to be incurred in 2018-2019, and it was necessary to earmark provisions for the preparation and conduct of any possible by-elections.

#### Regulation of election advertisements

68. Mr Michael TIEN and Mr Holden CHOW expressed concern about recent cases where REO had requested the submission of election returns by some individuals who had not formally submitted nomination forms for running in LegCo elections although they had previously indicated an intention to do so. They asked the Administration to clarify whether there were any changes to the requirements for submission of election returns. Mr HO Kai-ming asked whether the requirements for submission of election returns would be changed after the PEO post was made permanent. Mr Holden CHOW was also concerned that if individuals who had previously indicated an intention to run in an election but had not formally submitted nomination forms in the end were also required to submit election returns, REO's workload might be increased tremendously. Mr AU Nok-hin was worried that work generated as a result of the request for submission of election returns from individuals who had not formally submitted nomination forms in the end might become a value-for-money indicator.

69. PSCMA explained that there was no change to the legislation or the requirements for submission of election returns. Overseeing the submission of election returns was also part of the responsibilities of PEO. With regard to the cases of concern raised by members, the relevant persons had indicated their intention to run in the elections to reporters, and the matter was subsequently reported publicly. REO had sought advice from the Department of Justice on whether such persons should be regarded as a candidate as defined under the law. According to the legal advice, whether a person should be regarded as a "candidate" at the election would depend on whether he had publicly declared an intention to stand as a candidate at that election. Even if the person concerned did not submit a nomination form in the end, he was still required under the law to submit an election return to CEO. As far as the said cases were concerned, the

relevant persons must submit an election return in accordance with the legal requirements.

70. As a number of members still asked for further explanation from the Administration, the Chairman requested that a paper be provided by the Administration to explain recent cases where REO had requested the submission of election returns by some individuals who had not formally submitted nomination forms for running in LegCo elections and/or by-elections although they had previously indicated an intention to do so, so as to address members' concerns.

*[Post-meeting note: The supplementary information provided by the Administration was circulated to members vide LC Paper No. FC261/17-18(01) on 10 May 2018.]*

71. Noting the public's widespread use of the Internet and social media, Mr Holden CHOW was concerned that if individuals shared posts on the Internet mentioning posts of individual candidates, whether such an act would be regarded as publication of the candidates' election advertisements ("EAs"), such that the associated costs would be regarded as the candidates' election expenses.

72. PSCMA responded that during the public consultation exercises conducted by EAC on the guidelines on election-related activities for the last election cycle, there were concerns that commentary made by people on the Internet (including social media) could be regarded as publishing EAs, and that the associated expenses would be regarded as election expenses, hence subjecting web surfers to inadvertent breach of electoral laws. In this connection, improvement measures had been proposed by the Government, and the relevant Panel was also briefed about the details earlier on. Under the existing regulatory framework, any publication on the Internet (including social media) for the purpose of promoting or prejudicing the election of candidates would be regarded as an EA. If the publisher was a third party who was neither a candidate nor a candidate's election expense agent, and election expenses were incurred by such publication of EAs, he might be liable criminally. Under the targeted exemption proposed by the Government, if election expenses incurred by such third parties for any publication on the Internet (including social media) for the purpose of promoting or prejudicing the election of candidates (i.e. publication of EAs) were only electricity and/or Internet access charges, the acts would no longer be regarded as illegal conduct. But no exemption would be provided if other election expenses were incurred by such persons, such as the cost of setting and designing online platforms.

Use of information technology in the election process

73. Expressing concern that manual counting was still being adopted for large-scale elections, Ms Starry LEE and Mr WONG Ting-kwong considered that electronic counting of votes should be introduced as soon as possible to enhance the efficiency of the counting process. Ms Starry LEE asked whether PEO's work would include conducting a study on the introduction of electronic counting of votes to replace the existing manual counting process. Mr WONG Ting-kwong suggested that the Administration should liaise with ITB to explore the feasibility of implementing electronic counting of votes in elections for different constituencies. Meanwhile, Mr CHAN Chi-chuen held that electronic counting of votes should only be implemented when the conditions were ripe, and no election should be used as a testing ground.

74. PSCMA responded that:

- (a) REO had already embarked on a feasibility study for implementing electronic counting of votes. It would seek professional advice from the Government Chief Information Officer in a timely manner and set up a working group for mutual discussion;
- (b) as REO would need to maintain contacts with a number of technology organizations in the course of the said study, the creation of the permanent PEO post would hopefully help speed up the study progress; and
- (c) the ballot papers for GCs were too large to be read by existing computer devices. In earlier consultation with the Panel on Constitutional Affairs on the matter, the Administration understood from the views expressed at the relevant meeting that members had grave reservations about the options to simplify the design of ballot. Therefore, the Administration considered that electronic counting of votes could not be applied to GC elections for the time being. Nonetheless, REO would continue to keep track of whether computer devices in the future could read ballot papers of a larger size. The Administration would also proactively consider whether electronic counting of votes could be introduced for the District Council (Second) FC elections.

Follow-up to the computer theft incident of the Registration and Electoral Office

75. Mr CHAN Chi-chuen requested the Government to give an account of the progress and/or outcome of the investigations into REO's computer theft incident in 2017, as well as the details of disciplinary actions. PSCMA advised that the enforcement notices issued by the Office of the Privacy Commissioner for Personal Data had already been fully executed by REO on schedule. REO had also implemented most of the recommendations of the Task Force on the Computer Theft Incident of REO and EAC's report. Separately, the Administration was conducting an investigation on the incident according to the disciplinary procedures of the Civil Service, and the relevant procedures had yet to be completed. The Administration would handle the matter in accordance with the established mechanism if there was a need to take formal disciplinary actions after investigation.

76. The Chairman remarked that as some members were still waiting for their turn to ask questions, FC would continue the discussion on this item at the next meeting.

77. The meeting ended at 7:27 pm.

Legislative Council Secretariat  
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