

**LABOUR DEPARTMENT (Headquarters)**

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Chairman
Finance Committee
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Attn: Ms Anita SIT
Clerk to the Committee)

6 October 2020

Dear Ms SIT,

**Follow-up issues of the meeting of the Finance Committee
of the Legislative Council held on 3 July 2020**

At the meeting of the Finance Committee (FC) of the Legislative Council (LegCo) held on 3 July 2020, Members jointly discussed the implementation of the Reimbursement of Maternity Leave Pay (RMLP) Scheme (Item FCR(2020-21)21) and the creation of one permanent post of Chief Labour Officer (CLO) (D1) in the Labour Department (LD) to take forward various new measures to enhance statutory maternity leave (ML) (Item FCR(2020-21)14). In response to the information requested by Members at the meeting, the Government's reply is set out below.

Item FCR(2020-21)21

(a)(i) As to the estimated cost of the service fee for appointing a processing agent to implement the RMLP Scheme, the Government has estimated it to be 10% of the reimbursement amount each year, i.e. about \$47 million annually. In this regard, please provide information on the administrative costs of other subsidy schemes that the Government has made reference to; and the Government's estimation of the manpower required for implementing the RMLP Scheme, staff cost, implementation timetable and expenditure for procuring the related equipment.

In estimating the service fee for appointing the processing agent to implement the RMLP Scheme, the Government has made reference to other government subsidy schemes including the "Internet Learning Support Programme" of the Office of the Government Chief Information Officer, the "Special subsidy to Hong Kong Exchange's participants and Securities and Futures Commission's licensees" for the two rounds of measures under the Anti-epidemic Fund in relation to the pandemic situation under the Coronavirus Disease 2019, and the "One-off Living Subsidy for Low-income Households Not Living in Public Housing and Not Receiving Comprehensive Social Security Assistance" under the Community Care Fund. The administrative costs of such schemes / items generally range from around 5% to above 10% of the total amount of subsidy or reimbursement. Given the distinct nature of individual schemes / items and taking into account the range of functions of the processing agent in participating in the implementation of the RMLP Scheme, the novel nature of the RMLP Scheme, the prime importance of ensuring service quality, the need to maintain a close interface with LD and the obligation to make reference to the relevant provisions of the Employment Ordinance (EO) in determining the amount of reimbursement, the Government has set the estimated cost of the service fee for appointing the processing agent at 10% of the reimbursement amount each year. Nonetheless, this estimated cost mainly serves a financial planning purpose and the actual amount of service fee will be subject to an open and competitive tendering process.

To take forward the implementation of the RMLP Scheme, LD established the Preparatory Office for Reimbursement of Maternity Leave Pay (PORMLP) in the second quarter this year. Through the Government's established mechanism

for provision of resources, the establishment of PORMLP comprises 27 posts¹ and the estimated expenditure in 2020-21 on staff cost is \$22.85 million. Together with the other posts created² or to be created, LD plans to set up the RMLP Division in the first half of next year to roll out, monitor and review the implementation of the RMLP Scheme (with further information provided in the reply to item (b) below). In respect of procurement of the related equipment, the estimated expenditure in 2020-21 is \$5.5 million, which includes the development of an in-house information technology (IT) system interfacing with the processing agent as well as the procurement of computer hardware and software, and office equipment, etc.

The Government originally planned to implement the RMLP Scheme by LD directly by end-2021. In response to the community's expectations and the views of LegCo Members, the Government has decided to outsource the administration of the RMLP Scheme, with a view to reducing the time needed for setting up the reimbursement mechanism by six months and implementing the RMLP Scheme by mid-2021.

(a)(ii) Factors to be considered by the Government in determining the qualification and/or nature of business of the tenderers regarding the tender documents for appointing the processing agent.

LD has taken into account the functions to be undertaken by the processing agent in devising the requirements, qualifications and relevant experience, etc. of the tenderers. Having regard to the main functions of the processing agent which will include vetting applications, calculating the amount of reimbursement, performing quality assurance checks and internal audit checks, etc. as well as the requirement of making reference to the relevant provisions of EO in discharging the functions, we consider that the processing agent should have employed full-time staff with accounting/auditing experience to ensure the smooth implementation of the RMLP Scheme. Against this, LD has specified in the tender documents that a tenderer must employ a full-time supervisory staff and a

¹ The 27 posts comprise 2 Senior Labour Officers (SLOs), 3 Labour Officers (LOs), 2 Assistant Labour Officers (ALOs) I, 6 ALOs II, 1 Senior Systems Manager, 1 Systems Manager, 1 Personal Secretary II, 1 Treasury Accountant, 1 Accounting Officer II, 3 Clerical Officers, 4 Assistant Clerical Officers and 2 Clerical Assistants. In addition, 1 Analyst/Programmer I post is established under the Information Technology Management Division of LD to provide central departmental infrastructure support for the RMLP Division.

² LD created 3 posts in 2019, including 1 SLO, 1 LO and 1 ALO I, to take forward the legislative work for enhancement of ML.

Certified Public Accountant with experience in undertaking accounting, auditing, or vetting and processing of applications.

Item FCR(2020-21)14

- (b) One of the duties of the proposed CLO is to set up and lead a dedicated office for effectively implementing the new ML regime and the reimbursement mechanism. Please provide the organisation chart of the office, including the number and rank of staff, their respective tasks, etc., and indicate whether such posts are internally deployed or newly created.**


As stated in the reply to item (a)(i) above, to tie in with the implementation of the RMLP Scheme, LD plans to set up the RMLP Division in the first half of next year. Headed by the proposed CLO, the RMLP Division plans to establish the following six units to discharge the relevant functions:

- (i) Scheme Management: formulating and reviewing the operation guidelines and procedures for the RMLP Scheme, monitoring the implementation of the RMLP Scheme and drawing up relevant improvement measures;
- (ii) Contract Management and Tendering: conducting regular tendering exercises for the appointment of the processing agent, monitoring and checking the performance of the processing agent, and handling complaints lodged by applicants and members of the public against the processing agent;
- (iii) Policy Support and Public Engagement: handling policy matters pertaining to the RMLP Scheme, monitoring and reviewing the cap on the additional four weeks' maternity leave pay under EO, planning public engagement activities, handling enquiries and complaints outside the service scope of the processing agent, and undertaking the general administration of the RMLP Division;
- (iv) Financial Management: verifying the payment recommendations of the processing agent, arranging payment of reimbursement, and formulating the necessary follow-up actions;

- (v) Project and System Support: providing technical advice on the design of the Disbursement Information System (DIS) developed by the processing agent, monitoring the processing agent's operation and maintenance of DIS, and managing an in-house IT system interfacing with DIS of the processing agent to facilitate the RMLP Division to monitor the work of the processing agent and arrange for reimbursement payment; and
- (vi) Internal Audit: examining the workflow and the operations of the RMLP Scheme, and auditing the applications processed by the processing agent to ensure the prudent use of public funds.

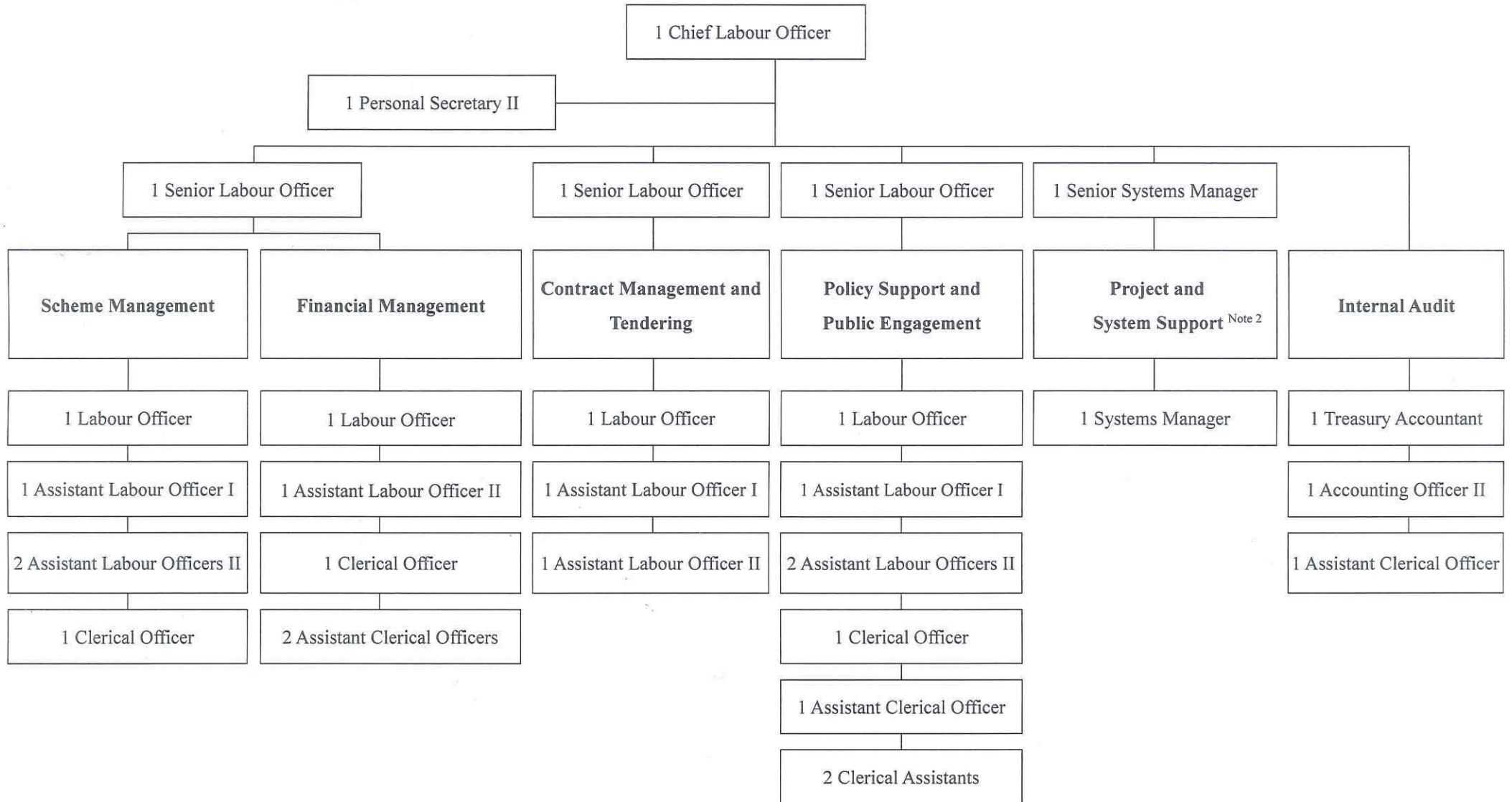
The total number of staff of the RMLP Division is estimated to be 48, including 31 civil service posts created or to be created, and 17 contract staff planned to be engaged. The proposed organisation chart of the Division is at Annex.

Yours sincerely,


(Raymond HO)
for Commissioner for Labour

c.c.: Secretary for Financial Services and the Treasury (Attn: Mr MA Kei)
Secretary for Labour and Welfare (Attn: Mr Dominic CHOW)

Proposed Organisation Chart of the Reimbursement of Maternity Leave Pay (RMLP) Division ^{Note 1}



Note 1: In addition to the above 31 civil service posts created or to be created, the RMLP Division plans to employ 17 contract staff to support the implementation of the RMLP Scheme.

Note 2: 1 Analyst/Programmer I is established under the Information Technology Management Division of the Labour Department to provide central departmental infrastructure support for the RMLP Division.