

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 7th meeting
held at the Legislative Council Chamber
on Friday, 28 January 2011, at 2:30 pm**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon LEE Cheuk-yan
Dr Hon David LI Kwok-po, GBM, GBS, JP
Dr Hon Margaret NG
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon LEUNG Yiu-chung
Dr Hon Philip WONG Yu-hong, GBS
Hon WONG Yung-kan, SBS, JP
Hon LAU Kong-wah, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon Andrew CHENG Kar-foo
Hon Timothy FOK Tsun-ting, GBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon LI Fung-ying, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, MH
Dr Hon Joseph LEE Kok-long, SBS, JP

Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon CHEUNG Hok-ming, GBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king, JP
Dr Hon LAM Tai-fai, BBS, JP
Hon CHAN Hak-kan
Hon Paul CHAN Mo-po, MH, JP
Hon CHAN Kin-por, JP
Dr Hon Priscilla LEUNG Mei-fun
Hon CHEUNG Kwok-che
Hon WONG Sing-chi
Hon WONG Kwok-kin, BBS
Hon IP Wai-ming, MH
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Dr Hon PAN Pey-chyou
Hon Paul TSE Wai-chun
Dr Hon Samson TAM Wai-ho, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Tanya CHAN

Members absent:

Hon Fred LI Wah-ming, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon LEE Wing-tat
Dr Hon LEUNG Ka-lau
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man

Public officers attending:

Professor K C CHAN, SBS, JP	Secretary for Financial Services and the Treasury
Mr Stanley YING, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Alice LAU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Paul TANG, JP	Permanent Secretary for Labour and Welfare
Ms Irene YOUNG, JP	Deputy Secretary for Labour and Welfare (Welfare) 2
Mr CHEUK Wing-hing, JP	Commissioner for Labour
Mr Alan WONG Kwok-lun, JP	Deputy Commissioner for Labour (Labour Administration)
Miss Cathy CHU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 2
Ms Shirley KWAN	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (Revenue)
Mr WONG Kuen-fai, JP	Deputy Commissioner of Inland Revenue (Technical)
Mr Patrick HO Chung-kei, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) 2
Prof Gabriel M LEUNG, JP	Under Secretary for Food and Health
Miss Gloria LO	Principal Assistant Secretary for Food and Health (Health) 2
Mr CHOW Wing-hang	Principal Assistant Secretary for Security (D)
Dr Gloria TAM, JP	Deputy Director of Health
Mr Alvin YUEN	Chief Treasury Accountant, Department of Health
Mr CHUI Tak-shing	Assistant Director of Immigration (Information Systems)
Dr W L CHEUNG, JP	Director (Cluster Services), Hospital Authority

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Dr K H LEE

Chief Manager (Financial
Planning), Hospital Authority

Clerk in attendance:

Mrs Constance LI

Assistant Secretary General 1

Staff in attendance:

Mr Daniel SIN

Senior Council Secretary (1)7

Mr Frankie WOO

Senior Legislative Assistant (1)3

Ms Christy YAU

Legislative Assistant (1)1

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The Chairman said that if the items on the agenda could not be completed at this meeting which was scheduled to end at 4:30 pm, a second meeting would be held at 4:35 pm.

Item No. 1 - FCR(2010-11)55

**RECOMMENDATIONS OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 5 AND 12 JANUARY 2011**

2. The Chairman advised that the Establishment Subcommittee (ESC) had recommended that four of the items endorsed at the ESC meetings on 5 and 12 January 2011, i.e. EC(2010-11)13, EC(2010-11)14, EC(2010-11)15 and EC(2010-11)16 should be considered and voted on separately at the Finance Committee (FC) meeting.

3. The Chairman put the remaining item EC(2010-11)12 to vote. The Committee approved the item.

**Head 141 – Government Secretariat: Labour and Welfare Bureau
EC(2010-11)13 Proposed retention of one supernumerary post of
Administrative Officer Staff Grade C (D2) in
Government Secretariat: Labour and Welfare Bureau
for a period of three years with effect from 10 March
2011 to continue providing dedicated support to the
work of poverty alleviation**

4. Mr WONG Sing-chi noted that the proposed AOSGC post for poverty alleviation would also support the Community Care Fund's (CCF) operation. He said the Home Affairs Bureau (HAB) had already created a number of new posts to undertake different aspects of CCF implementation. The Democratic Party (DP) was concerned that the holder of the post under discussion would focus more on integrating the CCF-funded programmes into mainstream Government services rather than his on-going duties on poverty alleviation. He considered that the post for poverty alleviation work should be regularized to enable the work to be carried out on a long term basis.

5. Permanent Secretary for Labour and Welfare (PSLW) said that the supernumerary post under discussion was mainly for co-ordination of the Administration's efforts in poverty alleviation and the implementation of related measures. The post holder would also advise on, and co-ordinate efforts to, the integration of CCF-funded programmes falling within LWB's ambit into mainstream Government services.

6. Mr TAM Yiu-chung declared that he was a member of the CCF Steering Committee. He expressed support for the proposal in order to provide continued support to poverty alleviation policies. He said that the supernumerary post could be further extended if necessary.

7. Mr WONG Kwok-hing said that the population of those at subsistence level had increased by 260 000 between 1997 and 2010. He considered that a permanent post could demonstrate the Administration's commitment to tackling poverty.

8. PSLW explained that a time-limited supernumerary post was needed to oversee the operation and review of the Child Development Fund, review and formulate an action plan for the Employment Assistance Programmes under the Comprehensive Social Security Assistance Scheme. The post would also cover the review of the one-stop training and employment service and how the service model could apply to other districts. Once the long term development directions were identified and determined, the on-going duties would be absorbed within the relevant departments. He assured members that the Administration had long term commitment to alleviate poverty.

9. Dr Margaret NG said that the supernumerary post concerned was agreed to reluctantly by FC three years ago as the Administration insisted that a high-ranking officer was needed to support the Commission on Poverty (COP), which was chaired by the Chief Secretary (CS), in co-ordinating the implementation of poverty alleviation recommendations. However, little progress had been achieved and many of the follow-up tasks were still outstanding even after the dissolution of COP. Dr NG said without a high-level leadership, it was difficult to pursue the poverty alleviation objectives effectively, and she suggested the Administration should consider reactivating COP. She added that ESC had also proposed to House Committee that a subcommittee should be set up to follow up poverty alleviation issues.

10. Dr PAN Pei-chyou commented that the Administration might be over optimistic in expecting that the outstanding follow-up tasks on poverty alleviation could be completed through the supernumerary post within three years. Dr PAN asked if the Administration should consider reconvening COP.

11. PSLW said that following the dissolution of the COP in 2007, an inter-departmental Task Force on Poverty headed by the Secretary for Labour and Welfare had been established to co-ordinate inter-departmental efforts on poverty alleviation matters. The Task Force reported regularly to the Chief Secretary for high level policy steer. The supernumerary AOSGC post, if extended, could continue to support the work of the Task Force. He stressed that the Government's efforts in poverty alleviation did not end when the COP concluded its work, although it would take time for the measures to produce impact.

12. Dr NG asked about the outstanding tasks arising from COP's recommendations requiring follow up through the supernumerary post, and the proportion of the post holder's time spent on poverty alleviation duties vis-à-vis CCF. Mr LEUNG Kwok-hung remarked that the setting up of CCF reflected the failure of COP in its poverty alleviation efforts.

13. PSLW referred members to the progress report on the implementation of poverty alleviation measures recommended by COP. He emphasized that poverty alleviation measures required the efforts of the whole Government, while his bureau had taken up the co-ordination work in addition to implementing a number of poverty alleviation measures under the direct supervision of LWB. He advised that the schedule of the supernumerary post would cover, but not limited to, CCF-related work, and would not be involved in providing secretariat support for CCF and its committees.

14. Mr LEE Cheuk-yan criticized that while the Administration had created a number of high-ranking posts for poverty-related matters, there was no

corresponding improvement in the poverty alleviation work. Referring to the Administration's employment promotion initiatives in Tin Shui Wai, Mr LEE asked whether promotion of local economy and local employment services would also be within the responsibilities of the supernumerary AOSGC post.

15. PSLW said that the Task Force on Poverty would continue to co-ordinate the one-stop training and employment service centre in Tin Shui Wai, which would serve to promote local employment.

16. The Chairman put the item to vote. The Committee approved the proposal.

Head 90 – Labour Department

EC(2010-11)14 Proposed creation of two permanent posts of one Assistant Commissioner for Labour (D2) and one Chief Labour Officer (D1) to be offset by deletion of one supernumerary post of Chief Labour Officer (D1) in the Labour Department to take forward the planning and implementation of new and expanded portfolios and initiatives in labour administration including the statutory minimum wage regime and the Work Incentive Transport Subsidy Scheme

Justifications for the proposed posts

17. Mr WONG Kwok-hing asked whether the Administration would study the issue of standard working hours following the creation of the new posts. He cited a case that the eight-hour shift of an outsourced cleaning worker in the Housing Department was split into three sessions with a hour break in-between, and no wages were payable for the breaks. He was concerned whether such malpractice would be looked into by the holders of the proposed posts.

18. PSLW said that the proposed CLO post would mainly be responsible for implementing SMW. The proposed ACL post would be responsible for taking forward the statutory minimum wage regime (SMW) and the Work Incentive Transport Subsidy Scheme (WITSS). The ACL post was also intended to relieve the heavy workload of other existing assistant commissioners in LD. The issue of standard working hours would not be part of the responsibilities of the proposed posts.

19. Mr WONG Sing-chi said that there was once an assessment made by the Administration that some tens of thousands of workers would lose their jobs as a result of implementing SMW. He asked whether the Administration

anticipated many low qualification and low skilled workers would become unemployed after the implementation of SMW, and asked how the two proposed posts would help address the problem

20. PSLW advised that the proposed ACL post would be responsible for implementing the SMW, including formulating relevant guidelines to employers and employees. He explained that the earlier assessment of the impact of SMW on employment was made by the Provisional Minimum Wage Commission. He commented that with the recovery of the economy, the employment situation would improve. He added that LD offered employment service and the Employment Retraining Board provided retraining programmes to people in need of such services. PSLW further advised that the statistics on salary levels in 2010 would be released by the Census and Statistics Department. The Minimum Wage Commission would study the statistics and take that into account when assessing the impact of SMW.

21. Mr WONG Sing-chi commented that the Administration was pre-empting FC's decision on WITSS by seeking additional staffing before the scheme was approved. PSLW explained that the proposed ACL post was not only needed to support the implementation of WITSS, but was also necessary to relieve the existing workload of the other four assistant commissioners, as well as support the implementation of SMW.

22. Noting that the Administration did not intend to implement a dual track approach for WITSS to allow applications to be made either on individual or household basis despite there was overwhelming support for such an approach, he asked if the Administration would delete the proposed ACL post if FC disapprove the WITSS proposal.

23. Mr LEUNG Yiu-chung also queried the need for a full-time assistant commissioner post because the workload involved in the review of SMW and WITSS should not be too heavy. He opined that as the policy on SMW had been established and reflected in the statute, any revision at the present stage was unlikely to be substantial. Moreover, the levels of SMW and its impact on disabled workers would not be due for review in the near future. He considered that the implementation of SMW and WITSS would have more impact on the workload of frontline staff.

24. PSLW advised that the reviews were of a wide scope covering the application of SMW to disabled workers and the adjustment of minimum wage levels. These reviews would provide useful reference for the Minimum Wage Commission, and would throw light on the study on other labour issues such as standard working hours. Commissioner for Labour (C for L) said that the proposed ACL post would also be involved in the regular revision of guidelines, and the monitoring and supervision of their compliance. As regards the

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implementation of WITSS, the post holder would need to steer the design, publicity and promotion of WITSS, and to set up a validation, monitoring and investigation mechanism for WITSS to prevent possible abuse. The ACL post was also responsible for overseeing Hong Kong's compliance with the International Convention on Labour (ICL) and co-ordinating Hong Kong's participation in the ICL-related activities.

25. Mr IP Wai-ming asked if LD had sufficient number of trained inspectors to monitor and enforce SMW requirements, as he was aware that some employers had unilaterally changed the terms of employment contracts to evade minimum wages. Mr IP said that some LD staff had reflected to him that there was insufficient manpower to handle applications under WITSS. He asked the Administration to ensure sufficient staffing support for implementation of SMW and WITSS. Mr LEUNG Yiu-chung raised similar concern and asked about the staffing provision for implementing SMW and WITSS.

26. C for L said that the staffing provisions for implementing SMW would be included in the coming Budget, and preparatory work for staff recruitment had commenced. Meanwhile, LD was preparing guidelines for employers and employees regarding the SMW legislation. LD would not only play a law enforcement role, but would also mediate between employers and employees over disputes arising from SMW matters. Training programmes were being organized for inspectorate staff. PSLW assured members that there would be sufficient manpower for the enforcement work, and necessary training would be provided for the inspectorate to enhance their competence in enforcing SMW legislation.

27. Mr LEUNG Yiu-chung said that the Administration should also step up publicity and public education efforts about SMW. PSLW agreed that publicity was important and would make efforts to promote SMW.

28. Mr LEE Cheuk-yan suggested that the Administration should withdraw the staffing proposal until issues related to the WITSS, such as whether or not to implement a dual track approach and the eligibility of part-time workers for the subsidy, had been resolved. Mr LEUNG Yiu-chung asked when the Administration expected to complete the review of WITSS, and whether the Administration should submit the staffing request when more details of WITSS were available.

29. PSLW said the Administration was examining the WITSS implementation details and would submit a funding proposal for WITSS to FC as early as possible. He was confident that the proposal would receive FC's support, and the additional staffing resources should be in place to carry out the

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necessary preparation. PSLW indicated that the Administration did not intend to withdraw the staffing request.

30. Mr IP Kwok-him expressed reservation about the suggestion to adjourn the staffing proposal, as the community had been pushing for early introduction of WITSS to benefit low income workers. MS LI Fung-ying said that she did not favour deferring the staffing proposal as it would affect the implementation of SMW. Mr Abraham SHEK considered that the Administration already had the resources to implement a dual track approach for WITSS, and should therefore kickstart WITSS right away without further ado.

31. The Chairman remarked that a part-time employee had to work for more than 72 hours per month before being qualified for WITSS. She asked if the Administration had analyzed the implications of such a policy on female workers from the gender mainstreaming perspective. Ms Cyd HO said that a gender mainstreaming analysis of the WITSS policy would enable the Administration to examine whether the proposed criteria would put female workers, in particular, in a disadvantaged position, part-time workers were more likely to be female who travelled a long distance from home for work. Mrs Sophie LEUNG said that the Administration had developed a gender mainstreaming checklist ten years ago as a policy tool to facilitate evaluation of impact of public policies on female. Designated directorate officers in bureaux and departments had been appointed as "gender focal points" to promote gender mainstreaming in their respective policy portfolio. She suggested PSLW should review WITSS with the available policy tools.

32. PSLW said that in formulating the eligibility criteria of WITSS, the Administration had already applied the concept of gender mainstreaming and duly considered the perspectives and needs of both genders.

Motion to adjourn discussion of the item

33. Mr LEE Cheuk-yan moved, in accordance with FC Procedure 39, that discussion of the item should be adjourned.

34. Mr LEE explained that while he supported the staffing proposal, he considered that the application should only be submitted when the Administration had a comprehensive proposal on WITSS for FC's consideration. He said that if FC did not support the proposal on WITSS, the workload on LD would not justify the proposed posts. He further commented that the Administration had not paid due attention to public views in the development of WITSS. Adjourning discussion on the staffing proposal would not affect the work of LD as supernumerary posts had been created to cope with the workload.

35. The Chairman advised that if the motion to adjourn the discussion of this item was carried at this meeting, the Administration could still resubmit the staffing proposal at a subsequent meeting. However, if a vote was taken on the item and it was voted down by members, the Administration could not resubmit the same proposal without amendment within the current session.

36. Mr Alan LEONG said that Members belonging to the Civic Party supported Mr LEE Cheuk-yan's motion. Mr LEONG said that he supported a dual track approach for WITSS, but the current staffing proposal had not addressed this issue thoroughly. As LD could, in the mean time, meet the workload with supernumerary posts, adjourning the item would not affect the work of LD.

37. Mr IP Kwok-him said that as the community had been asking for early implementation of WITSS, Members belonging to the Democratic Alliance for the Progress and Betterment of Hong Kong did not want to see any delay in the implementation of the scheme due to adjournment of the discussion of this item.

38. PSLW stressed that the proposed ACL and CLO posts were needed for the implementation of SMW, to carry out substantial amount of preparatory work for the implementation of WITSS, as well as relieve the workload in LD at present.

39. The Chairman put the question of whether to adjourn discussion of the item to vote. At request of Mr IP Kwok-him, the Chairman ordered a division. A total of 44 members voted, with 15 voting for it and 29 voting against it. Two members abstained. The voting results of individual members were as follows:

For:

Mr LEE Cheuk-yan
Mr James TO
Mr LEUNG Yiu-chung
Dr Joseph LEE
Mr KAM Nai-wai
CHEUNG Kwok-che
Mrs Regina IP
Ms Tanya CHAN
(15 members)

Dr Margaret NG
Mr CHEUNG Man-kwong
Ms Audrey EU
Mr Ronny TONG
Ms Cyd HO
Mr WONG Sing-chi
Mr Alan LEONG

Against:

Dr Raymond HO	Mr CHAN Kam-lam
Mrs Sophie LEUNG	Dr Philip WONG
Mr Wong Yung-kan	Mr LAU Kong-wah
Mr Lau Wong-fat	Mr TAM Yiu-chung
Mr Abraham SHEK	Ms LI Fung-Ying
Mr Tommy CHUENG	Mr Vincent FANG
Mr WONG Kwok-hing	Mr Jeffrey LAM
Mr Andrew LEUNG	Mr CHEUNG Hok-ming
Mr WONG Ting-kwong	Prof Patrick LAU
Ms Starry LEE	Dr LAM Tai-fai
Mr CHAN Hak-kan	Mr Paul CHAN
Mr CHAN Kin-por	Dr Priscilla LEUNG
Mr WONG Kwok-kin	Mr IP Wai-ming
Mr IP Kwok-him	Dr PAN Pey-chyou
Dr Samson TAM	
(29 members)	

Abstain:

Mr CHIM Pui-chung	Mr Paul TSE
(2 members)	

Total: 46 members

40. The Chairman declared that the Committee negated the motion.
41. The Chairman put the item to vote. The Committee approved the item.

Head 76 – Inland Revenue Department

EC(2010-11)15 Proposed creation of one supernumerary post of Chief Assessor (D1) in the Tax Treaty Section of Inland Revenue Department for a period of three years with effect from 1 April 2011 to provide dedicated directorate support to undertake the implementation of a number of initiatives in relation to the expansion of the Comprehensive Avoidance of Double Taxation Agreement network of Hong Kong

42. Mr James TO said that Members belonging to DP did not support the staffing proposal as the workload did not appear to justify the creation of an

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additional Chief Assessor (CA) post which would mainly be responsible for negotiating and concluding Comprehensive Avoidance of Double Taxation Agreements (CDTA) with major trading and investment partners. He considered that after having already concluded ten CDAs, IRD should have developed standard strategies and protocols in concluding new CDAs. While noting that the proposed CA would be responsible for ensuring effective international exchanges on taxation matters, and responding to requests for exchange of tax information from the existing CDTA partners, he was not convinced that the increase in workload could sufficiently justify the creation of a dedicated directorate post. However, as the additional post could help relieve the workload of existing CAs to enable them to carry out their on-going tasks, such as tax-recovery tasks, more effectively, he would not vote against the proposal but would abstain from voting instead.

43. Deputy Secretary for Financial Services and the Treasury (Treasury)2 (DS(Tsy)2) said that based on the Administration's assessment, the workload arising from the implementation of CDAs would be heavy. Out of the 10 CDAs concluded with our top 20 trading partners, four agreements had taken effect already. Parties to the agreements had started to request for tax information and there would be an increasing number of tax dispute cases that required mediation. A dedicated directorate post was necessary to take up the additional responsibilities. Moreover, the proposed CA would need to negotiate CDAs with ten other trading and investment partners. DS(Tsy)2 anticipated that the task would be more difficult because these were new negotiation partners. More time and efforts would be needed in the preparation and the actual negotiation process.

44. Mr Andrew LEUNG said that Members belonging to the Economic Synergy supported the staffing proposal. Noting that Hong Kong had so far concluded only ten CDAs, which compared less favourably with neighbouring competing economies like Singapore, Mr LEUNG asked how many more CDAs the Administration planned to conclude in the coming years. He said that Hong Kong would need to maintain its edge in financial and insurance services, and it was important that more CDAs were concluded with trading and investment partners.

45. DS (Tsy)2 advised that the Administration intended to conclude 10 more CDAs in the coming three years, and would be ready to start negotiating more of these agreements with other potential parties if necessary.

46. The Chairman put the item to vote. The Committee approved the item.

Head 148 – Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

EC(2010-11)16 Proposed retention of one supernumerary post of Administrative Officer Staff Grade C (D2) in the Financial Services Branch of Government Secretariat: Financial Services and the Treasury Bureau with effect from 13 February 2011 up to 15 July 2012 to provide continued directorate support to complete the current legislative and related work in relation to the enhancement of the anti-money laundering regime in Hong Kong

47. Mr James TO said that Members belonging to DP objected to the proposal. He said that the Security Bureau (SB) had all along been handling anti-money laundering (AML) matters; when the same amount of work was divided between SB and FSTB, it was unreasonable for the Administration to double the number of staff. He noted that the Financial Action Task Force (FATF) had conducted mutual evaluation (ME) on Hong Kong and, as a result, Hong Kong needed to introduce legislation to enhance the AML regulatory regime for financial sectors in Hong Kong to align with the prevailing international standards. Since the Administration had been able to introduce AML-related legislation every two to three years within existing staffing provision, there was no strong justification for additional staff at the present stage.

48. Deputy Secretary for Financial Services and the Treasury (Financial Services)2 (DS(FS)2) said that Hong Kong had always been an active player in concerted international efforts against money laundering. Whilst there was no dedicated directorate post in SB to handle AML tasks specifically, international efforts on AML matters had recently been stepped up. New AML standards had been developed in 2003 and adopted by FATF as the basis to conduct MEs on member jurisdictions subsequently. The ME conducted on Hong Kong in 2007-08 concluded that Hong Kong needed to improve several aspects of its AML regime and had put Hong Kong on FATF's regular follow-up process. Hong Kong needed to accord due priority and importance to addressing the issues raised by FATF.

49. DS(FS)2 further said that in early 2009, FC approved the creation of a supernumerary D2 post in FSTB for two years to follow up on the FATF's recommendations for improvement to be made by Hong Kong. The current item sought to retain the post for additional 17 months to complete the outstanding legislative work and other necessary follow-up so as to enable Hong Kong to seek removal from FATF's regular follow-up process.

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50. Mr James TO said that Hong Kong had always been under pressure to enhance its AML regulatory regime and the Administration had managed to introduce measures to respond to international demand within the same level of staffing resources. As the current situation was no different from before, he did not see any pressing need for extending the supernumerary post.

51. DS(FS)2 stressed that the current legislative exercise of introducing a statutory AML regime for the financial sectors needed to be completed by mid 2012 at the latest to enable Hong Kong to report to FATF substantial progress in making improvements to its AML regime and seek removal from FATF's follow-up process. He urged members of the Committee to support this item.

52. The Chairman put the item to vote. The Committee approved the item.

Item No. 2 - FCR(2010-11)56

CAPITAL WORKS RESERVE FUND

HEAD 710 – COMPUTERISATION

**GOVERNMENT SECRETARIAT : FOOD AND HEALTH
BUREAU (HEALTH BRANCH)**

**New Subhead "Online checking of the eligibility of
non-permanent Hong Kong Identity Card holders for subsidised public
healthcare services"**

53. The Chairman advised that the item sought the Committee's approval of a new commitment of \$17,553,000 for developing an electronic system for checking the eligibility of non-permanent Hong Kong Identity Card holders for subsidized public healthcare services of the Department of Health and the Hospital Authority.

54. Dr Joseph LI, Chairman of the Panel on Health Services, reported that the Administration had consulted the Panel on the proposal on 10 January 2011. Panel members supported the proposal and discussed the cost-effectiveness and security of the proposed system. The Panel also discussed prevention of leakage of personal data and the medical care services for non-permanent residents.

55. Mr WONG Kwok-hing asked if the Administration would consider integrating the proposed electronic system with other existing medical information systems to provide a comprehensive database for greater cost-effectiveness.

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56. Under Secretary for Food and Health (USFH) advised that the proposed electronic checking system was to check a patient's eligibility for subsidized healthcare services by reference to his resident status information in the Immigration Department (ID)'s database. It was different from a medical information system, the use of data therein would require the explicit consent of the patient and the medical practitioner.

57. Mr WONG Kwok-hing further asked if ID's existing database could be used for checking patients' residency status. USFH advised that the existing patient information system was not connected to ID's database, therefore funding was sought for developing and implementing a new system.

58. Assistant Director (Information System) (AD(IS)) explained that with the proposed system, staff of the Department of Health or Hospital Authority would key in the patient's identity card number which would be transmitted to ID's information system for checking. The ID's system would confirm within seconds whether the patient had a valid resident status on the day.

59. The Chairman asked about the number of holders of non-permanent resident identity card, and the extent of abuse of subsidized medical services among these people. AD(IS) said since 1987, more than 900 000 non-permanent Hong Kong resident identity cards had been issued. USFD said that rate of abuse was about 0.05% involving default of medical fees of about \$20 million each year.

60. The Chairman put the item to vote. The Committee approved the item.

61. The meeting was adjourned at 4:28 pm.

Legislative Council Secretariat

24 October 2011