

**立法會**  
**Legislative Council**

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seen by the Administration)

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**Establishment Subcommittee of the Finance Committee**

**Minutes of the 4<sup>th</sup> meeting**  
**held in Conference Room 1 of Legislative Council Complex**  
**on Wednesday, 7 December 2011, at 8:30 am**

**Members present:**

Dr Hon Margaret NG (Chairman)  
Dr Hon PAN Pey-chyou (Deputy Chairman)  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Hon CHEUNG Man-kwong  
Hon WONG Yung-kan, SBS, JP  
Hon LAU Kong-wah, JP  
Hon LI Fung-ying, SBS, JP  
Hon WONG Ting-kwong, BBS, JP  
Prof Hon Patrick LAU Sau-shing, SBS, JP  
Hon WONG Sing-chi  
Hon IP Wai-ming, MH  
Hon Mrs Regina IP LAU Suk-yee, GBS, JP

**Member absent:**

Dr Hon David LI Kwok-po, GBM, GBS, JP

**Public Officers attending:**

Ms Alice LAU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mrs Ingrid YEUNG, JP	Deputy Secretary for the Civil Service (1)
Miss Elizabeth TSE, JP	Permanent Secretary for Commerce and Economic Development (Communications and Technology)
Mr Joe WONG, JP	Deputy Secretary for Commerce and Economic Development (Communications and Technology)
Ms Ida LEE	Principal Assistant Secretary for Commerce and Economic Development (Communications and Technology)B
Miss Eliza LEE, JP	Director-General of Telecommunications, Office of the Telecommunications Authority
Mr Vincent LIU, JP	Commissioner for Television and Entertainment Licensing
Mrs Erika HUI, JP	Commissioner for Narcotics, Security Bureau
Mr Eric LEE	Principal Assistant Secretary (Narcotics)2, Security Bureau
Mrs Pamela TAN, JP	Director of Home Affairs
Mr Jack CHAN, JP	Deputy Director of Home Affairs (2)
Ms Sharon HO, JP	Assistant Director of Home Affairs (4)
Dr York CHOW, GBS, JP	Secretary for Food and Health
Mr Richard YUEN, JP	Permanent Secretary for Food and Health (Health)
Mr Chris SUN	Deputy Secretary for Food and Health (Health)

**Clerk in attendance:**

Ms Annette LAM	Chief Council Secretary (1)7
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**Staff in attendance:**

Mrs Constance LI	Assistant Secretary General 1
Ms Emily CHAN	Council Secretary (1)8
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Ms Clara LO	Legislative Assistant (1)10

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The Chairman advised that if this meeting could not deal with all the agenda items, an additional meeting would be held on 9 December 2011 to deal with the unfinished business.

2. The Chairman drew members' attention to the information paper (ECI(2011-12)9) provided by the Administration which set out the latest changes in the directorate establishment approved since 2002.

**EC(2011-12)10      Proposed establishment of the Office of the Communications Authority through merging the Office of the Telecommunications Authority and relevant divisions of the Television and Entertainment Licensing Authority**

3. The Chairman advised that the Administration's proposal was to establish the Office of the Communications Authority (OFCA) through merging the Office of the Telecommunications Authority and relevant divisions of the Television and Entertainment Licensing Authority. She informed members that the Panel on Information Technology and Broadcasting had been consulted on the proposal at its meeting on 14 November 2011. Panel members in principle supported the proposal. They noted that there would be two funding sources for OFCA. Business in relation to the Communications Authority (CA) would be funded by the OFCA Trading Fund, while expenditure for non-CA functions would be drawn from the general revenue head of "Office for films, Newspapers and Articles Administration". Expenditure in respect of staff supporting both CA and non-CA functions would be apportioned between the two funding sources in accordance with the proportion of their duties devoted to each side's business. As some Panel members had expressed concern about the complexity and the lack of transparency in executing the separate funding arrangement, the Administration had explained that such mode of funding arrangement was common in other Government departments. To ensure transparency and accountability, the annual financial accounts of the future OFCA Trading Fund would be audited by the Director of Audit and submitted to the Legislative Council.

4. The item was voted on. Members agreed that the Subcommittee should recommend the item to the Finance Committee (FC).

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**EC(2011-12)11      Proposed creation of one permanent post of Administrative Officer Staff Grade C (D2) in the Narcotics Division of the Security Bureau with effect from 13 February 2012 to support the sustained implementation of anti-drug initiatives to combat drug abuse problem**

5.      The Chairman advised that the Administration's proposal was to create a permanent post of Administrative Officer Staff Grade C (AOSGC) (D2) in the Narcotics Division (ND) of the Security Bureau with effect from 13 February 2012 to support the sustained implementation of anti-drug initiatives to combat drug abuses.

6.      The Chairman informed members that the Panel on Security had discussed the proposal at its meeting on 7 November 2011. Some Panel members expressed doubts about the need for a permanent post and requested the Administration to provide indicators and statistics for assessing the performance of ND and the effectiveness of its anti-drug work.

7.      In response to the Chairman's enquiry, Commissioner for Narcotics said pursuant to Panel members' request, the Administration had addressed the issues in its paper (EC(2011-12)11) to the Subcommittee.

8.      The item was voted on. Mr CHEUNG Man-kwong indicated that he abstained from voting. Members agreed to recommend the item to FC for approval.

**EC(2011-12)12      Proposed creation of one supernumerary post of Administrative Officer Staff Grade C (D2) in the Home Affairs Department for three years with effect from 6 January 2012 in undertaking the legislative exercise to establish a licensing regime for the property management industry and reviewing the Building Management Ordinance**

9.      The Chairman advised that the Administration's proposal was to create a supernumerary AOSGC (D2) post in the Home Affairs Department (HAD) for three years with effect from 6 January 2012 to undertake the legislative exercise to establish a licensing regime for the property management industry and review the Building Management Ordinance (BMO) (Cap. 344).

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10. The Chairman informed members that the Panel on Home Affairs had been consulted on the proposal at its meeting on 15 November 2011 and that Panel members raised no objection to the proposal. Some Panel members however questioned whether the duties of the proposed supernumerary AOSGC post could be absorbed by the existing directorate officers who were overseeing and familiar with matters relating to building management. According to the Administration, the other AOSGCs in HAD were already fully occupied with the new initiative and on-going commitments of their own work schedule, and therefore had no spare capacity to absorb the additional complex tasks associated with the regulation of property management industry and review of the BMO.

11. Mr IP Wai-ming said that he was not a member of the Panel on Home Affairs and had not participated in the Panel discussion. He questioned the need for the creation of the proposed supernumerary AOSGC post and the related non-directorate support staff. He said that according to his observation, supernumerary posts were very often extended and eventually converted into permanent posts. He asked whether the proposed supernumerary AOSGC post would be converted to a permanent post in the future.

12. Director of Home Affairs (DHA) replied that a dedicated small team led by an AOSGC was considered necessary to undertake the heavy policy-making duties and legislative work arising from the introduction of a regulatory regime for the property management industry and the review of the BMO. The proposed AOSGC would be supported by a small team of two additional non-directorate staff, viz. one Senior Administrative Officer and one non-civil service contract (NCSC) staff, together with one Liaison Officer I and another NCSC staff through internal redeployment. The supernumerary AOSGC post would lapse upon the completion of the relevant legislative work, and the Administration had no intention of converting the time-limited supernumerary post into a permanent one.

13. Prof Patrick LAU declared that he was a former member of the Security and Guarding Services Industry Authority which had discussed at various meetings issues relating to property management. He expressed support for the staffing proposal and suggested the Administration to regularly brief members on the overall situation of directorate staff establishment, including the addition and deletion of supernumerary and permanent posts, to provide members with an overview.

14. Ir Dr Raymond HO shared the view that the Administration should provide the Subcommittee with an information paper at the beginning of each

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legislative year setting out the staffing proposals likely to be submitted in the legislative year. He said that the Public Works Subcommittee (PWSC) received a list of potential capital works items to be submitted to PWSC early in the legislative year.

15. Deputy Secretary for the Civil Service (1) advised that the Administration had provided an information paper (ECI(2011-12)6) to the Subcommittee in October 2011 updating members on the overall directorate establishment position and giving advance information on possible proposals for the creation and deletion of directorate posts in the 2011-2012 legislative session. She explained that supernumerary posts were created on a time-limited basis to undertake time-specific work/projects in the light of operational need, and the posts would lapse upon the completion of the tasks. Any extension/deletion of such posts and their conversion into permanent posts would depend on functional needs and nature of work. She undertook to provide a paper on the position update of the supernumerary posts created/extended/lapsed and those converted into permanent posts over the past few years.

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16. The Chairman said that members had expressed concern about the considerations for creating supernumerary posts, the conversion of supernumerary posts to permanent posts, and the Administration's efforts in containing the size of the civil service in previous discussions. She suggested and members agreed that after the Administration had provided the information, the Subcommittee would decide whether the matter should be further discussed.

17. The item was voted on. Members agreed that the Subcommittee should recommend the item to FC for approval.

**EC(2011-12)13      Proposed creation of two supernumerary posts of one Administrative Officer Staff Grade B (D3) and one Administrative Officer Staff Grade C (D2) in the Health Branch of the Food and Health Bureau for three years for leading and overseeing a dedicated and time-limited Healthcare Planning and Development Office**

18. The Chairman advised that the Administration's proposal was to create two supernumerary directorate posts, namely one AOSGB (D3) and one AOSGC (D2) in the Health Branch of the Food and Health Bureau for three years for leading and overseeing a dedicated and time-limited Healthcare

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Planning and Development Office (HPDO).

19. The Chairman informed members that the Panel on Health Services (HS Panel) had been consulted on the proposal at its special meeting on 24 November 2011. Some Panel members supported the proposal and were of the view that the establishment of a dedicated office to formulate detailed recommendations for taking forward the Health Protection Scheme (HPS) proposal would facilitate deliberations on the issue of healthcare financing. Other members considered the proposed name of the office, Health Protection Scheme Office, inappropriate as its functions were not limited to taking forward the HPS proposal but included reviewing healthcare manpower strategy and facilitating healthcare service development. Some Panel members objected to the staffing proposal. While they agreed that the Administration should strengthen long-term planning for healthcare manpower and step up the regulation of private hospitals, they considered it premature to establish a dedicated office to take forward the HPS proposal since there was no community consensus about the HPS. There were also doubts on whether the HPS could relieve the pressure on the public healthcare system, and concerns that the implementation of HPS would aggravate the braindrain of healthcare professionals from the public to the private sector. These members were of the view that instead of spending on HPS, the resources should more gainfully be deployed for improving the public healthcare system and its services. At the Panel meeting, nine members voted for and five members voted against the staffing proposal.

20. Mr CHEUNG Man-kwong said that paragraph 26 of the Administration's paper EC(2011-12)13 stated that members of HS Panel had no objection to the related directorate staffing proposal, and this was inaccurate. He pointed out that five members had voted against the Administration's proposal at the HS Panel meeting on 24 November 2011. Referring to the findings of the telephone survey commissioned by the Food and Health Bureau in 2010, Mr CHEUNG said that there was no public consensus on taking forward the HPS proposal. He expressed disappointment that the Administration had not paid heed to members' request for further public consultation before proceeding with the HPS.

21. Secretary for Food and Health (SFH) responded that the Healthcare Reform Public Consultation had been conducted in two stages from 2008 to 2010. There was broad-based community support for strengthening the public healthcare system as the core, complemented by a competitive and vibrant private healthcare sector. There were also calls in the community for reforming the private healthcare sector to enhance the long-term sustainability of the healthcare system. Some members of the public supported the

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introduction of HPS to enhance transparency, market competition and efficiency of the private healthcare sector. He said that although views were diverse on implementation details and procedures, political parties generally supported the Government's healthcare reform direction. The HS Panel also supported the three-pronged approach to take forward the reform initiatives through conducting a strategic review on healthcare manpower planning and professional development, formulating detailed proposals on HPS supervisory framework, and taking measures to facilitate healthcare service development. In view of the tight timeframe, dedicated and extensive efforts were required to drive the various initiatives under the three-pronged approach. The complex, multi-faceted and inter-woven nature of the tasks under the three-pronged action plan called for the establishment of a dedicated and time-limited HPDO with directorate leadership at appropriate levels. Responding to members' views expressed at the HS Panel meeting on 24 November 2011, the Administration had changed the name of the proposed dedicated office from to HPDO to better reflect its multifarious functions.

22. Mr CHEUNG Man-kwong said that he had no objection to the Administration's three-pronged approach to take forward the healthcare reform. However, he questioned the suitability of using the \$50 billion earmarked fiscal reserve to encourage the public to participate in HPS. He was concerned that the implementation of HPS would result in a significant expansion of the private healthcare and insurance markets, leading to an escalation in premium levels and substantial increase in medical costs, thereby driving up medical inflation and benefiting the participating insurers and private healthcare providers at the expense of the general public. He was particularly concerned whether the elderly and retirees could afford the high premium in face of medical inflation. Mr CHEUNG further pointed out that the expansion of the private healthcare sector would lead to an increasing number of Hospital Authority (HA)'s experienced doctors, specialists and healthcare professionals moving over to private hospitals, undermining HA's ability to cater for needy patients who relied on the public system for their healthcare needs. Referring to the recent spate of medical incidents in public hospitals, such as Tuen Mun Hospital, he said that the Administration should use the \$50 billion on improving the public healthcare system to address the pressing problems of manpower shortage and the lowering of the quality and standards of service in public hospitals.

23. Mr WONG Ting-kwong expressed a similar concern and said that the Administration should formulate long-term healthcare manpower strategy to ensure an adequate supply of healthcare professionals to meet future demands and support the development of both the public and private healthcare sectors.

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24. SFH responded that HPS was intended to complement the public system, which would remain the cornerstone of the healthcare system. While taking forward the healthcare reform, the Government's commitment to the public system would only increase, not decrease. The Government would sustain and strengthen the public healthcare system, including its role as a healthcare safety net for the whole population, as evidenced by the increase in Government funding for health services in recent years. Healthcare recurrent expenditure, totaling \$39.9 billion in the 2011-2012 fiscal year and currently accounted for 16.5 per cent of the Government's recurrent expenditure, was set to further increase as the Government had pledged to increase the ratio to 17 per cent by 2012. He added that the government-regulated health insurance would help enhance price transparency, market competition, value-for-money and consumer protection in private insurance and private healthcare services. A robust regulatory regime would be put in place to ensure consumer protection while enabling the private healthcare sector to develop on a sustainable basis.

25. On the provision of public subsidy to encourage the uptake of HPS plans, SFH said that the Financial Secretary had pledged in the 2008-2009 Budget to draw \$50 billion from the fiscal reserve to support healthcare reform after the supplementary healthcare financing arrangements had been finalized for implementation. One option would be to inject the money as start-up capital to subsidize every citizen who joined the HPS. He said that one of the functions of HPDO was to explore and formulate proposals for the provision of public subsidy by using the \$50 billion fiscal reserve, in consultation with relevant stakeholders. SFH further pointed out that although about 2.5 million people (about one-third of Hong Kong population) had some form of health insurance coverage provided by employers or purchased on their own, the medical insurance benefits they received in general would not be enough to cover the medical expenses at private hospitals and many were still forced to turn to public healthcare system. He said that the introduction of HPS could help provide value-for-money choices to the community, encouraging more people to use private healthcare services as an alternative on a more sustainable basis. This would indirectly ease the pressure on public healthcare system. Apart from enhancing the sustainability of the entire healthcare system, the implementation of HPS would also benefit those who depended on the public system for their healthcare needs and enable the public system to better focus on its target areas and population groups, such as acute and emergency care, services for high risk and under-privileged groups, treatment for chronic diseases, as well as training for healthcare professionals.

26. Regarding the concern about medical inflation, SFH said that the root cause was rising cost of healthcare services and advances in the medical

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technology. He pointed out that healthcare cost was likely to continue to rise in the future and probably would be even more so in the absence of regulation of private healthcare and private insurance. The introduction of government-regulated HPS would better enable the elderly and retirees to afford continuous health protection as they entered into a stage in life when they needed it most. He assured members that the Administration would continue its effort in containing medical cost so that patients would not be denied of proper medical care due to a lack of means. A supervisory framework for HPS would be put in place and effective measures underpinned by legislation would be developed to regulate private health insurers and private healthcare service providers to safeguard consumer interests.

27. As regards brain drain from the public to the private healthcare system, SFH stressed that public healthcare services would remain the cornerstone of the healthcare system. He said that the introduction of the HPS would not undermine the quality of public healthcare services, as the Administration would continue to strengthen the public healthcare system through continued investment. He added that as an important role of HA was to train healthcare professionals for the territory, staff turnover was natural as some of these professionals might choose to leave HA after training. While some specialties of HA recorded a higher turnover recently, the annual turnover rate of doctors in HA was within the normal range. To address the manpower shortage in the short-term, HA would invite retired doctors to take up part-time employment in HA and recruit overseas doctors with limited registration to serve in public hospitals. HA would closely monitor the staff turnover rate and continue to accord the highest priority to improving staff retention and strengthening the workforce through the implementation of various measures. SFH further advised that a high-level steering committee would be set up to conduct a strategic review on healthcare manpower planning and professional development. It would formulate proposals to ensure manpower supply to meet known and projected demand for healthcare personnel, and would strengthen professional training and uphold the standards of various healthcare professions with a view to ensuring the healthy and sustainable development of the healthcare system.

28. Mr WONG Ting-kwong expressed support for the creation of the two supernumerary directorate posts and the early establishment of a dedicated HPDO for taking forward the three-pronged action plan, including formulating proposals on the use of the \$50 billion earmarked fiscal reserve. He stressed that the Administration should give careful considerations to the arrangements to avoid criticisms and allegations of transfer of interests to the private insurance and private healthcare sectors.

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29. SFH assured members that under the HPS supervisory framework, measures would be put in place requiring the participating insurers and private healthcare service providers to be transparent in the setting and adjustment of premiums, insurance costs, and medical charges. This would help enhance consumer protection and avoid participating insurers from raking up huge profits from the scheme.

30. Dr PAN Pey-chyou expressed support for the Administration's three-pronged approach to drive the various healthcare reform initiatives. In response to Dr PAN's enquiry about the future work plan of HPDO, SFH said that the Administration aimed to complete the necessary preparatory works by the first half of 2013 for public consultation, and would then proceed with the necessary legislative process in 2014. SFH added that the Administration would continue to take forward various healthcare service reform proposals including enhancing primary care, promoting public-private partnership, developing electronic health record sharing and strengthening public healthcare safety net.

31. While supporting the proposal, Ir Dr Raymond HO expressed concern about healthcare manpower planning, the long-term development of healthcare services and essential infrastructure, as well as the purchase of medical equipment to support healthcare services.

32. SFH responded that the HPDO would seek to facilitate the development of essential infrastructure to support healthcare services, including the disposal of land for private hospital development, and strengthening infrastructural support for the healthcare system to ensure sufficient healthcare manpower supply and private healthcare service capacity. The Food and Health Bureau was also responsible for policy matters relating to the development of hospitals (both public and private), and monitoring of public hospital development programme. SFH added that experts from HA would provide professional and technical input for the purchase of medical equipment for the public healthcare system, ensuring that the medical equipment of the public system met international standard and was value-for-money.

33. The item was voted on. Members agreed to recommend the item to FC. Mr CHEUNG Man-kwong requested that the item be voted on separately at the FC meeting on 6 January 2012.

34. The Chairman said that as all the items on the agenda had been considered at this meeting, it was not necessary to hold an additional meeting on 9 December 2011.

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35. There being no other business, the meeting ended at 9:25 am.

Council Business Division 1  
Legislative Council Secretariat  
5 January 2012