

**立法會**  
**Legislative Council**

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**Establishment Subcommittee of the Finance Committee**

**Minutes of the 7<sup>th</sup> meeting**  
**held in Conference Room 1 of Legislative Council Complex**  
**on Friday, 24 January 2014, at 8:30 am**

**Members present:**

Hon Mrs Regina IP LAU Suk-yee, GBS, JP (Chairman)  
Hon Kenneth LEUNG (Deputy Chairman)  
Hon WONG Ting-kwong, SBS, JP  
Hon Starry LEE Wai-king, JP  
Hon WONG Kwok-kin, BBS  
Hon LEUNG Kwok-hung  
Hon Steven HO Chun-yin  
Hon YIU Si-wing  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung  
Hon SIN Chung-kai, SBS, JP  
Hon IP Kin-yuen  
Hon Martin LIAO Cheung-kwong, JP  
Hon POON Siu-ping, BBS, MH  
Hon TANG Ka-piu  
Hon CHUNG Kwok-pan

**Member attending:**

Hon Tony TSE Wai-chuen

**Members absent:**

Hon Emily LAU Wai-hing, JP  
Hon Christopher CHEUNG Wah-fung, JP

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**Public Officers attending:**

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| Ms Esther LEUNG, JP         | Deputy Secretary for Financial Services and the Treasury (Treasury)1               |
| Mr Eddie MAK Tak-wai, JP    | Deputy Secretary for the Civil Service (1)   |
| Mr Duncan Warren PESCOD, JP | Permanent Secretary for Transport and Housing (Housing)                            |
| Mr Vincent TANG             | Principal Assistant Secretary for Transport and Housing (Housing) (Policy Support) |
| Miss Annie TAM, JP          | Permanent Secretary for Labour and Welfare   |
| Mr Donald CHEN              | Deputy Secretary for Labour and Welfare (Welfare)                                  |
| Ms Jane LEE                 | Principal Assistant Secretary for Labour and Welfare (Poverty)                     |

**Clerk in attendance:**

|                 |                              |
|-----------------|------------------------------|
| Ms Connie SZETO | Chief Council Secretary (1)4 |
|-----------------|------------------------------|

**Staff in attendance:**

|                 |                                   |
|-----------------|-----------------------------------|
| Mr Andy LAU     | Assistant Secretary General 1     |
| Mr Hugo CHIU    | Council Secretary (1)4            |
| Ms Alice CHEUNG | Senior Legislative Assistant (1)1 |
| Ms Clara LO     | Legislative Assistant (1)9        |

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The Chairman drew members' attention to the information paper ECI(2013-14)13 which set out the latest changes in the directorate establishment approved since 2002.

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**EC(2013-14)20 Proposed creation of one supernumerary post of Administrative Officer Staff Grade C (D2) in the Housing Department for two years with effect from 1 April 2014 to cope with the increased workload relating to the implementation of recommendations arising from the Long Term Housing Strategy review**

2. The Chairman said that the Administration's proposal, which was carried over from the last meeting of the Subcommittee on 15 January 2014, was to create one supernumerary post of Administrative Officer Staff Grade C (D2) in the Housing Department (HD) for two years with effect from 1 April 2014 to head a Special Duty Unit in coping with the increased workload relating to the implementation of recommendations arising from the Long Term Housing Strategy (LTHS) review.

3. The Chairman advised that the Panel on Housing had been consulted on the proposal at its meeting on 2 December 2013 and 6 January 2014. While Panel members did not oppose to the Administration submitting the proposal for consideration by the Subcommittee, some Panel members considered that it might be premature to consider the current staffing proposal at this stage given that the Long Term Housing Strategy Steering Committee (the Steering Committee) had not yet submitted its report to the Government and the way forward was not yet known. At the Panel meeting on 6 January 2014, the Administration undertook to provide supplementary information on the policy issues that the proposed supernumerary post would address during his/her term. The supplementary information was issued to Members vide LC Paper No. CB(1)724/13-14(01) on 14 January 2014.

Justifications for and duties of the proposed post

4. Mr WONG Kwok-kin declared that he was a Member of the Hong Kong Housing Authority (HKHA). He expressed support for the proposal given that there would be lots of follow-up work arising from the consultation report of the Steering Committee, the public had a strong demand for public rental housing (PRH), and the current-term Government would introduce a number of measures relating to PRH. Thus, it would be necessary to strengthen the manpower resources of HD. Mr WONG sought details of the duties and responsibilities of the proposed supernumerary AOSGC post.

5. Permanent Secretary for Transport and Housing (Housing) (PSTH(H)) responded that the Administration had provided supplementary information to Members on 14 January 2014 on the policy issues which the holder of the proposed post would address during the two-year term. He highlighted the main duties of the proposed post as follows:

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- (a) To co-ordinate both within HD and with other relevant government bureaux/departments (B/Ds) on the formulation and implementation of the new housing-related initiatives under LTHS review, and to ensure that the relevant B/Ds accorded appropriate attention to such initiatives and issues;
- (b) To review and examine issues covered in LTHS consultation document and other related issues, including how the proposed increase of public housing supply target from 179 000 to 280 000 units for the coming ten years could be achieved, how the Quota and Points System (QPS) should be refined, whether the Well-off Tenants Policies and the Under-occupation Policy should be tightened so as to avoid abuse of public housing resources;
- (c) To examine issues that were not currently Government policy, including the issue of rent control and security of tenure, as well as the proposed licensing or landlord registration system for sub-divided units (SDUs);
- (d) To set up the framework and plan for conduct of future LTHS reviews, such as the mode and frequency for review of the housing demand and supply; and
- (e) To liaise with the relevant housing delivery agents, including HKHA, the Hong Kong Housing Society (HKHS) and the Urban Renewal Authority (URA) to follow up on the agreed initiatives so as to take forward LTHS, as well as with the private sector on how it could contribute to the proposed housing supply target and participate in the provision of subsidized sale flats.

6. Mr Kenneth LEUNG declared that he was a Member of HKHA from 2007 to 2013. While adopting an open attitude on the proposal, Mr LEUNG questioned the need to create the proposed post. As the major duties of the post holder would be to conduct reviews and examine issues relating to the Steering Committee's recommendations, he opined that such matters could be discussed and taken forward by HKHA and its committees and that the Principal Assistant Secretary (Housing) (Policy Support)/Assistant Director (Policy Support) who was currently heading the current LTHS Sub-division could continue to take up duties relating to the LTHS review. Moreover, Mr LEUNG considered that the Administration should provide a concrete timetable for implementing the Steering Committee's recommendations, and expressed concern how holder of the proposed post could deliver his/her work in the absence of the timetable.

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7. PSTH(H) responded that while some recommendations of the Steering Committee would involve the work of HKHA (e.g. the review of QPS, Well-off Tenants Policies and Under-occupation policy), a number of the Steering Committee's recommendations were actually outside the purview of HKHA. The proposed post would deal with policy areas and issues in a much wider context. For instance, the post holder would need to study issues on whether SDUs should be regulated through the establishment of a licensing or a landlord registration system and whether rent control and security of tenure should be re-introduced. He/she had to co-ordinate and liaise with other B/Ds, housing delivery agents like HKHS and URA as well as the private sector on the production of subsidized housing units and private housing issues. A lot of these duties would be outside the purview of HKHA.

8. Dr KWOK Ka-ki considered it necessary for the Administration to set concrete targets for the proposed post, such as the number of new housing units and PRH units to be produced and the timeframe concerned, and give clear undertaking to meet these targets. As the Administration had stressed that flats production hinged on the supply of land, Dr KWOK questioned whether it would be more appropriate to strengthen the directorate manpower in the Development Bureau (DEVB) to facilitate identification of housing land. Dr KWOK further urged the Administration to provide housing for residents living in SDUs instead of tightening the control on SDUs. It was also important for the Administration to establish an effective housing ladder so that sitting tenants of PRH could buy their own flats and release their PRH units to those in the Waiting List.

9. PSTH(H) said that HD would strive to meet the new public housing target as set out in this year's Policy Address. He stressed that a lot of preparatory work would be needed before the construction of housing could take place on a site. Such work included going through the rezoning process, consultation with the District Councils concerned, and examining issues on traffic, infrastructural capacities, and community facilities etc. PSTH(H) added that increasing land and housing supply were both important in addressing the housing needs of the community in the long term. While DEVB was responsible for securing land for building flats, HD needed to have sufficient land, manpower and other resources to build flats and to liaise with the local community for the housing projects to go ahead. Moreover, the Administration was mindful of the need to create a housing ladder, and to this end was determined to increase the production of Home Ownership Scheme (HOS) flats. He reiterated that co-ordination with the relevant B/Ds would be required to ensure that they would accord priority to the new housing initiatives under LTHS. The holder of the proposed post would need to deal with a number of policy issues arising from the LTHS review. Among those,

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he/she would be expected to be involved in the review of the Well-off Tenants Policies and devise measures to address abuse of PRH resources. On the regulation of SDUs, the Administration agreed that increase in housing supply was the best solution to tackle this problem. The Administration would also examine whether a licensing or a landlord registration system should be put in place to regulate the safety standards and living conditions of SDUs and whether rent control and security of tenure should be introduced for such accommodation.

10. Mr LEUNG Kwok-hung said that he was opposed to the proposal as the Chief Executive (CE) had not honoured his promise in the election manifesto on increasing the housing supply and there were deficiencies in his policies. He further criticized the Administration's work in addressing the problem of SDUs. Referring to a previous initiative of the Administration to convert industrial buildings for providing housing to residents of SDUs which was not pursued eventually due to its impracticality, Mr LEUNG enquired about the resources spent on studying this initiative and the regulation of SDUs.

11. PSTH(H) responded that the study on the feasibility of converting industrial buildings for residential use was under the responsibility of DEVB. Regarding Mr LEUNG Kwok-hung's enquiries, PSTH(H) said that HD did not have the relevant information as the study was carried out by DEVB and the inspection and regulation of SDUs was carried out by the Buildings Department and the Fire Services Department.

Manpower resources in the Housing Department

12. Mr POON Siu-ping pointed out that a staff union of HD had recently organized a petition expressing dissatisfaction about arrangements for the promotion of certain directorate posts in HD. Mr POON expressed concern about the manpower situation in HD given that the establishment in HD had been downsized from some 12 000 in January 2003 to some 9 000 as at December 2013. In light of the Administration's initiative to increase housing supply, he enquired whether HD had plans to increase its establishment to meet relevant targets, in particular the number of non-directorate staff. Sharing Mr POON's concern, the Chairman remarked that staff of HD had requested the Administration to address the manpower shortage problem, especially in the non-directorate level, to meet the surge in workload arising from the increase in flat production targets.

13. Mr Tony TSE expressed support for the proposal to meet public aspiration for increasing housing supply and enhancing the role of public housing. Mr TSE enquired about the reasons for creating the proposed

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supernumerary post for only two years given the fact that it would take a much longer time to implement the recommendations of the Steering Committee. Furthermore, he shared members' concern about the stringent manpower situation in HD and suggested HD to increase its establishment as necessary. He was concerned that filling the proposed eight non-directorate supernumerary posts to be created in the Special Duty Unit through redeployment of existing HD staff could further stretch the tight manpower situation in the department.

14. PSTH(H) responded that HD management had been maintaining regular liaison with staff associations on manpower issues. Regarding the duration of the proposed post, he explained that the Administration considered that a two-year period was reasonable for addressing the key policy issues relating to the LTHS review. The Administration would review the need for extending the post nearer to the expiry of the two-year period. On the manpower situation of HD, PSTH(H) said that the Administration was aware of the pressure faced by staff arising from the heavy workload and had been taking measures to address the situation. In order to meet HKHA's housing production targets, over 300 new posts had been created in the last couple of years in the Development and Construction Division and the Estate Management Division of HD and over 90% of these posts were on the construction side. HD would continue to strengthen its non-directorate establishment this year through the regular Resource Allocation Exercise and a staffing proposal for creating three permanent directorate posts in the professional discipline would be submitted to the Subcommittee for consideration soon. PSTH(H) added that to tie in with the different stages of the housing construction process, HD would recruit the relevant staff including professional, semi-professional and non-professional staff of various disciplines at appropriate time to meet its operational needs. While ad hoc and non-recurrent tasks could be absorbed by temporary redeployment of existing HD staff, HD would need to seek additional resources to meet its manpower requirements in the longer term. PSTH(H) took note of members' view on the need to strengthen HD's manpower resources and said that HD would keep in view its manpower situation having regard to the new flat production targets and seek additional manpower resources as necessary.

15. In response to the Chairman's enquiry about details of the new non-directorate posts created/to be created in HD, PSTH(H) said that apart from the five directorate posts created in the last two years and the three directorate posts to be created in 2014, all the new posts belonged to professional and semi-professional grades and staff were recruited at both junior and senior ranks. However, he did not have at hand information on the exact number of junior and senior rank posts. He added that holders of the semi-professional and non-professional posts had to possess the relevant skills.

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HD also had put in place an apprenticeship programme for training relevant staff.

Measures to meet the new housing supply targets

16. Dr KWOK Ka-ki pointed out that issues covered in the Consultation Document of the Steering Committee were nothing new, and expressed disappointment that the Document had not proposed significant changes to certain important indicators like the housing supply target in the coming ten years and the split between public and private housing supply. As construction of flats took time, Dr KWOK was concerned that the increase in housing supply could not address the pressing needs of the community.

17. Noting that the Steering Committee had proposed a new housing supply target of 470 000 units for the next ten years, Mr CHUNG Kwok-pan enquired about the timetable for delivering the new housing units and the anticipated peak time of the construction works. He pointed out that the new target would have implications on the construction industry and expressed concern about how HD could meet the new target in view of the tight manpower situation in the industry.

18. PSTH(H) clarified that the proposed target of 470 000 units for the coming ten years consisted of both public and private housing with the former accounting for 60%. As far as public housing (i.e. PRH and HOS units) was concerned, the target was around 280 000 units. He stressed that HD was committed to increasing the production of public housing. HD had already committed to the production of flats to achieve the production targets of 179 000 PRH and 17 000 HOS units as previously pledged. It was currently formulating measures to meet the challenge arising from the new target of 280 000 public housing as stated in this year's Policy Address. In respect of HOS flats, the supply would be increased from the total of 17 000 units over the period of 2016-17 to 2019-20 to about 8 000 units per year. As regards the timetable for delivering the public housing units, PSTH(H) said that flat production would not be a flat line over the years and HD would start housing development on a site once it was available. The Administration would also address the issue of abuse of public housing resources in order to recover more PRH units for allocation. On the concern about the manpower constraints in the construction industry, PSTH(H) said that the Administration was aware of the existing stringent manpower situation in the industry. DEVB had joined hands with the Construction Industry Council and the local tertiary institutions to attract more new blood to the construction industry and enhance training for workers. HD would also explore greater use of advanced construction methodologies and technologies to reduce the manpower requirements in the production of flats. As regards the supply of private housing which



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accounted for 40% of the total target of 470 000 units for the next ten years, PSTH(H) remarked that the Administration's commitment was to provide sufficient land for the private sector to produce 200 000 units within ten years. The Administration would strive to ensure that the target could be met.

19. The item was voted on. Members agreed that the Subcommittee agreed to recommend the item to the Finance Committee (FC) for approval. Mr LEUNG Kwok-hung said that he was against the proposal.

**EC(2013-14)21 Proposed retention of one supernumerary post of Administrative Officer Staff Grade C (D2) in the Labour and Welfare Bureau from 10 March 2014 to 30 June 2017 to continue providing dedicated support to the work on poverty alleviation**

20. The Chairman said that the Administration's proposal was to retain one supernumerary post of Administrative Officer Staff Grade C (D2) in the Labour and Welfare Bureau (LWB) from 10 March 2014 to 30 June 2017 to continue providing dedicated support to the work on poverty alleviation.

21. The Chairman advised that that the Panel on Welfare Services had been consulted on the proposal at its meeting on 9 December 2013. Panel members supported the proposal in principle. Noting that the proposed post had been created since March 2008, some Panel members urged the Administration to consider the need to convert the post to a permanent post in a future review.

Government's efforts on alleviating poverty

22. Dr KWOK Ka-ki remarked that some of the poverty alleviation measures under implementation and proposed in the 2014 Policy Address had aroused public controversies. These included criticisms about the ineligibility of singletons for the Low-income Working Family Allowance (LIFA), the small number of children benefited from the Child Development Fund (CDF) and the untimely support provided by the Fund to needy children in meeting their educational needs. Dr KWOK also expressed dissatisfaction over the unduly long time taken by the Administration to study the issue of retirement protection and enquired about the Administration's response to the consultancy study on retirement protection led by Professor Nelson CHOW which was commissioned by the Commission on Poverty (CoP). With the rise in poverty population, Dr KWOK queried how the proposed post would help tackle the poverty problem, and whether the Administration would work out concrete targets, measures and a relevant implementation timetable to

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alleviate poverty.

23. Permanent Secretary for Labour and Welfare (PS for LW) responded that the proposed post was first created for three years in March 2008 and was retained in January 2011 for another three years up to March 2014. The Administration considered it necessary to retain the post to continue providing dedicated support for the work on poverty alleviation. She said that holder of the proposed post would continue to support the work of CoP and its task forces by providing policy input and coordinating contribution from parties concerned in relation to the deliberation and discussion of poverty alleviation measures and programmes. The post holder would also assist in pursuing LWB's poverty alleviation initiatives and coordinate the work among its various Teams and departments under its purview as appropriate, including the Labour Department (LD) and the Social Welfare Department (SWD). On the issue of retirement protection, PS for LW advised that Professor Nelson CHOW and his team would assess various retirement schemes on the basis of the multi-pillar approach advocated by the World Bank and submit a report to CoP in 2014. The Administration would follow up on the report and consider the way forward for retirement protection. As regards CDF, PS for LW pointed out that an additional \$300 million would be earmarked for CDF in the 2014-15 financial year to ensure the sustainable development of CDF projects. The Administration would seek approval of FC on the funding in due course. The holder of the post would plan for launching new CDF projects with the additional fund in pursuing CDF's objectives of assisting needy children to plan for their future. PS for LW added that all CDF projects had three key components, namely personal development plan, mentorship programme and targeted savings. To further extend the reach of CDF projects, the Administration planned to pilot the school-based approach to involve schools in operating CDF projects in addition to the mainstream approach where non-governmental organizations were the only operators of CDF projects.

Manpower resources for the work of poverty alleviation and the need of making the post permanent

24. Noting that one of the main focuses of the 2014 Policy Address was poverty alleviation, Mr TANG Ka-piu enquired whether the Administration would create more supernumerary directorate posts to support the work of poverty alleviation.

25. PS for LW pointed out that LWB had been involved in poverty alleviation work and it was envisaged that the workload would further increase in future. She reiterated that holder of the proposed post would be responsible for coordinating and supporting poverty alleviation work with colleagues in LWB, LD and SWD. In pursuing poverty alleviation work,

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LWB would keep in view its manpower situation and seek additional resources if necessary.

26. Mr YIU Si-wing expressed support for the proposal. Pointing out that poverty alleviation was an on-going task, Mr YIU questioned why the proposed post was not made permanent, which he considered would be conducive to the continuity and long-term planning of poverty alleviation work, as well as help install commitment from the post holder. He asked whether the duration of the post was actually tied with the current term of CoP. He opined that the Administration should review the continued need of the post in a timely manner, say, starting the review one year before the expiry of the post. Mr POON Siu-ping concurred with Mr YIU's view that the post should be made permanent. He also expressed concern about adequacy of manpower support in LWB for implementing various poverty alleviation programmes like the LIFA.

27. PS for LW responded that before the expiry of the proposed post in June 2017, the Administration would conduct a review on the manpower requirements in LWB for pursuing poverty alleviation initiatives, including the need to further extend the supernumerary post or convert it into a permanent post, and the appropriate ranking for the post. She took note of Mr YIU Si-wing's views that the Administration should commence review on the post in a timely manner. On the implementation of poverty alleviation programmes and projects, PS for LW pointed out that this would be taken up by various operating bodies and relevant departments. The proposed post was responsible for policy and co-ordination work in LWB on matters relating to poverty alleviation. LWB would discuss with the relevant departments on the necessary manpower requirements and assist them in seeking the required resources. PS for LW further confirmed that the number of non-directorate posts for supporting the proposed post would largely remain unchanged.

Implementation of the Low-income Working Family Allowance

28. Noting that the key parameters of the LIFA had been announced, Mr TANG Ka-piu enquired whether the Administration could seek funding from FC as early as possible so as to advance implementation of the scheme to September or October 2014 instead of 2015 as in the current plan.

29. PS for LW responded that as mentioned by CE in his 2014 Policy Address, although the Government had set the policy direction of the LIFA, given that the scheme would be a recurrent measure and involve a substantial amount of public funds as well as an extensive coverage, careful deliberation was required to work out the implementation details. It was important to ensure that the scheme had to meet the policy objective of providing

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appropriate assistance to low-income working families and encouraging employment on the one hand without distorting the labour market or undermining incentive to work on the other. Furthermore, it was necessary to formulate measures to avoid abuse of the scheme and to ensure focusing help to the most needy groups. The Administration was working out the implementation details, including the detailed eligibility criteria, application procedures, measures to protect privacy of data, internal guidelines and so on. The current target was to implement the LIFA in 2015.

30. Mr TANG Ka-piu expressed disappointment on the Administration's response and enquired whether the main reason was the difficulty in the recruitment of relevant staff. PS for LW reiterated that the LIFA entailed a recurrent financial commitment of the Government. The Administration would need to work out the implementation details and manpower requirements of the relevant departments (including the accommodation needs) before the scheme could be implemented. She added that the holder of the proposed post was the subject Principal Assistant Secretary in LWB for the scheme.

31. The Chairman noted from the 2014 Policy Address that the Administration planned to adopt 50% of the median monthly domestic household income as the LIFA's income threshold. However, she noted from paragraph 55 of the 2014 Policy Address that consideration would be given to provide a half-rate allowance for low-income families with a monthly income slightly higher than 50% of the median domestic household income. She pointed out that this seemed to impose a second definition of "poverty" through the LIFA, and expressed concern that this might create a bad precedent as most existing assistance programmes of the Government in general had adopted only one threshold. The Chairman enquired about the reason for setting two income thresholds, and expressed concern about possible disincentives where families might try to earn lower monthly incomes in order to obtain a higher amount of assistance under the LIFA.

32. PS for LW responded that members of CoP and those of its Social Security and Retirement Protection Task Force had discussed the major parameters of the LIFA. She added that the LIFA had its own policy objectives to complement those of the other existing assistance programmes like the Comprehensive Social Security Assistance Scheme. According to the initial thinking for the LIFA, if an applicant's family income was equivalent to or below 50% of the median monthly domestic household income and the applicant was a working member who met the working hour threshold, the family would be eligible for a full basic allowance of \$600 or \$1,000 per month depending on the applicant's monthly working hours. The half-rate allowance was provided to help prevent certain low-income families

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whose monthly income was slightly higher than 50% of the median domestic household income from falling into poverty. PS for LW took note of the Chairman's concern and said that the Administration would keep in view the possible impact of the LIFA.

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

34. The Chairman enquired whether it was necessary for the two proposals considered at this meeting to be voted on separately at FC meeting to be held on 21 February 2014. No members requested for the arrangement.

35. There being no other business, the meeting ended at 9:46 am.

Council Business Division 1  
Legislative Council Secretariat  
20 February 2014