

立法會
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Establishment Subcommittee of the Finance Committee

Minutes of the 7th meeting
held in Conference Room 1 of Legislative Council Complex
on Wednesday, 11 February 2015, at 8:30 am

Members present:

Hon Kenneth LEUNG (Chairman)
Hon SIN Chung-kai, SBS, JP (Deputy Chairman)
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Frederick FUNG Kin-kee, SBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon WONG Ting-kwong, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Starry LEE Wai-king, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon Claudia MO
Hon NG Leung-sing, SBS, JP
Hon Steven HO Chun-yin
Hon WU Chi-wai, MH
Hon YIU Si-wing
Hon Gary FAN Kwok-wai
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK
Hon CHAN Chi-chuen
Dr Hon Kenneth CHAN Ka-lok
Dr Hon KWOK Ka-ki
Hon Dennis KWOK

Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon IP Kin-yuen
Hon Martin LIAO Cheung-kwong, SBS, JP
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu, JP
Hon CHUNG Kwok-pan

Members absent:

Hon Albert HO Chun-yan
Hon Emily LAU Wai-hing, JP
Hon Cyd HO Sau-lan, JP
Hon CHEUNG Kwok-che
Hon WONG Kwok-kin, SBS
Hon Paul TSE Wai-chun, JP
Hon KWOK Wai-keung
Dr Hon Helena WONG Pik-wan

Public Officers attending:

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 Richard YUEN, JP	Permanent Secretary for Food and Health (Health)
Mr Sidney CHAN, JP	Head (eHealth Record), Food and Health Bureau
Ms Ida LEE	Deputy Head (eHealth Record), Food and Health Bureau
Mr CHEUK Wing-hing, JP	Director of Administration and Development, Department of Justice
Mr Benedict LAI, SBS, JP	Law Officer (Civil Law), Department of Justice
Mr Simon LEE	Deputy Law Officer (Civil Law), Department of Justice
Mr Eddie CHEUNG	Deputy Secretary for Financial Services and the Treasury (Financial Services)2
Mr Joseph LAI, JP	Permanent Secretary for Transport and Housing (Transport)
Mr Andy CHAN, JP	Deputy Secretary for Transport and Housing (Transport)2

Ms Macella LEE

Assistant Commissioner for Transport
(Management and Paratransit)

Clerk in attendance:

Ms Connie SZETO

Chief Council Secretary (1)4

Staff in attendance:

Ms Anita SIT

Assistant Secretary General 1

Mr Jason KONG

Council Secretary (1)4

Miss Yannes HO

Legislative Assistant (1)6

Ms Clara LO

Legislative Assistant (1)8

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The Chairman drew members' attention to the information paper ECI(2014-15)12 which set out the latest changes in the directorate establishment approved since 2002. He then reminded members that in accordance with Rule 83A of the Rules of Procedure ("RoP"), they should disclose the nature of any direct or indirect pecuniary interests relating to the funding proposals under discussion at the meeting before they spoke on the item. He also drew members' attention to RoP 84 on voting in case of direct pecuniary interest.

EC(2014-15)15

Proposed retention 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 from 1 April 2015 or with immediate effect upon approval of Finance Committee, whichever the later, to provide continued steer and leadership to the Electronic Health Record Office in taking forward the Electronic Health Record Programme

2. The Chairman said that the Administration's proposal was to retain two supernumerary posts (an Administrative Officer Staff Grade ("AOSG") B and an AOSG C) in the Health Branch of the Food and Health Bureau for three years from 1 April 2015 or with immediate effect upon approval of the Finance Committee ("FC"), whichever the later, to provide continued steer and

leadership in taking forward the Electronic Health Record ("eHR") Programme undertaken by the eHR Office.

3. The Chairman pointed out that discussion of this item was carried over from the last meeting on 28 January 2015.

4. As there were no further questions on the item, the Chairman put the item to vote. Members agreed that the Subcommittee should recommend the item to FC for approval.

EC(2014-15)16 Proposed making permanent of one post of Deputy Principal Government Counsel (DL2) in the Civil Division of the Department of Justice with effect from 1 April 2015 or with immediate effect upon approval of Finance Committee to take forward the work required in sustaining the promotion and development of the wider use of mediation as a means of dispute resolution in Hong Kong and to undertake duties relating to mediation and other forms of dispute resolution

5. The Chairman said that the Administration's proposal was to create a permanent post of Deputy Principal Government Counsel in the Civil Division of the Department of Justice with effect from 1 April 2015 or with immediate effect upon approval of FC to take forward the work required in sustaining the promotion and development of the wider use of mediation as a means of dispute resolution in Hong Kong and to undertake duties relating to mediation and other forms of dispute resolution.

6. The Chairman advised that the Panel on Administration of Justice and Legal Services had discussed the proposal at its meeting on 22 December 2014. The Panel expressed support in principle the creation of the proposed post, and urged the Administration to press ahead with developing Hong Kong's arbitration industry, including promoting Hong Kong's legal and arbitration services to the Mainland and overseas.

7. No members raised question on the item. The Chairman then put the item to vote. Members agreed that the Subcommittee should recommend the item to FC for approval.

EC(2014-15)17 Proposed retention of a supernumerary post of Administrative Officer Staff Grade C (D2) for 26 months from 1 November 2015 and a supernumerary post of Assistant Commissioner of Insurance (D2) for 11 months from 1 November 2015; and creation of a supernumerary post of Principal Executive Officer (D1) for 18 months in 2015-16 in the Financial Services Branch of the Financial Services and the Treasury Bureau to undertake the essential tasks related to the establishment of an independent Insurance Authority

8. The Chairman remarked that the Administration's proposal was to retain a supernumerary post of AOSG C for 26 months from 1 November 2015 and a supernumerary post of Assistant Commissioner of Insurance for 11 months from 1 November 2015, as well as to create a supernumerary post of Principal Executive Officer ("PEO") for 18 months in 2015-2016 in the Financial Services Branch of the Financial Services and the Treasury Bureau to head a Preparatory Team to undertake the essential tasks related to the establishment of an independent Insurance Authority ("IIA").

9. The Chairman advised that the Panel on Financial Affairs had discussed the proposal at its meeting on 5 January 2015. Panel members supported the proposal, and urged the Administration to put in place measures to ensure a smooth transition of the regulatory powers and expertise of the Office of the Commissioner of Insurance ("OCI") to IIA. On members' enquiry about whether the work of the proposed supernumerary post of PEO could be absorbed by OCI, the Administration responded that there was a practical need to create the supernumerary post having regard to the arrangements for the establishment of other statutory bodies and the heavy workload of OCI and the proposed Preparatory Team. Furthermore, as the Preparatory Team would handle recruitment matters for IIA and OCI staff might apply for jobs in IIA, it was not appropriate for the Preparatory Team to be headed by an OCI officer.

10. Mr NG Leung-sing expressed support for the staffing proposal. He conveyed the banking sector's support for early passage of the Insurance Companies (Amendment) Bill 2014 ("the Bill") by the Legislative Council ("LegCo") to enhance the regulatory regime of the insurance industry and facilitate the development of the insurance industry.

11. The Chairman enquired about the preparatory work for establishing IIA, including the arrangement for existing OCI staff members and staff recruitment for IIA, and the division of work between OCI and IIA during the transitional period.

12. Deputy Secretary for Financial Services and the Treasury (Financial Services)2 ("DS(FS)2") responded that upon enactment of the Bill (currently envisaged by July 2015), the amended Ordinance would commence in three stages to allow for a smooth transition of regulatory powers from OCI and self-regulatory organizations ("SROs") to IIA. To avoid the costly mode of setting up a provisional authority as a company and then subsequently winding it up, the Bill was so drafted that in Stage One which was within three months after enactment of the Amendment Ordinance, IIA would be renamed as "Provisional Insurance Authority" ("PIA") immediately after its establishment (by October 2015). While OCI would continue with its existing regulatory functions, PIA would not have any regulatory power and would only be vested with certain administrative powers to undertake essential preparatory work, including recruiting key personnel, office rental and set up of IT system, etc. There would not be any overlapping of regulatory powers between OCI and PIA. In Stage Two which was six to 12 months after PIA's establishment, PIA would be renamed as "the Insurance Authority", the official name of IIA in the amended Ordinance. IIA would take up the existing duties of OCI such as those related to the prudential and conduct regulation of insurers and anti-money laundering regulatory regime. During Stage Two, the self-regulatory system for insurance intermediaries would continue, allowing time for IIA to prepare the necessary subsidiary legislation and code of conduct and relevant guidelines for insurance intermediaries in consultation with the industry and the general public. Stage Three would commence after these regulatory tools were in place for IIA to take over the regulation of insurance intermediaries from the three existing SROs, and was expected to take place from 12 to 20 months after PIA's establishment.

13. As regards staffing arrangements of IIA, DS(FS)2 advised that OCI, headed by the Commissioner of Insurance, currently had 149 staff members, including 48 Insurance Officers, 22 general grade staff members, and 79 staff members employed on Non-Civil Service Contract ("NCSC") terms. The 48 Insurance Officers would leave the civil service and the 79 NCSC staff members would have their contracts resolved, while the general grade staff members would be re-deployed to other Government offices in accordance with established civil service procedures. There would be open recruitment for posts in IIA and existing staff in OCI could apply.

14. Mr SIN Chung-kai expressed support for the staffing proposal, and urged the Administration to set up IIA expeditiously so as to enhance protection for policy holders.

15. The Chairman put the item to vote. Members agreed that the Subcommittee should recommend the item to FC for approval.

EC(2014-15)18 Proposed creation of a supernumerary post of Administrative Officer Staff Grade C (D2) in the Transport Branch of the Transport and Housing Bureau for two years and six months from 1 April 2015 or from the date of approval by the Finance Committee to oversee and steer the Roles and Positioning Review of the Public Transport Strategy Study

16. The Chairman said that the Administration's proposal was to create a supernumerary post of AOSG C, designated as Principal Assistant Secretary (Transport) (Public Transport Strategy Study) ("PAS(T)(PTSS)", to steer the Roles and Positioning Review ("RPR") of PTSS at the policy level and supervise the related consultancy study. The supernumerary post would be created for two years and six months from 1 April 2015 or with immediate effect upon approval of FC, whichever the later. Members noted that PTSS comprised two parts, namely RPR and the Topical Study.

17. The Chairman advised that the Panel on Transport ("TP Panel") had discussed the proposal at its meeting on 25 November 2014. Panel members agreed to the proposal in general, and supported the Administration to take forward PTSS. Considering the complexity of the tasks involved and the expected heavy workload of PTSS, some Panel members requested the Administration to review if the proposed duration of two and a half years for the supernumerary post would be adequate to handle the study. Some Panel members considered the scope of PTSS narrow, and requested the Administration to conduct the fourth Comprehensive Transport Study ("CTS-4") to review transport policies in a comprehensive manner.

Pursuing the fourth Comprehensive Transport Study in lieu of the Public Transport Strategy Study

18. Mr CHUNG Kwok-pan said that LegCo had recently passed a motion moved by Mr Frankie YICK urging the Administration to expeditiously launch CTS-4. Pointing out that there had been some 16 years since the third CTS ("CTS-3") was completed in 1999, he was concerned that the directions and issues covered in the Study had become outdated. In view of the boarder scope of a CTS, he urged the Administration to embark on CTS-4 instead of conducting PTSS.

19. Mr Albert CHAN noticed that there had been remarkable changes in the local transport situations since completion of CTS-3 such as the huge increase in patronage of the railway system and commissioning of new boundary control points. He criticized the Administration for not paying

heed to the motion passed by LegCo regarding CTS-4. He opined that as a comprehensive study, CTS-4 would enable the Administration to have an overall picture of the present transport situations in Hong Kong and understand important transport issues of public concern, while the proposed PTSS would only be piecemeal and fail to address the core issues. He was therefore against the proposal of creating the post of PAS(T)(PTSS). Mr LEUNG Kwok-hung expressed similar concerns. He noted that increasing the seating capacity of public light bus would be included among the issues to be covered by the Topical Study. He was aware that the incumbent Information Coordinator of the Government had represented the light bus trade in lobbying the Government on such proposal before he joined the Government. He considered that the Administration should clarify if there was a case of transfer of interest.

20. Dr KWOK Ka-ki and Mr Gary FAN concurred that the findings of CTS-3 were obsolete given that it was completed some 16 years before. Dr KWOK criticized that the policies formulated under the broad direction of CTS-3 of using railway as the backbone of the passenger transport system had given rise to more questions, including the railway transport system driving other transport modes out of the market, rapid railway expansion projects with heavy Government subsidies, and MTR Corporation Limited ("MTRCL") making excessive profits, etc. Given that the proposed PTSS would follow the wrong directions laid down in CTS-3, Dr KWOK and Mr FAN considered that the study was bound to be futile. They urged the Administration to embark on CTS-4.

21. Mr Gary FAN and Mr LEUNG Kwok-hung expressed concern about existing poor railway services, and MTRCL had become a "hegemony". They criticized MTRCL that instead of making improvement to the local railway services, it had engaged in real estate business and investment in services in the Mainland and overseas. Pointing out that launching PTSS would bring no remedy to the problems relating to railway services, Mr LEUNG said that he was opposed to the proposal in question. Mr FAN asked if PTSS would review the broad direction of using railway as the backbone of the passenger transport system.

22. Permanent Secretary for Transport and Housing (Transport) ("PSTH(T)") responded that the broad direction of using railway as the backbone of the passenger transport system as well as the roles and positioning of various public transport services laid down in CTS-3 remained valid. Given that the railway was an efficient and environmentally clean mass carrier, it was appropriate to continue to use it as the backbone of the public transport system having regard to limited road space and public concerns about impact of road traffic on air quality. The railway, which accounted for about 40% of public transport trips, was not hegemonic. Other

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public transport services, which accounted for the other 60% of public transport trips, would continue to complement railway service. In tandem with further development of the railway network, the Administration considered it necessary to carry out PTSS to examine the respective roles and positioning of other public transport services. The objective of PTSS was to enhance the complementarity among various public transport services so that the public could enjoy efficient services with reasonable modal choices on the one hand, and public transport operators could maintain long-term and sustainable development on the other hand.

23. PSTH(T) added that whilst PTSS would focus on public transport services, the Administration would continue to tackle other transport issues through existing platforms. In fact, in the years following the completion of CTS-3, the Administration had conducted studies on various issues to address concerns of LegCo and the public. For instance, the Railway Development Strategy 2014 ("RDS 2014") announced in 2014 mapped out the development and planning blueprint of the railway network up to 2031. To address public concerns about road traffic congestion, the Administration invited the Transport Advisory Committee ("TAC") to conduct the Study of Road Traffic Congestion in 2014. These and other studies in effect were more focused than a CTS and were able to address public concerns in a more timely manner. Therefore the Administration considered it more appropriate to carry out a PTSS, as opposed to a CTS, to enable a more focused and in-depth study of public transport related issues.

24. Deputy Secretary for Transport and Housing (Transport)2 supplemented that the broad directions laid down in CTS-3 remained valid and had been followed up through adoption of appropriate policies and measures. Such directions included having railway as the backbone of the public transport services, provision of road infrastructure and public transport interchanges, as well as promotion of wider application of technology to public transport services such as wider use of Octopus Cards. As there were a wide range of policy issues in relation to public transport services, it was important that the scope of PTSS be confined to the more important topics or those of greater concern to the public or the trades. Therefore, PTSS would not cover policies that had been working well or issues that could be effectively handled under the existing mechanisms.

25. Citing the recommendation of CTS-3 to promote the wider use of environment-friendly vehicles with low emission which had adversely led to a surge in the number of private vehicles as an example, Mr TANG Ka-piu asked if the Administration would consider evaluating the appropriateness and effectiveness of the recommendations put forward by CTS-3.

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26. In response to the concern about the increasing number of private vehicles, PSTH(T) said that the Administration was studying the Road Traffic Congestion Report submitted by TAC in December 2014 in detail and would respond in due course. The Administration would also brief TP Panel on the matter later.

Coverage of the Public Transport Strategy Study

27. Mr LEE Cheuk-yan was concerned that in conducting RPR, whether the Administration would set a rigid framework for the consultancy study and thereby limiting the proposals put forward by the consultant. For instance, he asked in studying the role of ferry services, whether the consultant would be allowed to explore the feasibility of an operating model under which the Government would fix the fares and subsidize the deficits of ferry operators in maintaining viability of the services. Moreover, whether RPR would cover studies on possible measures to alleviate road congestion caused by the operation of Light Rail and the issue of overcrowded Light Rail compartments.

28. Mr LEUNG Yiu-chung was not convinced that RPR could address public transport issues many of which were the results of poor policies and planning, including the refusal of the Administration to consider building elevated tracks for the Light Rail system in order to release road space for other public transport, and high weekend and public holiday fares of outlying ferry services causing burden on residents of outlying islands, etc.

29. Mr WU Chi-wai remarked that duplication of transport services had contributed to road congestion, and improving coordination among various transport means to enhance their complementarity would help optimize capacities of the road system. To this end, he asked whether the Administration would consider studying the proposal to accord priority to public transport in using roads and promoting the use of bicycles as an interchanging transport tool, and whether it would make reference to the experience of Seoul in enhancing its public transport planning as Seoul faced similar problems as Hong Kong where the public transport system involved various modes and it was necessary to balance the interest of various stakeholders.

30. Dr KWOK Ka-ki stressed the need for PTSS to identify challenges facing Hong Kong's public transport services, in particular those posed by population growth and new Government policies and measures (e.g. surge in traffic and pedestrian flows brought by tourists under the Individual Visit Scheme, commissioning of the Hong Kong-Zhuhai-Macao Bridge and proposed development of seven new railway projects under RDS 2014). Moreover, topics of wider public interest, such as provision of subsidies for

public transport services, promotion of environment-friendly transport, enhancement of pedestrian facilities, should also be covered under PTSS. Expressing similar views, Mr LEUNG Kwok-hung opined that PTSS should study the impact on Hong Kong's road system and public transport facilities brought by commissioning of new boundary control points, and the development of new railway projects.

31. PSTH(T) said that in the course of PTSS, the Administration would take into account any view which could help achieve the purpose of providing modal choice to the community on the one hand and enabling the sustainable development of different services on the other. This would also be an important part of the consultancy study. The consultant would also have to make reference to relevant overseas experience in the course of the study. PSTH(T) took note of members' comment on the operation of ferries and Light Rail, and confirmed that these services would be covered in PTSS.

32. Mr WU Chi-wai and Dr KWOK Ka-ki reiterated that the Administration should address their concerns that the proposed PTSS lacked clear policy direction and that its scope should cover examining the role of the railway system and study broad policy issues, such as population growth, rapid growth in Mainland tourists, provision of subsidies to public transport services, green transport and pedestrian facilities planning, and their impacts on the roles of various public transport services.

33. Referring to Enclosure 2 to (EC(2014-15)18) which outlined the issues to be covered by the Topical Study, Dr Fernando CHEUNG noted with concern that in item 8 "Accessible transport facilities for people with disabilities ("PWDs")", the Administration had subject the enhancement of public transport services for PWDs to factors including actual operating situation and environment as well as long-term financial viability of the operators. He pointed out that given the Government policy to encourage greater integration of PWDs with the community, enhancing PWDs' accessibility to public transport services should be a primary consideration over the above-mentioned factors. He therefore requested the Administration to revise Enclosure 2 accordingly. Mr James TO echoed Dr CHEUNG's views, and considered that the Administration must bear in mind the objective of enhancing PWDs' access to public transport services when taking forward PTSS.

34. PSTH(T) emphasized that the Administration had along attached great importance to enhancing PWDs' access to public transport services. In this connection, the Administration had included this topic (Item 8 of Enclosure 2) in the Topical Study. The factors set out in Item 8 of Enclosure 2 (including the actual operating situation and environment as well as long-term financial viability) had to be taken into account in considering all

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issues covered in PTSS. In response to Members' comments, the Administration would revise Enclosure 2 by setting out these factors in the preamble of the enclosure.

35. Mr Alan LEONG was keen to ensure that PTSS would not be affected by any pre-set policy directions. He sought the Administration's assurance that the study would be conducted impartially.

36. Pointing out that the transport trades were currently faced with the issues of low salary and lacking new blood, Mr TANG Ka-piu held the view that in conducting PTSS, the Administration must engage the staff unions in the trades and considered their views.

37. PSTH(T) responded that the consultant would invite the public transport trades to express views on various issues in the course of the study. TD would also collect views from the trades through established channels. The Administration would report the progress to TP Panel. The whole process would be transparent and interactive.

38. In response to Mr Alan LEONG's enquiry on whether funding approval from LegCo would be required for RPR, PSTH(T) advised that the Administration had included the necessary provision in the draft Estimates of 2015-16 for the commissioning of the consultancy study under RPR.

Working relationship between the Principal Assistant Secretary (Transport) (Public Transport Strategy Study) and the consultant in taking forward the Roles and Positioning Review

39. In respect of the consultant to be appointed for RPR, Mr NG Leung-sing enquired about work cooperation between the Administration and the consultant, and whether the consultant would be an individual or a corporation. He was concerned whether the consultant would be tasked to provide professional analysis of views collected and formulate proposals in its work.

40. PSTH(T) responded that given the extensive scope and complexity of issues concerning RPR, the consultant to be appointed would likely be a consultancy firm which possessed the required expertise and resources for the work. Apart from assisting in canvassing views from stakeholders (including the public transport trades and the public), the consultant would need to analyze the views and suggestions collected and to assist the Administration in formulating policy proposals.

41. Noting that the post of PAS(T)(PTSS) was required to, among others, oversee the consultancy study and supervise its work, Mr Alan

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LEONG and Dr KWOK Ka-ki doubted whether the post holder would have the professional knowledge required for the job. Mr LEONG also sought details on the coordination work of PAS(T)(PTSS). He was concerned whether the post holder would merely be responsible for collecting views from various stakeholders and referring them to the appropriate parties for follow up.

42. PSTH(T) said that the consultant would be tasked to collect views from various stakeholders and conduct detailed study and analysis on the issues covered. PAS(T)(PTSS) would be responsible to oversee and steer the work of the consultant as well as formulate policy proposals. PAS(T)(PTSS) would therefore need to possess rich experience in policy formulation, and supervision and steering of consultancy study. Moreover, the post holder would be assisted by the Transport Department as well as the consultant possessing the knowledge and expertise in transport issues.

(At 10:10 am, the Chairman announced that the meeting would be extended for 10 minutes to end at 10:40 am. Members agreed.)

43. The Chairman advised that the discussion on this item would continue at the next meeting to be held on 16 February 2015 at 8:30 am.

44. No members requested for separate voting at FC on items EC(2014-15)15, EC(2014-15)16 and EC(2014-15)17 which were endorsed at today's meeting.

45. There being no other business, the meeting ended at 10:39 am.