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Establishment Subcommittee of the Finance Committee

Minutes of the 16th meeting
held in Conference Room 1 of the Legislative Council Complex
on Monday, 6 June 2016, at 8:30 am

Members present:

Hon Mrs Regina IP LAU Suk-ye, GBS, JP (Chairman)

Hon WONG Kwok-kin, SBS (Deputy Chairman)

Hon Albert HO Chun-yan

Hon James TO Kun-sun

Hon CHAN Kam-lam, SBS, JP

Hon LEUNG Yiu-chung

Hon TAM Yiu-chung, GBS, JP

Hon WONG Kwok-hing, BBS, MH

Hon WONG Ting-kwong, SBS, JP

Hon Starry LEE Wai-king, JP

Hon IP Kwok-him, GBS, JP

Hon Alan LEONG Kah-kit, SC

Hon LEUNG Kwok-hung

Hon NG Leung-sing, SBS, JP

Hon Steven HO Chun-yin, BBS

Hon WU Chi-wai, MH

Hon YIU Si-wing, BBS

Hon MA Fung-kwok, SBS, JP

Hon Charles Peter MOK, JP

Hon CHAN Chi-chuen

Hon CHAN Han-pan, JP

Dr Hon Kenneth CHAN Ka-lok

Hon Kenneth LEUNG

Hon Alice MAK Mei-kuen, BBS, JP
Hon KWOK Wai-keung
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu, JP
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Alvin YEUNG Ngok-kiu

Members absent:

Hon Emily LAU Wai-hing, JP
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon CHAN Hak-kan, JP
Hon Albert CHAN Wai-yip
Hon LEUNG Che-cheung, BBS, MH, JP

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 Joseph LAI, JP	Permanent Secretary for Transport and Housing (Transport)
Mr Wallace LAU	Deputy Secretary for Transport and Housing (Transport)4
Mr Simon LI, JP	Director-General of Civil Aviation
Mr Philip YUNG, JP	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Ms Carol YUEN, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry)1

Mrs Suzanna KONG	Principal Executive Officer (Administration) Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)
Mr Alan SIU, JP	Director of Administration and Development, Department of Justice
Mr Wesley WONG, SC	Solicitor General, Department of Justice
Mr Peter WONG	Deputy Solicitor General (General), Department of Justice
Mr Byron LEUNG	Assistant Solicitor General (General Legal Policy), Department of Justice
Mr David WONG, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry) ²
Ms Ivy CHAN	Principal Assistant Secretary for Commerce and Economic Development (Commerce and Industry) ⁴
Mr Jimmy TAM	Assistant Commissioner of Customs and Excise (Excise and Strategic Support)
Mr Gary LAI	Assistant Government Chief Information Officer (Industry Facilitation), Innovation and Technology Bureau
Ms Joan HUNG	Principal Assistant Secretary for Financial Services and the Treasury (Financial Services) Special Duties
Mr John LEUNG, JP	Commissioner of Insurance, Financial Services and the Treasury Bureau (Financial Services Branch)
Miss Annie TAM, JP	Permanent Secretary for Labour and Welfare
Mr Donald TONG, JP	Commissioner for Labour
Ms Queenie WONG	Assistant Commissioner for Labour (Policy Support)

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
Ms Connie SZETO	Chief Council Secretary (1) ⁴

Staff in attendance:

Miss Sharon LO	Senior Council Secretary (1)9
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Ms Haley CHEUNG	Legislative Assistant (1)9
Miss Yannes HO	Legislative Assistant (1)6

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The Chairman said that there were 12 agenda items for the meeting. She drew members' attention to the information paper ECI(2016-17)4, which set out the latest changes in the directorate establishment approved since 2002 and the changes to the directorate establishment in relation to the 12 items on the agenda. She 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 interest relating to the funding proposals under discussion at the meeting before they spoke on the items. She also drew members' attention to RoP 84 on voting in case of direct pecuniary interest.

EC(2016-17)3 Proposed creation of one supernumerary Administrative Officer Staff Grade B (D3) post in the Civil Aviation Department ("CAD") for about three years up to 31 March 2019 with immediate effect upon approval of the Finance Committee to strengthen the capacity of CAD's senior management in taking forward various key projects as well as enhancing the overall administrative control and management of the department

2. The Chairman remarked that the Administration's proposal was to create one supernumerary Administrative Officer Staff Grade B ("AOSGB") post (designated as Deputy Director-General of Civil Aviation (2) ("DDGCA(2)")) in CAD for about three years up to 31 March 2019 with immediate effect upon approval of the Finance Committee ("FC") to strengthen the capacity of CAD's senior management in taking forward various key projects as well as enhancing the overall administrative control and management of the department. She pointed out that discussion of the item was carried over from the last meeting on 31 May 2016.

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Duties, staffing arrangements and job requirements regarding the proposed post

3. Noting that the proposed DDGCA(2) post would be filled by a non-professional grade Administrative Officer, Mr TANG Ka-piu was concerned whether the post holder would be able to lead and supervise the replacement of the existing Air Traffic Control ("ATC") system effectively, as such work required expertise in air traffic. He also requested the Administration to explain DDGCA(2)'s work regarding the planning and preparation of the Three-Runway System ("3RS").

4. Pointing out that the ATC system replacement project had been under planning for a long time, Mr YIU Si-wing asked why it was necessary to create a supernumerary DDG post now to handle the relevant work.

5. Permanent Secretary for Transport and Housing (Transport) ("PS(T)") responded that work relating to the technical and professional aspects would be taken up by other professional staff under the leadership of the incumbent DDGCA, who was a professional grade officer. Implementation of the new ATC system would also involve deployment of a massive amount of manpower and resources, as well as a great deal of coordination and administrative work. The proposed DDGCA(2) post would be responsible for those administration and resource management duties and sharing the increasing workload of the incumbent DDGCA in relation to departmental administration, so that the latter could focus on the professional work of CAD. He added that when the new ATC system was launched in phases, the new and the existing ATC systems would be running in parallel. The exercise would involve substantial manpower deployment and workforce planning which had to be handled properly to ensure successful and seamless implementation of the project. After the full commissioning of the new ATC system, it would be necessary to arrange for installation of relevant backup system, thus it would be necessary for DDGCA(2) to coordinate a substantial amount of high-level coordination and administrative work. Director-General of Civil Aviation ("DGCA") reiterated that the professional grade staff of CAD would be responsible for the technical and professional aspects of the relevant work, whereas DDGCA(2) would be responsible for the coordination and planning work in relation to manpower and resources, as well as liaising with relevant policy bureaux/departments, the Airport Authority ("AA") and the International Civil Aviation Organization.

6. As regards the planning and preparation of 3RS, PS(T) pointed out that the incumbent DDGCA would be responsible for the professional and technical aspects of the 3RS project, as well as issues relating to air space coordination with the Mainland and Macao aeronautical authorities. The

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proposed DDGCA(2) post would focus on manpower and resource planning and management, including assisting matters relating to reporting to the Legislative Council ("LegCo") on the progress of the 3RS project, as well as communication and engagement with stakeholders and the general public, etc.

7. Noting that there was currently an AOSGB officer undertaking the relevant work at CAD, Mr CHAN Chi-chuen enquired why it was necessary to create the proposed supernumerary post.

8. PS(T) explained that an AOSGB officer had been temporarily deployed to CAD in February 2016 to handle certain urgent tasks, including administrative and logistic planning involving the transition from the existing ATC system to the new system, as well as issues in relation to judicial reviews relating to 3RS. He stressed that the relevant manpower deployment arrangement was of temporary nature up to end of July 2016 only. As such, there was an urgent need for CAD to create a supernumerary AOSGB post to strengthen CAD's administrative management capacity at the top level, and to steer the projects mentioned in the discussion paper. He added that when responding to the recommendations made by the Public Accounts Committee and the Audit Commission in relation to the new CAD Headquarters and the new ATC system, the Government indicated that it would consider allocating additional resources to strengthen the senior management structure of CAD in order to ensure effective administrative management, resource planning, liaison and coordination.

Testing and commissioning of the new Air Traffic Control system

9. Mr LEUNG Kwok-hung opined that it was imperative to ensure the full operation and safety of the new ATC system, which had to be the main duty of the proposed post of DDGCA(2). He asked whether the post of DDGCA(2) would be retained in the event that the commissioning of the new ATC system went behind schedule. Mr CHAN Chi-chuen expressed concern about the safety of the operation of the new ATC system, and queried whether the new system could fully commission in October 2016. Mr CHAN asked about the testing arrangements for the new ATC system and the party responsible for compiling the relevant timetable. He further requested the Administration to give an account on the progress of the testing of the new system and the timetable for the full commissioning of the system.

10. PS(T) stressed that CAD would strive to ensure the full operation of the new ATC system in a safe, efficient and reliable manner. He reiterated that in addition to steering the implementation of the new ATC system, DDGCA(2) would also be responsible for the projects mentioned in the discussion paper

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(including part of the CAD's work involving the planning and preparation of 3RS by AA). While the professional grade staff of CAD would be responsible for the testing arrangements of the new ATC system and for compiling the relevant timetable, DDGCA(2) would be responsible for the manpower and resource planning in relation to the system operation.

11. PS(T) pointed out that the new ATC system would be launched in phases in a gradual and orderly manner from June 2016 onwards. The utilization of the system would be progressively expanded in terms of operating time and scope of service coverage over a period of about five months. This arrangement had taken into account the views of the independent consultant appointed by the Transport and Housing Bureau (i.e., National Air Traffic Services ("NATS")) as well as the practice of other countries in launching new ATC systems to ensure smooth transition from the existing system to the new system in a safe and efficient manner.

12. DGCA added that a phased implementation of the new ATC system could minimize the possible risk of providing full functional services under adverse weather during the typhoon season. He pointed out that in September 2015, CAD had completed stringent acceptance tests on the new ATC system, including 31-day Reliability Acceptance Tests, Flight Check Acceptance Tests, and System Integration Tests, etc. CAD had also arranged relevant trainings for the staff operating the new system. The new ATC system was expected to be fully operational from late October to early November 2016.

13. Mr LEUNG Kwok-hung queried the need to avoid the full commissioning of the new ATC system during typhoon season and to conduct lengthy staff training. He asked whether the NATS reports could be made public, and whether the Public Accounts Committee had agreed to the proposals as put forward by NATS.

14. PS(T) responded that at the request of the Panel on Economic Development and the Public Accounts Committee, relevant information had been submitted to the Panel and the Committee for consideration earlier on. The Administration did not notice any views expressed by members on the NATS reports.

15. Mr TANG Ka-piu asked about the party for making the ultimate decision on when the new ATC system would be fully commissioned, and the role of the proposed post of DDGCA(2) in this matter.

16. PS(T) and DGCA explained that the decision was not one to be made by an individual, but must be made on the basis of professional assessment.

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DGCA added that CAD had set up a Steering Committee for the implementation of the new ATC system to oversee the progress of the implementation, set out the implementation timetable and details for each stage, and work out the factors to be considered regarding when the new system would be fully commissioned. DDGCA(2) would be mainly responsible for manpower and resource coordination in relation to the implementation of the project.

17. Mr Kenneth LEUNG expressed concern about whether the new ATC system could operate smoothly. He enquired if the proposed DDGCA(2) post would be responsible for reviewing the operation of the new system. He further requested the Administration to report to the Panel on Economic Development on the operation of the system on a regular basis in the first two years after the full commissioning of the new system.

18. PS(T) responded that CAD would review the effectiveness of the operation of the new ATC system upon its full commissioning. The existing professional grade staff of CAD would be responsible for reviewing the technical and professional aspects, while DDGCA(2) would be responsible for reviewing the related manpower and resources, as well as the effectiveness of the administration and the corporate governance. He advised that the Government would be ready to report to the Panel on Economic Development on the operation of the new ATC system.

The Audit Commission's recommendations on the new Headquarters of the Civil Aviation Department

19. Mr LEUNG Kwok-hung expressed concern about the criticisms and recommendations made by the Audit Commission in relation to office accommodation and facilities in the new CAD Headquarters (for example, vacant offices/parking spaces, toilet/shower facilities in the DGCA's office, etc). He asked how CAD would follow up such recommendations and the relevant progress. Mr Kenneth LEUNG also expressed concern about the latest arrangement regarding the vacant space in the new CAD Headquarters, and requested the Administration to provide relevant information.

20. DGCA responded that in addition to working process review on an on-going basis, CAD had taken follow-up actions as appropriate in the light of the Audit Commission's recommendations (e.g., the recommendations made on the office accommodation reserved for future expansion) which had been completed by and large.

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21. In response to a further enquiry by Mr Kenneth LEUNG, PS(T) and DGCA advised that with arrangements by the Government Property Agency ("GPA"), the vacant space in the new CAD Headquarters had been taken by other Government departments on a temporary basis. The Administration would provide the relevant information for members' reference after the meeting.

[*Post-meeting note:* The supplementary information provided by the Administration was circulated to members on 16 June 2016 vide LC Paper No. ESC121/15-16(01).]

Voting on the item

22. The Chairman put item EC(2016-17)3 to vote. At the request of Mr CHAN Chi-chuen, the Chairman ordered a division, and the division bell rang for five minutes. Fourteen members voted for the item, five voted against the item and two abstained from voting. The Chairman declared that the Subcommittee agreed to recommend the item to FC for approval. The votes of individual members were as follows -

For

Mr TAM Yiu-chung	Mr WONG Kwok-hing
Mr WONG Ting-kwong	Ms Starry LEE
Mr IP Kwok-him	Mr NG Leung-sing
Mr Albert HO Chun-yan	Mr YIU Si-wing
Mr Charles Peter MOK	Mr CHAN Han-pan
Miss Alice MAK	Dr Elizabeth QUAT
Mr POON Siu-ping	Mr TANG Ka-piu
(14 members)	

Against

Mr Alan LEONG Kah-kit	Mr LEUNG Kwok-hung
Mr CHAN Chi-chuen	Dr Fernando CHEUNG Chiu-hung
Mr Alvin YEUNG	
(5 members)	

Abstain

Mr Albert HO	Mr IP Kin-yuen
(2 members)	

23. Mr LEUNG Kwok-hung requested that the item be voted on separately at the relevant FC meeting.

EC(2016-17)5 **Proposed creation of one permanent Administrative Officer Staff Grade B (D3) post to head the Hong Kong Economic and Trade Office to be set up in Jakarta to be offset by the deletion of one permanent Administrative Officer Staff Grade B1 (D4) post in the Economic and Trade Office in Washington D.C.; an increase in the establishment ceiling, in terms of total notional annual mid-point salary value, of Head 96 from \$81,368,000 by \$1,937,000 to \$83,305,000 in 2016-17 for creation of relevant non-directorate posts required for the new Economic and Trade Office in Jakarta; and re-structuring of the directorate establishment of the Washington Economic and Trade Office after deletion of the Administrative Officer Staff Grade B1 post with effect from 1 July 2016, or with immediate effect upon approval of the Finance Committee, whichever is later**

24. The Chairman remarked that the Administration's proposal was to create one permanent Administrative Officer Staff Grade B (designated as Director-General, Hong Kong Economic and Trade Affairs, Jakarta ("DGJ")) post to head the Hong Kong Economic and Trade Office ("ETO") to be set up in Jakarta to be offset by the deletion of one permanent Administrative Officer Staff Grade B1 ("AOSGB1") post in the ETO in Washington D.C.; an increase in the establishment ceiling, in terms of total notional annual mid-point salary value, of Head 96 from \$81,368,000 by \$1,937,000 to \$83,305,000 in 2016-2017 for creation of relevant non-directorate posts required for the new ETO in Jakarta; and re-structuring of the directorate establishment of the Washington ETO after deletion of the AOSGB1 post with effect from 1 July 2016, or with immediate effect upon approval of the FC, whichever was later. She advised that the Panel on Commerce and Industry had been consulted on this proposal on 15 March 2016.

25. Mr WONG Ting-kwong, Chairman of the Panel on Commerce and Industry, reported that the Panel had discussed the proposal at its meeting on 15 March 2016. Panel members in general supported the proposed establishment of a new ETO in Jakarta and the related reorganization of the Washington ETO. Members called on the Administration to enhance Government's overseas ETO network in the Belt and Road region, with a view to promoting Hong Kong's trade interests in and strengthen its trade ties with the Belt and Road economies. In addition, some members called on the

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Administration to strive for early conclusion of the ASEAN-Hong Kong Free Trade Agreement ("FTA") to secure better access for Hong Kong's goods and services to the Association of Southeast Asian Nations ("ASEAN") market. Some members were concerned about the possible overlapping of resources in some overseas cities where both ETOs and the Hong Kong Trade Development Council ("HKTDC") offices were set up. Considering that HKTDC should focus on trade promotion work in emerging markets, these members suggested relocating HKTDC offices to other cities to expand the Government's overseas network. Furthermore, some members expressed concern about issues relating to foreign domestic helpers ("FDHs"). They considered that the proposed ETO in Jakarta should be tasked to deal with issues relating to Indonesian FDHs in Hong Kong.

Staffing arrangements for the proposed post and establishment for each ETO

26. Given that Indonesia was a Muslim country and an emerging market, the Chairman was concerned about whether the Administration could identify suitable candidates for filling the post of DGJ and other non-directorate posts in the office.

27. Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) ("PSCIT") responded that the Government had identified suitable candidates from serving civil servants, and the post would be created upon approval of FC. Separately, the Government would first deploy a Senior Administrative Officer and an Executive Officer to Jakarta to carry out preliminary preparation work.

28. Mr IP Kwok-him supported the proposed establishment of a new ETO in Jakarta. He enquired about the overall financial implications arising from the creation of the post of DGJ (D3) and the deletion of the post of Director-General, Hong Kong Economic and Trade Affairs, Washington ("DGW") (D4). He further requested the Administration to provide information on the rank of the Head of each ETO.

29. PSCIT said that the proposed change in directorate posts would bring about savings in annual salary cost. He advised that currently, the Heads of various ETOs were mainly D2 or D3 Administrative Officers; Heads of Brussels ETO and Geneva ETO were D4 Administrative Officers; whereas the Commissioner for Economic and Trade Affairs, USA ("C, USA") was a D6 Administrative Officer.

Strengthening Hong Kong's representation in the Association of Southeast Asian Nations ("ASEAN")

30. Mr WONG Ting-kwong expressed support for the proposed establishment of a new ETO in Jakarta. He pointed out that the industry had all along hoped that the Administration could help them understand and be familiar with the statutes and trade positions of ASEAN countries, and to assist the industry to explore the opportunities arising from the developing ASEAN economies. Mr WONG was also concerned about the possible overlapping of resources in some overseas cities where the Government had set up ETOs when certain semi-official organizations like HKTDC offices were also present. He suggested that the Administration should review the relevant arrangement and restructure various ETOs where necessary on a timely manner, with a view to focusing their resources on tapping the emerging markets.

31. Noting that DGJ would also oversee the work of the ETO in Singapore, Mr CHAN Chi-chuen enquired about the justifications for such arrangement. Mr LEUNG Kwok-hung also questioned the aforesaid arrangement, particularly in view of the closer economic and trade relations between Singapore and Hong Kong, as well as Singapore being Hong Kong's main competitor within the region.

32. PSCIT responded that the new Jakarta ETO, once established, would become the Headquarters of the ETOs in ASEAN regions. This could enhance Hong Kong's bilateral relations with Indonesia, strengthen its liaison with the ASEAN Secretariat (the ASEAN Secretariat was located in Jakarta), and support the follow-up work of the ASEAN - Hong Kong FTA. The post of DGJ would be taken up by a Staff Grade B Administrative Officer, and the Director, Hong Kong Economic and Trade Affairs, Singapore ("D(SG)") was currently ranked at Administrative Officer Staff Grade C ("AOSGC") level. The Government considered it appropriate for the Head of the Jakarta ETO to oversee the work of the Singapore ETO. The new Jakarta ETO would complement the existing Singapore ETO in increasing Hong Kong's presence in Southeast Asia.

33. Dr Fernando CHEUNG enquired about the respective percentages of the trade volumes between Hong Kong and the United States ("US"), as well as those between Hong Kong and ASEAN in Hong Kong's gross domestic product ("GDP"). Dr CHEUNG also pointed out that according to his understanding, among the ten ASEAN member countries and on the basis of the trade volumes with Hong Kong, Vietnam was ranked the highest, followed by Singapore. He enquired about the justifications for establishing a new ETO in Jakarta, Indonesia (instead of in Vietnam) and making the Jakarta ETO (instead of the

Singapore ETO) the Headquarters for handling overall issues between Hong Kong and ASEAN. Mr LEUNG Kwok-hung expressed a similar concern.

34. PSCIT pointed out that ASEAN was Hong Kong's fourth largest partner in services trade in 2013 and second largest partner in merchandise trade in 2015. The continuous growth of ASEAN's merchandise trade and services trade had made it a market with good potential. Among the ASEAN economies, five were among Hong Kong's top 20 trading partners in 2015, namely: Singapore (5th), Thailand (8th), Vietnam (9th), Malaysia (11th) and the Philippines (14th). He advised that the establishment of an ETO in Jakarta could enhance the liaison between the Government and the 10 ASEAN countries, as the ASEAN Secretariat was located in Jakarta and Permanent Representatives of the 10 ASEAN countries were also based in Jakarta. In addition, as the population of Indonesia accounted for about 40% of the total ASEAN population, and its GDP accounted for about 40% of the total ASEAN GDP, Indonesia was a market with huge potential in terms of growth. After the establishment of the Jakarta ETO, the Singapore ETO would be able to focus more on the liaison work among the six countries it covered.

35. Mr YIU Si-wing supported the proposals of setting up the new Jakarta ETO and making appropriate resource deployment for the Washington ETO. He expected that the Jakarta ETO would cooperate with the Hong Kong Tourism Board ("HKTB")'s office established in Jakarta to step up promotion of Hong Kong's tourism industry. He enquired whether ETO and HKTB had set a clear target for further expanding the sources of tourists from ASEAN countries.

36. PSCIT advised that tourism was an integral part of bilateral economic and trade relations, and many tourists from ASEAN countries had been visiting Hong Kong and vice versa. He explained that HKTB was mainly responsible for the development of tourism in Hong Kong, whereas ETO, being official representative of the Government, was mainly responsible for liaison with local government officials, the political, business and cultural sectors, etc. for promoting Hong Kong's trade interests. Pro-active support would be given by the Jakarta ETO if assistance was required by HKTB, particularly in seeking local governments' support and participation in the promotional activities held by HKTB.

37. The Chairman supported the proposal of setting up a new ETO in Jakarta. She advised that the ASEAN countries located in the Greater Mekong River Basin (for example, Cambodia) had huge potential in terms of growth in merchandise and services trade. Given the promotion of Mainland's One Belt One Road initiative, as well as the prospective railway link connecting the

Greater Mekong River Basin, she enquired if the Administration would consider setting up ETOs in the Greater Mekong River Basin with a view to tapping the business opportunities the region had to offer.

38. PSCIT said that upon the establishment of the Jakarta ETO, the Singapore ETO would be able to focus its resources and manpower for exploring business opportunities in the Greater Mekong River region (e.g., Cambodia, Laos, Myanmar, etc.), including capitals and other second tier cities of these countries. After the commissioning of the Jakarta ETO, the Government would review the need of setting up new ETOs in other ASEAN countries.

Re-structuring of the directorate establishment of the Washington ETO

39. Mr CHAN Chi-chuen enquired about the changes in the organization structure and establishment of the Washington ETO upon deletion of the post of DGW.

40. The Chairman expressed concern about the establishment of the Washington ETO. She asked about the party responsible for supporting C, USA after the deletion of the post of DGW and the number of directorate staff in the Washington ETO. She was also concerned about the trend in recent years where official representatives of lower ranking had been appointed by the US for receiving officials from Hong Kong. She sought details from the Administration on the rankings of US officials who had received the Chief Secretary for Administration ("CS") during the latter's visit to the US in June 2016.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members on 20 June 2016 vide LC Paper No. ESC122/15-16(01).]

41. Mr SIN Chung-kai expressed support for the proposal of setting up a new ETO in Jakarta. Mr SIN and Mr Alvin YEUNG expressed similar concern about whether there would be sufficient support for C, USA after the deletion of the post of DGW in the Washington ETO in coping with the bilateral economic and trade affairs between the two economies. Mr SIN further asked whether the decision to reduce manpower meant a waning economic importance of the US to Hong Kong.

42. PSCIT responded that at present, C, USA, was ranked at Administrative Officer Staff Grade A (AOSGA) (D6) level, who was responsible for overseeing Hong Kong's representation and interest in the whole

of the US and promoting bilateral cooperation between Hong Kong and the US through the work of the three ETOs in the US, namely Washington, San Francisco and New York ETOs. C, USA was supported by DGW (ranked at AOSGB1 level), who would assist in overseeing and coordinating the public relations and lobbying activities across the US. It was inevitable that certain degree of overlapping in the scopes of job duties of C, USA and DGW. To utilize resources more effectively, the Government proposed to delete the DGW post to achieve savings for the creation of the AOSGB post to head the new Jakarta ETO.

43. PSCIT further remarked that after the deletion of the DGW post, C, USA would be supported by other staff of the Washington ETO, including Deputy Director-General, Hong Kong Economic and Trade Affairs, Washington ("DDGW") at AOSGC level, two Senior Administrative Officers and one Principal Trade Officer. The Washington ETO had also employed consultants and lobbyists to assist in lobbying activities and promoting the relationship with the US Government and stakeholders/organizations. He pointed out that the US was Hong Kong's second largest trading partner. The Government attached great importance to Hong Kong's economic and trade relations with the US, and the Washington ETO would closely liaise with interlocutors, including the US Government officials, congressional officers, and concern groups, to enhance their understanding of Hong Kong and to relay their concerns to the relevant policy bureaux/departments.

44. PSCIT supplemented that C, USA was responsible for overseeing the various arrangements during CS's visit to the US in June 2016. C, USA would also accompany CS in meeting with the government officials and relevant parties.

45. Mr Alvin YEUNG further enquired if the Administration would undertake similar re-structuring exercise for other ETOs as the case of the Washington ETO in order to achieve savings or enhance allocation in resources for creating new ETOs. PSCIT said that the Government would allocate resources and control the number of directorate staff in a prudent manner. It would review the establishment and structure of each ETO in a timely manner and make appropriate manpower deployment and arrangements when necessary.

46. Mr CHUNG Kwok-pan enquired how the Washington ETO would follow up on the work related to Trans-Pacific Partnership ("TPP"), in particular whether it would further promote Hong Kong's trade and economic cooperation with the relevant economies and explore the possibility of Hong Kong's access to TPP.

47. PSCIT pointed out that the Washington ETO was closely monitoring the development of TPP. Arrangement could be made for C, USA to report to the Panel on Commerce and Industry in October 2016 on the work of the Washington ETO over the past year, and to give a detailed account on TTP-related work and relevant progress. At the request of Mr CHUNG Kwok-pan, the Administration would provide the relevant information after the meeting for members' reference.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members on 20 June 2016 vide LC Paper No. ESC122/15-16(01).]

Issues relating to foreign domestic helpers

48. The Chairman shared the views of Panel on Commerce and Industry, that the Jakarta ETO should be responsible for issues relating to FDHs. As there would be no Immigration Officer in the Jakarta ETO, she asked how the Jakarta ETO would handle issues relating to FDHs. Dr Fernando CHEUNG and Mr SIN Chung-kai shared similar concern. Mr SIN asked whether it was necessary for the Labour Department to deploy officers to the Jakarta ETO to handle issues relating to FDHs.

49. PSCIT said that at the suggestion of the Panel on Commerce and Industry, issues relating to FDHs had been included as one of the main duties of the Jakarta ETO. The Jakarta ETO would closely liaise with the governments of Indonesia and the Philippines, and would assist the relevant policy bureaux/departments to handle issues relating to problems encountered by FDHs working in Hong Kong (e.g., problem of exploitation by intermediaries). The Jakarta ETO would also strengthen publicity targeting at prospective FDHs on the working conditions and their statutory employment rights and interests in Hong Kong. In this regard, the Jakarta ETO would liaise with the relevant policy bureaux/departments (in particular the Immigration Department and the Labour Department), and would seek their support when necessary.

50. The Chairman put the item to vote. Members agreed that the Subcommittee should recommend the item to FC for approval. The Chairman consulted members on whether the item would require separate voting at the relevant FC meeting. No member raised such a request.

EC(2016-17)6 Proposed creation of one permanent post of Deputy Principal Government Counsel (DL2) in the Legal Policy Division (LPD) of the Department of Justice with immediate effect upon approval by the Finance Committee to head a dedicated unit in LPD to take up the arbitration portfolio

51. The Chairman remarked that the Administration's proposal was to create one permanent post of Deputy Principal Government Counsel in the Legal Policy Division ("LPD") of the Department of Justice with immediate effect upon approval by FC to head a dedicated unit in LPD to take up the arbitration portfolio.

52. The Chairman advised that the Panel on Administration of Justice and Legal Services had been consulted on this proposal on 21 March 2016. Members generally supported the creation of the aforesaid post to take up the arbitration portfolio, including the formulation of (a) appropriate policies on the law of arbitration, and (b) effective strategies and measures on promoting and developing Hong Kong's arbitration services in an increasingly competitive regional environment. Given that lawyers might not be adept at organizing promotion work, some members suggested that consideration could be given to engage people with the relevant experience to promote Hong Kong's arbitration services. The Administration said that it might engage external consultants to assist in the promotion work when necessary.

Staffing arrangements and job requirements regarding the proposed post

53. Mr Alvin YEUNG asked whether the Administration would consider specifying in the employment requirements the need for experience in promotion work to ensure that the post holder could promote the arbitration services of Hong Kong effectively. Mr YEUNG was concerned whether the Administration could identify a suitable candidate to fill the post, considering that the remuneration for the proposed post might compare unfavorably with that offered in the market.

54. Director of Administration and Development of the Department of Justice (D of AD, DoJ) and Solicitor General of the Department of Justice (SG, DoJ) noted members' concern about the promotion work. They remarked that when conducting promotion exercise overseas, the Government would work with other non-government organizations (e.g. TDC), arbitral institutions (such as the Hong Kong International Arbitration Centre) and overseas arbitral institutions with local offices in Hong Kong in promoting Hong Kong as a

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dispute resolution service centre. Where necessary, the Government would engage external consultants to assist in the promotion work. SG, DoJ added that apart from promotional work, the proposed post would also be responsible for enhancing the statutory framework for arbitration to make it on par with the latest international standards and practice; as such, the candidate would have to be a solicitor or a counsel. As regards candidates, D of AD, DoJ said he was confident that a suitable candidate could be identified with relevant experience and qualification from DoJ's Government Counsel Grade.

Enhancing the competitiveness of Hong Kong's international arbitration services

55. The Chairman noted that Hong Kong was facing competition from other countries such as Singapore with regard to provision of international arbitration services, and the industry was also concerned about inadequate resources allocated in related areas. She asked about the strategies the Administration would devise for enhancing cooperation within the industry in consolidating and strengthening Hong Kong's competitiveness in international arbitration services. Mr CHUNG Kwok-pan shared similar concern.

56. D of AD, DoJ responded that the Government was aware of the competition that Hong Kong was facing from competitors overseas, in particular those from the Asia-Pacific region. As such, the Government would strengthen its overseas promotion initiatives on Hong Kong's international arbitration services and enhancing local legislation in respect of arbitration. On the other hand, the Government intended to convert part of the West Wing of the former Central Government Offices and the former Court of Final Appeal into an international legal hub with facilities of international standard for use as offices by law-related organizations. He pointed out that according to an International Arbitration Survey, Hong Kong ranked third after London and Paris as the most preferred and widely used arbitration place.

57. Mr CHUNG Kwok-pan asked the Administration how Hong Kong could be made a preferred place for arbitration of disputes took place overseas. Furthermore, he was also concerned about how the Administration would promote Hong Kong's professional arbitration services to countries along the Belt and Road region, in particular certain Central Asian countries.

58. D of AD, DoJ responded that the robust legal system and the rule of law in Hong Kong, coupled with the comprehensive facilities provided by the Hong Kong International Arbitration Centre, would make Hong Kong a preferred place for arbitration of disputes that took place overseas, where arbitration would be conducted on the basis of the legal system of Hong Kong. Hong Kong would also endeavour to leverage on the new opportunities brought

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about by the Belt and Road initiative, and pro-active measures would be taken to promote Hong Kong as a dispute resolution service centre for development projects of Asian Infrastructure Investment Bank. Hong Kong was also liaising with several Central Asian countries (e.g., Kazakhstan) in promoting Hong Kong's arbitration services as well as legal training and training in dispute resolution. In response to a further enquiry of Mr CHUNG Kwok-pan, SG, DoJ said that according to his understanding, Kazakhstan was developing arbitration services for resolving international commercial disputes, hopefully on the basis of common law and the use of English. The Administration was proactively providing assistance with a view to strengthening mutual cooperation.

Intellectual Property Arbitration

59. Noting that the Working Group on Arbitrability of Intellectual Property ("IP") Rights chaired by SG, DoJ published a consultation paper on the "study [of] the need for legislative amendments to clarify the arbitrability of IP disputes" in December 2015, Mr CHAN Chi-chuen enquired about the progress of the consultation; and how amendments to relevant legislation could strengthen Hong Kong's status as an international IP arbitration and mediation centre. He also sought clarification from the Administration on the limitations of Hong Kong's existing IP arbitration.

60. SG, DoJ advised that the majority of the responses received by the Government during the consultation supported clarification of the arbitrability of IP disputes by means of legislative amendments. Constructive recommendations had been received on the draft legislative amendments. The relevant consultation exercise had been completed, and the Working Group and the Law Drafting Division were studying how to incorporate the recommendations received into the relevant bill, with a view to introducing the bill to LegCo in the 2016-2017 session. He explained that as arbitrability of IP disputes differed in different scopes of law at present, the bill would clarify the arbitrability of IP disputes in Hong Kong and help promote Hong Kong as a place of arbitration for disputes that took place overseas. By virtue of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958), the arbitration award could be executed overseas.

61. Mr CHUNG Kwok-pan opined that copyright and IP were complementary to each other. He asked about the obstacles posed or negative impact brought about by the failure to pass the Copyright (Amendment) Bill 2014 on promoting the development of Hong Kong as an IP arbitration centre, especially when the Copyright Ordinance (Cap. 528) in Hong Kong might have seriously lagged behind the international requirements, which might affect the

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decision of a client in considering whether or not to pursue IP arbitration in Hong Kong.

62. SG, DoJ elaborated that the Government had plans to amend the Arbitration Ordinance (Cap. 609) to clarify that any IP disputes that took place locally and overseas could be resolved through arbitration in Hong Kong. The relevant amendments would help attract more clients who were seeking a neutral place of arbitration to resolve IP disputes through arbitration in Hong Kong. The Copyright (Amendment) Bill 2014 dealt with local legal status, which did not contradict with the promotion of Hong Kong's IP arbitration services by means of introducing legislative amendments to the Arbitration Ordinance. He added that the Patents (Amendment) Bill 2015 passed by LegCo recently was a further step for Hong Kong to promote its IP arbitration services overseas.

63. The Chairman put the item to vote. Members agreed that the Subcommittee should recommend the item to FC for approval. The Chairman consulted members whether this item would require separate voting at the relevant FC meeting. No member raised such a request.

(At 10:37 am, the Chairman ordered the meeting be suspended for a break. The meeting was resumed at 10:55 am.)

EC(2016-17)7 Proposed creation of one supernumerary post of Administrative Officer Staff Grade C (D2) in the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau for three years with immediate effect upon approval of the Finance Committee to oversee and steer the work of a new Project Management Office in taking forward the development of a Trade Single Window in Hong Kong

64. The Chairman remarked that the Administration's proposal was to create a supernumerary post of Administrative Officer Staff Grade C in the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau for three years to oversee and steer the work of a new Project Management Office ("PMO") in taking forward the development of a Trade Single Window ("SW") in Hong Kong.

65. Mr WONG Ting-kwong, Chairman of the Panel on Commerce and Industry, reported that the Panel had discussed the proposal on 19 April 2016. The Panel supported in principle the establishment of a full-fledged SW and the

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creation of the proposed supernumerary post to head the new PMO in taking forward the initiative. Members were concerned about the future fee levels of the 51 trade documents and submissions to be covered by SW. Some members considered that the design of SW's information technology infrastructure should be forward-looking so as to cater for future development, and any new trade control requirements introduced in the future should be incorporated into SW to facilitate the operation of the industry. Some members also called on the Administration to study the feasibility of connecting Hong Kong's SW with that of the Mainland to enhance trade efficiency. Noting the proposed new requirements for pre-shipment import and export declaration and Cargo Reports, members expressed concern about the practicability of the new requirements as some information might not be available on time. Members also noted that the Administration was conducting a public consultation on the development of SW in Hong Kong, and called on the Administration to actively engage relevant stakeholders, including trade associations and industry organizations.

Fees of trade documents and the pre-shipment documentation regime

66. Mr WONG Ting-kwong remarked that the industry in general supported the establishment of a full-fledged SW and looked forward to a reduction in the fees of the trade documents. As information on goods was often subject to change before their shipment, the industry had expressed concern about the practicability of the pre-shipment documentation regime, legal liability for mis-reporting, and the procedures for post-shipment amendment of import and export declarations. He asked how the Administration would address the above issues.

67. Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) ("PSCIT") remarked that the Government was conducting a public consultation on the development of SW, and would discuss with stakeholders (including trade associations, industry representatives, frontline staff of the industry, etc.) the specific arrangement for the implementation of the new regime. The stakeholders in general had no objection to the proposed regime, and they were mainly concerned about the timeframe for submission of documents and issues relating to post-shipment amendments of import and export declarations. He pointed out that implementation of SW would only bring about changes in the mode of submission of documents, and these changes would not attract any new fees. The relevant departments would examine the fees of the 51 documents based on the user-pays principle. He also remarked that among the major economies in the world, only Hong Kong allowed post-shipment submission of documents such as import and export declarations. Implementation of a pre-shipment documentation regime would help align the system of Hong Kong to the

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international trend. The Government would, after completion of the public consultation, consider carefully the views of the industry and other stakeholders in formulating detailed implementation arrangements, and report to the Panel on Commerce and Industry. He stressed that in implementing the new regime, the Government would strictly adhere to the principle of facilitating trade and seek to ensure that the processes and procedures under the new regime would be simple and straightforward.

Timetable for implementation of a Trade Single Window

68. Given the large amount of trade documents and information to be covered under SW and hence the complexity of the initiative, Mr CHUNG Kwok-pan asked whether the Government would, after completion of the public consultation, conduct a second round of public consultation to clarify the details. He enquired about the plan and timetable for implementing SW, including whether it would be necessary to introduce legislative amendments for implementing the new measures. He also asked how the Administration would encourage small enterprises to adopt electronic means for submission of their documents as he noted that in Phase 1 implementation of SW, the industry could choose whether to submit relevant documents through electronic means.

69. Mr CHAN Chi-chuen asked whether enterprises could only submit the 51 trade documents covered under SW by electronic means with full implementation of SW. He also enquired about the concerns of the industry regarding the voluntary measures to be implemented in Phase 1, and how the Government would assist small and medium enterprises ("SMEs") in transitioning to the SW regime.

70. PSCIT responded that given the scale and complexity of SW and the large amount of technical details involved, it was necessary for the Government to set up a dedicated PMO, which comprised multidisciplinary teams, to take forward the various tasks, and create the proposed post to steer the work of the Office. To facilitate the Government's consideration of the direction in the development of SW, the Government was seeking the views of stakeholders on the principles concerned during the current public consultation exercise. The Government would maintain communication with the industry in formulating the details of SW and procedures for submission of documents.

71. Regarding implementation timetable, PSCIT and Deputy Secretary for Commerce and Economic Development (Commerce and Industry)2 ("DS(CI)2") remarked that the inclusion of all 51 trade documents and information into SW required amendments to 15 principal Ordinances and 14 pieces of subsidiary legislation. SW would be implemented by phases. The

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Government would incorporate 14 documents into SW in Phase 1 (to be implemented in 2018 the earliest) for voluntary use by the industry. No legislative amendments were needed for those 14 documents to be incorporated into SW. Meanwhile, the Government planned to commence work on drafting legislative amendments upon completion of the public consultation with a view to introducing an amendment bill into LegCo by the end of 2017 or in early 2018. The Bill would expressly provide for mandatory submission of all documents relating to trade regulations by electronic means through SW.

72. PSCIT and DS(CI)2 added that the voluntary measures to be implemented in Phase 1 received positive response from the industry. The industry's major concern was that SMEs might encounter technical problems when submitting documents using electronic means. They pointed out that SMEs would be able to use the SW system without difficulties, because users could submit documents simply through the browsers of their computers in future. For users who could not submit documents to the Government through electronic means due to individual reasons, they could use the services provided by service providers for converting paper documents into electronic copies for submission to the Government. In order to encourage smaller enterprises to submit documents electronically, the Government would ensure that the SW system was user-friendly and simple in design, and would provide technical support to the industry where necessary.

Benefits of the Trade Single Window and "government-to-government" connectivity

73. The Chairman expressed support for the implementation of SW and creation of the proposed post. She urged the Administration to enter into agreements with major trading partners of Hong Kong and countries along the "Belt and Road" region expeditiously for interconnecting SWs in order to promote cooperation in commerce and trade. She asked (a) whether the 51 trade documents covered under SW represented all the documents that had to be submitted by the industry; (b) whether implementation of SW was conducive to increasing the productivity of enterprises; (c) whether consideration would be given to the use of blockchain technology in the SW system; (d) whether the Administration had made reference to the experience of other major economies that had implemented relevant measures; and (e) whether the SW system of Hong Kong or that of other major economies was more sophisticated.

74. PSCIT responded that bilateral agreements between Hong Kong and other economies were prerequisites for "government-to-government" connection of SWs. The Customs and Excise Department had commenced relevant studies, and the SW system would incorporate technologies catering for

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"government-to-government" connection in future. The 51 documents covered under SW included all the documents that had to be submitted by the industry. With the SW system, the industry could submit documents to all participating government departments through a single platform, facilitating information reuse, reducing data entry and associated mistakes, as well as helping enterprises lower operating cost and enhance productivity. Assistant Government Chief Information Officer (Industry Facilitation) pointed out that the blockchain technology was still in the initial stage of development, and the Government did not have any plan at present to apply this technology on the SW system. Nevertheless, the Government would closely monitor the development of this technology.

75. PSCIT and DS(CI)2 added that SW was a mainstream practice for trade facilitation and customs clearance internationally and was advocated by international organizations such as World Customs Organization, World Trade Organization and Asia-Pacific Economic Cooperation. As the Government Electronic Trading Services ("GETS") (for submission of documents such as Cargo Manifests and import and export declarations) was available in Hong Kong, World Bank's Doing Business Report had regarded Hong Kong as having established an SW. However, GETS was established some 20 years ago and covered only part of the trade documents. It was only a partial SW. Some major economies such as Singapore, Korea and Japan had implemented SWs connecting the participating government organizations to facilitate document submission to various government organizations through the single electronic platform. To enable Hong Kong to align with the international best practice, it was necessary to establish a new, full-fledged SW to replace GETS as soon as possible.

76. The Chairman put the item to vote. Members agreed that the Subcommittee should recommend the item to FC for approval. The Chairman asked members whether this item would require separate voting at the relevant FC meeting. No members raised such a request.

EC(2016-17)8 Proposed delegation to Controlling Officers the authority to create supernumerary posts, to be held against permanent posts of lower pay scales, to enable a maximum of 47 Insurance Officers, whose posts will be abolished following the establishment of an independent Insurance Authority, to take up alternative employment within the civil service

77. The Chairman remarked that the Administration's proposal was to delegate the authority of creating supernumerary posts to be held against permanent posts of lower pay scales to relevant Controlling Officers to enable Insurance Officers ("IOs"), whose posts would be abolished following the establishment of an independent Insurance Authority ("IIA"), to take up alternative employment within the civil service.

78. The Chairman remarked that the Panel on Financial Affairs had discussed the exit arrangements for IOs of the Office of the Commissioner of Insurance ("OCI") upon the establishment of IIA on 7 December 2015. Members did not object to the proposal. Some members asked whether IIA would accord priority to hiring existing OCI staff to ensure a smooth transition to the new regulatory regime. The Administration responded that IIA would recruit its staff through open recruitment. With relevant working experience, the existing staff of OCI should have an edge over other candidates in competing for jobs in IIA. The Administration also confirmed that the proposed exit arrangements for IOs were in line with the established civil service policies. Members noted that around 10 IOs had indicated their intention to seek redeployment within the civil service after abolition of OCI. Members requested the Administration to set out the latest position of the redeployment arrangements in its paper submitted to the Establishment Subcommittee.

79. No member raised any question. The Chairman put the item to vote. Members agreed that the Subcommittee should recommend the item to FC for approval. The Chairman asked members whether this item would require separate voting at the relevant FC meeting. No members raised such a request.

EC(2016-17)9 Proposed creation of one supernumerary post of Chief Labour Officer (D1) in the Labour Department up to 31 March 2021 with immediate effect upon approval of Finance Committee to support the remaining work of the Standard Working Hours Committee and follow up on the working hours policy directions and the related work

80. The Chairman said that the Administration's proposal was to create a supernumerary post of Chief Labour Officer, to be designated as Chief Labour Officer (Working Hours Policy) ("CLO(WHP)"), in the Labour Department ("LD") up to 31 March 2021 to support the remaining work of the Standard Working Hours Committee ("SWHC") and follow up the working hours policy directions and the related work.

81. The Chairman remarked that the Panel on Manpower had discussed the proposal to extend the supernumerary post of CLO(WHP) for a period of five years at the meeting on 15 December 2015. Members expressed diverse views during the meeting. As the major duty of the proposed post was to support the work of SWHC, many members expressed concern about whether the proposed extension of the post would imply that the Administration intended to prolong the study on standard working hours. Some other members expressed concern about the impact on the work of SWHC if the proposal was rejected. Members urged that the Administration should take note of their concerns when preparing the proposal to the Establishment Subcommittee. As the proposed supernumerary post had lapsed on 1 April 2016, the Administration now proposed to recreate the post.

Duration of the proposed post and manpower arrangements of the Labour Department

82. Mr CHAN Chi-chuen, Mr WONG Kwok-kin, Mr TANG Ka-piu and Mr KWOK Wai-keung opined that the proposed five-year period of the proposed post was an indication of a lack of determination on the part of the Administration to introduce standard working hours expeditiously. They were worried that the legislative work on standard working hours would be further delayed. Mr TANG indicated that he would not support the proposal. Mr KWOK expressed objection to the proposal.

83. Mr YIU Si-wing indicated his support for the proposal. He considered the arrangement to recreate the post for a period of five years reasonable because the Government had to carefully examine the impact of

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standard working hours on the Hong Kong economy, employment market and different sectors and industries.

84. Mr CHAN Kam-lam said that the Democratic Alliance for the Betterment and Progress of Hong Kong supported recreation of the proposed post to provide LD with sufficient manpower to handle tasks in relation to the working hours policy. Mr CHAN and Mr POON Siu-ping asked whether the Administration would delete the proposed post if the post completed its work ahead of schedule, or if its workload was significantly reduced as a result of the Administration deciding not to legislate for standard working hours. In contrast, Mr WU Chi-wai asked if it would be necessary to create another supernumerary directorate post to deal with related legislative work should the Administration finally decide to implement a comprehensive standard working hours regime.

85. Mr POON Siu-ping sought details on the existing interim manpower arrangement of the Working Hours Policy Division ("WHPD") of LD. Mr POON, Mr TANG Ka-piu, Mr WU Chi-wai and Mr LEUNG Kwok-hung asked whether the Administration would consider continuing with the interim manpower arrangement or creating a short-term supernumerary directorate post to cope with the present work, and submit a longer-term directorate establishment proposal after SWHC had submitted its report and the direction of the working hours policy had become clear. Mr CHAN Chi-chuen and Dr Kenneth CHAN suggested that the Administration should shorten the duration of the proposed post to two or three years and apply for extension of the post or turning it permanent as necessary.

86. Regarding work progress, Mr CHAN Chi-chuen, Mr LEUNG Kwok-hung and Dr Kenneth CHAN requested the Administration to explain the latest progress of the study on working hours policy and provide the timetable for introducing a comprehensive standard working hours regime. Mr CHAN Chi-chuen and Mr WONG Kwok-kin asked about the specific work objectives and expected deliverables of the proposed post in the five-year period. Dr Kenneth CHAN suggested that the Administration should release reports on the implementation of the working hours policy on a regular basis.

87. In response to the above questions and views, Permanent Secretary for Labour and Welfare ("PS(LW)") said that the working hours policy would have far-reaching impacts, and the Government would exercise prudence in handling the matter and ensure that there were thorough and informed public discussions before implementation of the relevant measures. SWHC had completed the first-stage consultation on the subject of working hours and it was conducting the second-stage consultation to explore the directions for the

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working hours policy. It would prepare a report on the recommendations and direction for the working hours policy and submit it to the Government by November 2016. In working out the direction and plan for the working hours policy, the Government would take into account all factors thoroughly, including recommendations of SWHC, views of other stakeholders, the economic situation of Hong Kong, etc. She stressed that the Government had no intention to delay the introduction of a working hours policy, and did not have any pre-determined position regarding the future direction of the working hours policy. The Government would report the study on and progress of the working hours policy to the relevant Panel of LegCo from time to time.

88. Regarding the duties and duration of the proposed post, the interim manpower arrangement of the WHPD and the future manpower requirement of LD, PS(LW) remarked that there were two Senior Labour Officers in WHPD, and the work of the proposed post were currently being taken up by one of them on a temporary basis. The arrangement was extremely unsatisfactory as it would adversely affect the quality of WHPD's work and the secretariat support provided to SWHC. Therefore, the Government found it necessary to recreate the proposed directorate post, which was pitched at D1 level, to provide necessary directorate support to WHPD of LD and ensure its smooth operation and work effectiveness. She said that the duties of the proposed post included serving as the Secretary to SWHC in supporting the remaining work of SWHC (such as assisting in the organization of public engagement activities and preparing the report of SWHC). After SWHC had submitted its report, the proposed post would need to steer WHPD in handling the follow-up work regardless of the final decision on the direction of the working hours policy. It was expected that WHPD would be occupied with many duties in the coming five years. Having critically examined the manpower requirement and workload of LD, the Government considered it appropriate to create the proposed post up to March 2021. It would be inappropriate to shorten the duration of the proposed post to two or three years. Before the expiry of the post, the Government would review the work progress regarding the introduction of a working hours policy, as well as the workload and manpower requirement of LD. Where appropriate, the Government would submit a proposal to LegCo for retaining the proposed post. Should there be any unforeseeable circumstances which could result in early deletion of the proposed post, the Government would report the arrangement to the relevant Panel of LegCo. She called on members to support this staffing proposal.

Consultation on standard working hours

89. Mr WONG Kwok-kin, Mr TANG Ka-piu, Mr KWOK Wai-keung and Mr CHAN Chi-chuen criticized that the second-stage consultation paper of

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SWHC fell short of the expectation of the labour sector because the document merely contained piecemeal legislative proposals or administrative measures without any recommendation on the implementation of a comprehensive standard working hours regime. Mr WONG, Mr TANG and Mr KWOK pointed out that the six employee representatives had already withdrawn from SWHC and would not participate in the second-stage consultation, thus seriously limiting the discussion of SWHC and its report to be submitted to the Government. These members expressed dissatisfaction that the Administration had not explained to the labour sector on how to break the deadlock.

90. PS(LW) responded that the Government found the decision of the six employee representatives regretful and hope that they would participate in the work of SWHC again in future. Stakeholders' views would be fully considered by SWHC, and the labour sector would be engaged during the second-stage public consultation. She reiterated that, in addition to the report to be submitted by SWHC, stakeholders' views expressed through other channels would also be taken into account. The six employee representatives had indicated that they would submit their views on working hours policy to the Government direct, and their views would be taken into account by the Government.

91. Mr WU Chi-wai enquired whether the Administration would continue to deliberate on and take forward the working hours policy in accordance with the four major principles and suggestions promulgated by SWHC. PS(LW) remarked that subsequent to the completion of the first-stage public consultation exercise and an in-depth survey on working hours, SWHC had come up with four principles and suggestions, including exploring a legislative approach to mandate that employers and employees must enter into written employment contracts ("big frame" as referred to by SWHC); and exploring, on the premise of the "big frame", whether there was a need for other suitable measures to further protect grassroots employees with lower income, lower skills and less bargaining power ("small frame" as referred to by SWHC). SWHC was consulting the public on the four working hours policy directions (three of which were related to the "big frame" and/or the "small frame"). Apart from the above, SWHC and the Government welcomed other suggestions from the public regarding the working hours policy direction.

92. The Deputy Chairman remarked that the Subcommittee would continue discussion on this item at the next meeting.

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93. The meeting ended at 12:29 pm.

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Legislative Council Secretariat
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