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Establishment Subcommittee of the Finance Committee

Minutes of the 18th meeting
held in Conference Room 3 of Legislative Council Complex
on Tuesday, 29 May 2018, at 2:30 pm

Members present:

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

Hon Alvin YEUNG (Deputy Chairman)

Hon LEUNG Yiu-chung

Hon Abraham SHEK Lai-him, GBS, JP

Hon WONG Ting-kwong, GBS, JP

Dr Hon Priscilla LEUNG Mei-fun, SBS, JP

Hon WONG Kwok-kin, SBS, JP

Hon Steven HO Chun-yin, BBS

Hon WU Chi-wai, MH

Hon Charles Peter MOK, JP

Hon CHAN Chi-chuen

Hon KWOK Wai-keung, JP

Hon IP Kin-yuen

Dr Hon Elizabeth QUAT, BBS, JP

Hon Martin LIAO Cheung-kong, SBS, JP

Hon POON Siu-ping, BBS, MH

Dr Hon CHIANG Lai-wan, JP

Ir Dr Hon LO Wai-kwok, SBS, MH, JP

Hon CHUNG Kwok-pan

Hon CHU Hoi-dick

Hon HO Kai-ming

Hon Holden CHOW Ho-ding

Hon SHIU Ka-fai

Hon SHIU Ka-chun

Hon YUNG Hoi-yan

Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Gary FAN Kwok-wai
Hon AU Nok-hin
Hon Vincent CHENG Wing-shun
Hon Tony TSE Wai-chuen

Member attending:

Hon Frankie YICK Chi-ming, SBS, JP

Members absent:

Hon James TO Kun-sun
Dr Hon KWOK Ka-ki
Dr Hon Fernando CHEUNG Chiu-hung

Public Officers attending:

Ms Carol YUEN Siu-wai, 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, JP	Deputy Secretary for Transport and Housing (Transport) ⁴
Mr Kelvin NG	Assistant Secretary (Airport Expansion Project Coordination Office) ^A , Transport and Housing Bureau
Ms Angelina KWAN	Head, Special Duty Unit, Chief Secretary for Administration's Private Office
Ms Emily MO	Deputy Head, Special Duty Unit, Chief Secretary for Administration's Private Office
Mr Daniel FONG	Principal Assistant Secretary for Labour and Welfare (Manpower)
Ms Angela LEE, JP	Deputy Secretary for Transport and Housing (Transport) ⁵

Mr Benjamin MOK	Principal Assistant Secretary for the Civil Service (Pay and Leave)
Ms Maisie CHENG, JP	Director of Marine
Mr WONG Sai-fat	Deputy Director of Marine
Mr Freely CHENG, JP	Deputy Director of Marine (Special Duties)
Mr LAI Chi-tung	Assistant Director of Marine (Port Control)
Miss Crystal YIP	Principal Assistant Secretary for Transport and Housing (Transport)1
Mr Tony LI	Principal Assistant Secretary for Transport and Housing (Transport)2
Ms Mable CHAN, JP	Commissioner for Transport
Ms Macella LEE, JP	Deputy Commissioner for Transport (Transport Services and Management)
Ms Irene HO	Assistant Commissioner for Transport (New Territories)
Mr Wilson PANG Wai-shing	Assistant Commissioner for Transport (Technical Services)
Mr Eddie CHEUNG Kwok-choi, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services)2
Ms Winnie NG Ching-ching, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services)3
Mr TE Chi-wang	Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)6

Clerk in attendance:

Ms Connie SZETO	Chief Council Secretary (1)4
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Staff in attendance:

Mr Keith WONG	Council Secretary (1)4
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Miss Yannes HO	Legislative Assistant (1)6
Ms Haley CHEUNG	Legislative Assistant (1)9

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The Chairman drew members' attention to the information paper ECI(2018-19)2, which set out the latest changes in the directorate establishment approved since 2002 and the changes to the directorate

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establishment in relation to the five 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 item under discussion at the meeting before they spoke on the item. She also drew members' attention to RoP 84 on voting in case of direct pecuniary interest.

EC(2017-18)24 Proposed creation of three supernumerary posts of one Principal Government Engineer (D3), one Administrative Officer Staff Grade C (D2) and one Chief Engineer (D1) in the Airport Expansion Project Coordination Office, Transport Branch of the Transport and Housing Bureau for about seven years up to 31 March 2025 with immediate effect upon approval of the Finance Committee to continue monitoring the work of the Airport Authority Hong Kong and coordinating with relevant parties the implementation of the Three-Runway System project at the Hong Kong International Airport

2. The Chairman remarked that the staffing proposal was to create three supernumerary posts of one Principal Government Engineer (D3), one Administrative Officer Staff Grade C ("AOSGC") (D2) and one Chief Engineer ("CE") (D1) in the Airport Expansion Project Coordination Office ("AEPCO"), Transport Branch of the Transport and Housing Bureau for about seven years up to 31 March 2025 with immediate effect upon approval of the Finance Committee ("FC") to continue monitoring the work of the Airport Authority Hong Kong ("AAHK") and coordinating with relevant parties the implementation of the Three-Runway System ("3RS") project at the Hong Kong International Airport ("HKIA"). She pointed out that discussion of the item was carried over from the meeting on 16 May 2018.

Funding arrangement for the Three-Runway System project at the Hong Kong International Airport

3. Mr CHU Hoi-dick enquired about the details of AAHK's funding arrangement for the 3RS project and the time for AAHK to commence the funding activities concerned. He pointed out that apart from the 3RS project, AAHK might also require further funding for the long-term development of the airport. He enquired whether the Administration would request AAHK to commence the funding arrangement for the 3RS

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project only after the publication of the HKIA Master Plan 2035 to tie in with the long-term development and funding needs of the airport.

4. In response, Deputy Secretary for Transport and Housing (Transport)⁴ ("DS(T)⁴") advised that the 3RS project was expected to cost \$141.5 billion, which comprised about \$47 billion from AAHK's retained operating surplus, about \$69 billion from the funds raised from the market and about \$26 billion from an Airport Construction Fee ("ACF") levied on air passengers. Financing in relation to the approximately \$69 billion of funds to be raised from the market would be carried out in three stages, namely the ongoing preparatory work, near-term funding activities (including the public offering of retail bonds) expected to be conducted from the second half of the 2018-2019 financial year to the 2019-2020 financial year, and medium-term funding activities between the 2020-2021 financial year and the completion of the 3RS project. Permanent Secretary for Transport and Housing (Transport) ("PS(T)") supplemented that AAHK targeted to publish the HKIA Master Plan 2035 in the second half of 2018, and the timing of publication was not directly related to the funding arrangement for the 3RS project.

5. The Chairman pointed out that having considered the Government's views, AAHK reduced the ACF level, and it had to increase the amount of its external borrowing as a result. She enquired whether the Government would consider reducing the level of air passenger departure tax ("APDT") so that AAHK could raise the ACF level and reduce the amount of borrowing without affecting the cost of passenger departure.

6. PS(T) advised that the formulation of taxation policy was under the purview of the Financial Services and the Treasury Bureau ("FSTB"). He would relay to FSTB the Chairman's view on reducing APDT.

7. Mr CHU Hoi-dick pointed out that AAHK would expedite the accumulation of \$47 billion of operating surplus to cope with the cost of the 3RS project by ceasing payment of dividends to the Government. He enquired about the amount of dividends foregone by the Government in this respect, and whether AAHK would resume the payment of dividends to the Government immediately after it had accumulated \$47 billion of operating surplus.

8. PS(T) and DS(T)⁴ remarked that as a statutory body, AAHK was required under the Airport Authority Ordinance (Cap. 483) to operate according to prudent commercial principles. The Government understood AAHK's decision to retain all its surplus without paying dividends in light of the development of 3RS. Furthermore, as AAHK's future dividend

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payment arrangements were to be decided by AAHK pursuant to its statutory powers and subject to the consideration of its Board, the Government would not make any assumption. PS(T) agreed to provide the statistics on AAHK's operating surplus over the last three years as supplementary information.

9. Mr AU Nok-hin enquired how the Government would assess the appeal to investors of the bonds to be issued by AAHK. He also enquired whether the Government would provide financial guarantee to the bonds.

10. DS(T)4 advised that given AAHK's sound financial capability, AAHK should be able to command strong access to the debt market in the foreseeable future. As AAHK pursued self-financed development of the 3RS project based on a "joint contribution" principle, the Government was not required to provide financial support or guarantee in any form to AAHK for the financing of the project.

Work of the Airport Expansion Project Coordination Office

11. Mr Martin LIAO expressed support for the Administration's creation of the three proposed supernumerary posts up to 2025 to ensure that their tenure could cover the whole period of the 3RS project. He was concerned whether the creation of only three posts would be sufficient for dealing with the huge workload of AEPCO. He also enquired how AEPCO would speed up the vetting of 3RS project plans by relevant works departments.

12. Assistant Secretary (Airport Expansion Project Coordination Office)A, Transport and Housing Bureau ("AS(AEPCO)A") replied that approximately 30 000 statutory plans under the Buildings Ordinance (Cap. 123) were involved in the construction of the 3RS project. AEPCO would engage a monitoring and verification consultant to carry out advance vetting of the plans to ensure the quality of the design and plans submitted by AAHK and its consultant with a view to speeding up the vetting of plans by the departments concerned. Regarding the concern about the workload of AEPCO, PS(T) advised that the Government had reviewed the overall manpower requirement of AEPCO based on a prudent approach. After critically assessing the overall manpower requirement of AEPCO, the Government proposed the creation of the three posts for seven years to provide the necessary directorate support for AEPCO.

13. Mr WU Chi-wai was of the view that 3RS was a project undertaken by AAHK, which was duty-bound to ensure that the statutory plans it prepared complied with relevant requirements. He enquired why AEPCO

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still had to vet the plans in advance for AAHK. He was worried that such arrangement would give rise to ambiguous division of responsibilities between AEPCO and AAHK, and that AEPCO might be held liable for the quality of the plans in the future.

14. Mr Tony TSE was concerned whether AEPCO's vetting of plans submitted by AAHK would overlap with the statutory vetting rights the departments concerned, and whether the existing appeal procedures for statutory plans were applicable to the works plans under the 3RS project.

15. PS(T) advised that while AAHK was responsible for the implementation of the 3RS project, including ensuring that the statutory plans prepared complied with the statutory requirements, the Government had a key and clear stake in ensuring the smooth and proper implementation of the 3RS project to maintain Hong Kong's competitiveness as an international aviation hub, as well as the long-term economic and sustainable development of Hong Kong. The public would also have high expectation that the Government would closely monitor and scrutinize AAHK's implementation of the 3RS project in view of its scale, cost and complexity. Apart from monitoring AAHK's relevant work, the Government would also provide professional support to AAHK as appropriate, including AEPCO's advance vetting of the plans prepared by AAHK to ensure that the smooth vetting of the plans by relevant departments. He added that on top of rendering assistance in vetting plans, the monitoring and verification consultant of AEPCO would also offer professional advice on works design. For instance, the consultant had suggested that AAHK should alter the design of an Automated People Mover to lower the project cost by nearly \$800 million.

16. AS(AEPCO)A supplemented that the monitoring and verification consultant engaged by AEPCO would only conduct advance vetting of the statutory plans submitted by AAHK, and would recommend amendments to AAHK in case of any irregularities found. The statutory mechanism for lodging appeals against the decisions made by the Building Authority would continue to prevail. PSTH(T) stressed that AEPCO's advance vetting would not replace the statutory roles of relevant government departments in respect of vetting plans and monitoring works.

17. The Chairman pointed out that products using artificial intelligence were currently available in the market to assist in the vetting of plans. She enquired whether AEPCO and relevant government departments would use this type of products to expedite the vetting and save manpower.

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18. AS(AEPCO)A replied that the vetting of statutory plans for works was a complicated task requiring familiarity with building-related legislation and various marks shown on the plans, and it was still mainly undertaken by experienced professionals at present. PS(T) added that the Government maintained an open attitude on using artificial intelligence to help implementing works and would be happy to explore the feasibility of doing so.

19. Mr WU Chi-wai pointed out that the Government was about to seek funding for constructing the first-phase government facilities for the 3RS project, which included Air Traffic Control Facilities, Aviation Weather Services Facilities and Fire Services Facilities. He asked how the proposed AOSGC post would coordinate various departments in handling these public works. Besides, he requested the Administration to provide a concrete task list of the proposed AOSGC post during the 3RS project period.

20. PS(T) advised that regarding the construction of government facilities for the 3RS project, the proposed AOSGC post would have to coordinate the resource requirements of various departments with a view to ensuring the timely completion of these facilities in tandem with the commissioning of 3RS. He added that following the projected commissioning of the third runway by 2022 and full commissioning of the whole 3RS by 2024, the proposed AOSGC post would be required to make substantial efforts to facilitate and coordinate various government departments in the overall operation of the airport. Furthermore, the post would also be required to support the environmental initiatives involved in the project, such as coordinating the establishment of a marine park. He agreed to provide information on the specific responsibilities of the AOSGC post after the meeting.

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21. Mr AU Nok-hin enquired about the timetable for the second-phase construction of government facilities for 3RS and the list of facilities to be included. He also enquired about the latest development of the Airport North Commercial District.

22. DS(T)4 advised that the government facilities to be constructed in the second phase included new immigration and law enforcement facilities at in the airport. Relevant preparatory work was underway, and there was currently no timetable for seeking funding approval. As regards the development of the Airport North Commercial District, DS(T)4 said that the SKYCITY development project had been awarded to a local firm, and AAHK would provide detailed information on its latest development.

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Handling project claims

23. Mr CHAN Chi-chuen remarked that the responsibilities of the proposed CE post included scrutinizing AAHK's measures for avoiding claims from contractors. He enquired how the proposed CE post could help AAHK minimize the potential claims.

24. Mr Holden CHOW pointed out that delays in quite a number of major public works projects of the Government in recent years had given rise to substantial claims made by contractors, which subsequently caused cost overruns. He requested the Administration to illustrate with examples how the Government would negotiate with contractors over the claims against public works projects, with a view to minimizing the sum of damages as much as possible.

25. PS(T) advised that AAHK was duty-bound to operate according to prudent commercial principles. To avoid contractors' claims arising from project delays, AAHK would endeavour to ensure no delay for projects. Given that AAHK was wholly owned by the Government, the Government was duty-bound to assisting AAHK in taking forward the 3RS project, including giving advice to AAHK on the preparation of tender documents and works contracts with a view to minimizing the potential claims by contractors arising from unclear contract provisions. Furthermore, the proposed CE post would assist AAHK in formulating appropriate works logistics to ensure proper connectivity of various processes so as to avoid procrastination of other works caused by the delay of any individual works. He emphasized that the Government played the role of an adviser to AAHK, which had to undertake the various responsibilities stipulated in the works contracts on its own. He agreed to provide supplementary information on the Government's negotiation with contractors over claims matters arising from public works.

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Works contracts for the Three-Runway System project at the Hong Kong International Airport

26. Mr Jeremy TAM pointed out that AAHK had already awarded 14 main works contracts with a total value of about \$41.1 billion. While he had written to the Administration requesting the estimated cost of each project, the Administration explained that project cost estimation, which involved commercially sensitive information of AAHK, could not be disclosed. He understood that the Administration's stance was to prevent the contractors from knowing the estimated costs of individual projects. As such, he requested the Administration to provide the total cost estimation of the 14 works contracts.

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27. PS(T) advised that if the estimated costs of works projects were to be disclosed, they might be used by the contractors as the basis for claims against AAHK in the future. The Government would discuss Mr Jeremy TAM's request with AAHK with a view to striking a balance between ensuring proper protection for contract and project management and addressing the rights to information by the public and members.

Industrial safety

28. Mr LEUNG Yiu-chung noted from the Administration's supplementary paper (LC Paper No. ESC132/17-18(01)) that AAHK would conduct joint safety inspections with contractors on works regularly, and that where follow-up actions needed were identified during the inspections, contractors would be required to take immediate actions. He asked about the action to be taken by AAHK and the Administration if the contractors refused to take immediate follow-up actions. In addition, he requested the Administration to provide supplementary information on how AAHK implemented a safety performance programme to provide a channel for workers to give feedback to AAHK and the contractors on safety provisions and staff welfare improvements.

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29. AS(AEPCO)A advised that if the contractors refused to take immediate follow-up actions on the safety issues identified by AAHK during the safety inspections, AAHK would first take necessary improvement measures for the sake of safety and put it on record in the monthly audit report for further consideration of whether punishment was warranted. He agreed to provide supplementary information on how AAHK would follow up on the remedial actions required to be taken by contractors as identified during the safety inspections, as well as the mechanism and concrete measures AAHK had in place to address the feedback given by workers of the 3RS project on safety provisions and staff welfare improvements.

Ancillary transport facilities of Tung Chung and the airport

30. Mr Holden CHOW pointed out that the Government had been advocating that the development of the 3RS project could bring about plenty of employment opportunities, which would be conducive to encouraging Tung Chung residents to work in the district. He was concerned about the measures the Administration had in place to improve the arrangements of public transport connecting Tung Chung and the airport. He also urged the Government to give an account of how AEPCO would coordinate various departments to improve the transport connectivity

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between the airport and Tung Chung, including whether consideration would be given to the construction of an Environmentally Friendly Linkage System connecting the airport and Tung Chung, or extending the Tung Chung Line of the Mass Transit Railway ("MTR") to the airport.

31. Mr WU Chi-wai pointed out that the circuitous bus routes currently serving the airport and its backup areas significantly increased the travelling time of Tung Chung residents who went there for work. He enquired about the measures the Government had in place to improve the bus services for the airport.

32. PS(T) advised that the Transport Department ("TD") had been working with AAHK to examine ways to improve the public transport facilities of Tung Chung and the airport, such as the provision of non-franchised bus services to the airport backup areas. Moreover, the Government would conduct a transport development study as part of the overall planning for North Lantau to, inter alia, consider whether a new rail line should be constructed to enhance the transport facilities of North Lantau (including Tung Chung and the airport), as well as review the current capacity of the MTR Tung Chung Line to see if any new railway station or line was required. He agreed to provide supplementary information on TD's measures to enhance the public transport arrangements in the vicinity of the airport.

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Voting on the item

33. The Chairman put the item EC(2017-18)24 to vote. At the request of Mr AU Nok-hin, the Chairman ordered a division and the division bell rang for five minutes. Sixteen members voted for the item and six against it. 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 Abraham SHEK	Mr WONG Ting-kwong
Mr WONG Kwok-kin	Mr KWOK Wai-keung
Dr Elizabeth QUAT	Mr Martin LIAO
Mr POON Siu-ping	Dr CHIANG Lai-wan
Mr Alvin YEUNG	Mr HO Kai-ming
Mr Holden CHOW	Mr SHIU Ka-fai
Mr CHAN Chun-ying	Mr Jeremy TAM
Mr Vincent CHENG	Mr Tony TSE
(16 members)	

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Against

Mr WU Chi-wai
Mr CHU Hoi-dick
Mr Gary FAN
(6 members)

Mr CHAN Chi-chuen
Mr KWONG Chun-yu
Mr AU Nok-hin

34. Mr CHU Hoi-dick requested that the item be voted on separately at the relevant FC meeting.

EC(2018-19)1 Proposed creation of two supernumerary posts of one Administrative Officer Staff Grade B (D3) and one Administrative Officer Staff Grade C (D2) in the Chief Secretary for Administration's Private Office with effect from the date of approval by the Finance Committee until 30 June 2022 to lead and manage the Human Resources Planning and Poverty Coordination Unit

35. The Chairman remarked that the staffing proposal was to create two supernumerary posts of one Administrative Officer Staff Grade B ("AOSGB") (D3) and one AOSGC (D2) in the Chief Secretary for Administration's Private Office with effect from the date of approval by FC until 30 June 2022 to lead and manage the Human Resources Planning and Poverty Coordination Unit ("HRPPCU").

36. Mr KWOK Wai-keung, the Chairman of the Panel on Manpower, briefed members on the discussion of the Panel. He pointed out that the Panel on Manpower was consulted by the Administration on this staffing proposal on 16 January 2018. Most of the members involved in the discussion welcomed the establishment of HRPPCU to provide support for coordination work in human resources planning, population policy and poverty alleviation, and they made recommendations for such work. Some members were dissatisfied with the Government's work in respect of poverty alleviation, and said that they would not support the creation of the two proposed posts if the Administration maintained its stance on implementing a non-means-tested universal retirement protection scheme. After taking a vote, the Panel agreed to support the Administration's submission of the proposal to the Establishment Subcommittee ("ESC").

Human resources policy planning

37. Mr Holden CHOW expressed support for the staffing proposal. He pointed out that given an ageing population and the rapid development

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of technology, traditional work positions were gradually replaced by technology, resulting in a persistent loss in the number of such positions. He enquired how HRPPCU would address such trend.

38. Head, Special Duty Unit, Chief Secretary for Administration's Private Office ("Head, SDU") advised that the Government had been monitoring changes in the demographic structure and the labour market, as well as the way such trend would affect the human resources planning for different age groups. In this connection, the Steering Committee on Population Policy set up by the last-term Government had published in 2015 a package of human resources strategies and initiatives, including encouraging mature persons to work and enhancing the quality of home-grown talents, etc. All of the relevant initiatives had been implemented by the Government. To continue relevant work, the Chief Executive proposed in the 2017 Policy Address the setting up of the Commission for the Planning of Human Resources ("CPHR") to be chaired by the Chief Secretary for Administration ("CS") to study human resources policies in support of diversified economic development. In addition, HRPPCU would conduct studies and analysis on the labour markets of various industries with a view to providing the specific data required by CPHR for assisting the Government in formulating appropriate human resources policies.

39. Mr KWOK Wai-keung expressed support for the staffing proposal. Mr KWOK and Mr CHAN Chi-chuen pointed out that the Government should provide clear information to the market on the human resources development strategy of Hong Kong in the long run, so that people of different ages, particularly young people, could receive training according to the strategy and plan their own direction of career development.

40. In reply, Head, SDU advised that the information in relation to human resources currently available in the market was rather fragmented. CPHR would explore ways to collate data from various human-resources-related research and studies, including those on key industries, and put in place a platform that integrated information on matters pertaining to human resources planning and market development trends for people of various ages and backgrounds to facilitate them to make informed decisions on their career choices, learning pathways and development trajectories. She added that HRPPCU was currently administering a website dedicated to the population policy (<https://www.hkpopulation.gov.hk>) to provide the public with the latest news on the Government's population policy and relevant statistics.

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41. The Chairman was of the view that the Government's human resources policy should not merely focus on dovetailing with its short-term policy objectives. Instead, it should study and formulate forward-looking human resources strategies to cope with the rapid advancement of technology. Furthermore, by drawing reference from the various studies available in the market on the impact of technological development on different job types in the future labour market, the Government should set out the industries less likely to be driven out by technology in the future for reference by the labour force.

42. Head, SDU shared the observation of the Chairman. She pointed out that HRPPCU would conduct forward-looking data analysis of the labour market to reflect the development trend of the market in an effective and timely manner. Apart from utilizing data provided by the Government, HRPPCU would also explore the utilization of big data related to human resources in the market to help with the analysis of the latest human resources position.

43. Mr KWOK Wai-keung and Mr CHAN Chi-chuen pointed out that the talent list recently drafted by the Administration involved a number of professional fields that lacked home-grown talents. They were worried that the Government would meet the needs of the market in the long run by importing foreign talents and labour at the expense of the nurturing of local talents. They sought explanation from the Administration on whether the importation of foreign talents and labour was the primary work objective of CPHR and HRPPCU.

44. Head, SDU advised that in its study on local human resources policies, CPHR would consider how foreign talents would help with the human resources planning in Hong Kong. The drafting of talent list was one of the policy initiatives for attracting foreign talents to work in Hong Kong. Nevertheless, CPHR would accord priority to nurturing local talents as its focus of work. While the subject on importation of foreign labour and talents was inevitable in any discussion on human resources, it was not the primary work objective of CPHR. She supplemented that applications for importing foreign labour or talents made by the business sector had all along been dealt with under an established mechanism, and HRPPCU did not take part in the vetting procedure in this regard, nor did it have any plan to do so.

45. To enhance Hong Kong's competitiveness in attracting foreign talents, Mr CHAN Chi-chuen was of the view that the Government should promote policies that would facilitate social inclusion, including conducting studies on legislation against discrimination on the ground of

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sexual orientation. He asked whether HRPPCU would conduct studies in this regard.

46. Head, SDU shared the view that a workplace of diversity was conducive to the development of the labour market. The Government would study from a macroscopic perspective ways to formulate appropriate initiatives to attract talents to work in Hong Kong.

47. Mr CHU Hoi-dick pointed out that when major infrastructure or new development area projects were introduced in recent years, the Government would estimate the employment opportunities to be created from the perspective of town planning, but the estimation made by works departments might not tally with the future economic activities and employment opportunities of the developments concerned, and the relevant bureaux had not taken part in it either. He enquired how HRPPCU would liaise with various bureaux in making human-resources-related estimation on major development projects.

48. Head, SDU advised that for major infrastructure works, the Government would currently make preliminary estimation of the employment opportunities to be brought by the projects from a planning point of view, and there might be a gap between such estimation and the actual numbers and types of posts provided. In this connection, Mr CHU Hoi-dick had relayed the proposal to CS earlier, and HRPPCU would explore the feasibility of conducting a relevant study to analyze how major infrastructure works could drive the development of the labour market.

49. Mr AU Nok-hin said that he would not support the staffing proposal. He queried that the Government established various policy committees to carry out the work of policy research and formulation in order to promote the Government's policy objectives through committee politics, with a view to bypassing the procedures of policy formulation and receiving public views at the Legislative Council ("LegCo").

50. Head, SDU disagreed with Mr AU Nok-hin's view. She stressed that advisory committees on policy issues were set up by the Government to gauge views from various stakeholders on public policies by appointing people from different sectors of the community as committee members, with a view to enhancing and improving government policies and initiatives. She added that the various committees on policy issues would neither replace the Government's role in policy formulation nor override the work of LegCo.

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Voting on the item

51. The Chairman put the item to vote. She considered that the majority of the members voting were in favour of the item. She declared that members of the Subcommittee agreed to recommend the item to FC for approval. No member requested that the item be voted on separately at the relevant FC meeting.

EC(2018-19)3 Proposed creation of the new ranks of Assistant Marine Officer in the Marine Officer ("MO") grade (MPS 19 - 27) and Assistant Surveyor of Ships in the Surveyor of Ships grade for Engineer and Ship stream (MPS 19 - 27), Nautical stream (MPS 19 - 27) and Ship stream (MPS 16 - 27); the revised pay scale of the MO rank of the MO grade; and the conversion arrangement for serving civil servants in the MO rank of the MO grade in the Marine Department with effect from the first day of the month immediately following the month of approval by the Finance Committee or 1 August 2018, whichever is later

52. The Chairman remarked that the staffing proposal was to create the new ranks of Assistant Marine Officer ("AMO") in the MO grade (MPS 19 - 27) and Assistant Surveyor of Ships ("ASoS") in the Surveyor of Ships ("SoS") grade for Engineer and Ship stream (MPS 19 - 27), Nautical stream (MPS 19 - 27) and Ship stream (MPS 16 - 27); the revised pay scale of the MO rank of the MO grade; and the conversion arrangement for serving civil servants in the MO rank of the MO grade in the Marine Department ("MD") with effect from the first day of the month immediately following the month of approval by FC or 1 August 2018, whichever was later.

53. The Chairman pointed out that the Panel on Public Service had been consulted by the Administration on this proposal on 22 December 2017 and 13 April 2018 respectively. Panel members in principle supported the submission of the proposal to ESC for consideration and looked forward to ESC's expeditious endorsement of the proposal. At the meeting, some members were concerned about the persistent serious manpower shortage of MD, and called on the Administration to strengthen its efforts to attract young people with potential to join MD. Members also suggested that the Administration should consider introducing measures to nurture local maritime professionals from junior grades, so that they could take up the duties of the professional grades of MO and SoS.

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The Administration addressed the members' concerns at the meeting.

Necessity of the staffing proposal

54. Mr Frankie YICK said that marine operators supported the staffing proposal. He pointed out that given MD's persistent recruitment difficulties and acute succession problem, the statutory surveys carried out by MD for the industry would be affected if such problems could not be solved.

55. Mr Tony TSE stated that he was a member of the group tasked to review MO and SoS grades under the Standing Commission on Civil Service Salaries and Conditions of Service. He expressed support for the staffing proposal and urged for early implementation of the proposal by the Administration.

56. Mr Jeremy TAM remarked that Members from the Civic Party were in support of the staffing proposal. He suggested that MD should review the effectiveness of the proposal one to two years after the creation of the new assistant ranks and further consider rolling out trainee or internship programmes to address the recruitment difficulties of the MO and SoS grades. Mr TAM further said that the Government Flying Service ("GFS") was also facing the problem of recruitment difficulties, and quite a number of grades had high vacancy rates. He suggested that the Administration should examine the issues concerned.

57. Principal Assistant Secretary for the Civil Service (Pay and Leave) noted Mr Jeremy TAM's concern about the manpower situation of GFS. He agreed to look into the situation with relevant bureaux.

Ways to retain recruits to the new ranks

58. The Chairman expressed support for the staffing proposal. Noting that MD would provide the AMO and ASoS recruits with designated training, she enquired about the measures MD had in place to prevent these recruits from switching to the private sector upon completion of the designated training.

59. In reply, Director of Marine ("D of M") advised that AMOs/ASoSs were different from the talents recruited by the private sector in terms of skills. She explained that the private sector would normally hire talents possessing the professional qualification of Certificate of Competency Class 1 coupled with a specified length of working experience (normally 10 years) at designated positions on ocean-going vessels. Given the focus

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of MD's designated training for AMO/ASoS recruits on port control rather than the experience of working at sea (such as Master) as required by the private sector, there would not be vicious competition between MD and the private sector in respect of hiring maritime talents.

Enhancing operation of the Marine Department

60. Mr Holden CHOW expressed support for the staffing proposal. He pointed out that when ocean-going vessels flying the flag of the Hong Kong Special Administrative Region ("HKSAR") needed to apply for documents of exemption from MD while at foreign ports, these documents had to be endorsed by D of M. He commented that MD should review the impact of such an arrangement on the operation of the industry, and consider devolving the power of D of M in this regard to junior staff to enhance the efficiency of issuing the documents concerned. It would also help encourage more ocean-going vessels to fly the HKSAR flag to help promote the development of the maritime insurance and arbitration industries in Hong Kong.

61. Deputy Secretary for Transport and Housing (Transport)⁵ noted Mr Holden CHOW's views and advised that MD was reviewing the said arrangement. The Government would introduce the relevant legislative amendment proposals to LegCo as and when necessary.

Voting on the item

62. The Chairman put the item to vote. She considered that the majority of the members voting were in favour of the item. She declared that the Subcommittee agreed to recommend the item to FC for approval. No member requested that the item be voted on separately at the relevant FC meeting.

EC(2018-19)2

Proposed creation of three permanent posts of two Principal Transport Officer (D1) and one Chief Engineer (D1) in the Transport Department upon approval by the Finance Committee to spearhead (a) the planning, development, regulation, monitoring and upgrading of the existing ferry and paratransit services; (b) the monitoring and planning of public transport services in the New Territories; and (c) the formulation of Smart Mobility development strategy and its implementation

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63. The Chairman remarked that the staffing proposal was to create three permanent posts of two Principal Transport Officer ("PTO") (D1) (designated as PTO/Ferry and Paratransit ("PTO/FP") and PTO/New Territories 2 ("PTO/NT2") respectively) and one CE (D1) (designated as CE/Smart Mobility ("CE/SM")) in TD upon approval by FC to spearhead (a) the planning, development, regulation, monitoring and upgrading of the existing ferry and paratransit services; (b) the monitoring and planning of public transport services in the New Territories; and (c) the formulation of Smart Mobility development strategy and its implementation.

64. The Chairman pointed out that the Panel on Transport had been consulted by the Administration on this proposal on 23 February 2018. Mr Frankie YICK, the Chairman of the Panel on Transport, briefed members on the discussion of the Panel. He advised that the Panel expressed support for the submission of the aforementioned proposal to ESC for consideration. During the discussion about the creation of one permanent PTO post in the Management and Paratransit Branch, some members enquired about the Administration's justifications for creating a permanent post instead of a time-limited post in the current proposal, and they were also concerned about how the post could enhance the existing ferry and taxi services. As regards the proposed creation of one permanent PTO post in the New Territories Regional Office ("NTRO"), some members were concerned about the work of the said post in enhancing transport facilities at the boundary control points and ensuring safety of the bus-bus interchanges, and they suggested that the said post should step up communication with the District Councils and community organizations on improving public transport services, such as buses and non-franchised cross-boundary buses. In addition, when discussing the creation of one permanent CE post in the Technical Services Branch, some members suggested that the post concerned should render assistance in exploring the feasibility of making public the traffic data collected by in-vehicle units and the potential roles of electric bicycles and electric scooters in the transport system of Hong Kong.

Necessity of creating the proposed posts

65. Mr Frankie YICK expressed support for the staffing proposal. He said that the creation of the PTO/FP post was conducive to the implementation of the proposed measures to improve taxi service quality, while that of the PTO/NT2 post could relieve the heavy workload of TD's NTRO. Furthermore, "Smart Mobility" was an important element for Hong Kong's development into a smart city, and the creation of the CE/SM post could help take forward the policy initiative.

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Transport arrangements for the New Territories

66. Mr Holden CHOW expressed support for the staffing proposal. He urged TD to address various traffic issues in the New Territories as soon as practicable, including (a) formulating measures to relieve the traffic burden on Tung Chung upon the commissioning of the Hong Kong-Zhuhai-Macao Bridge ("HZMB"), such as requesting the MTR Corporation Limited ("MTRCL") to increase train frequency of its Tung Chung Line; and (b) considering the use of the SkyPier of HKIA and Tung Chung Development Pier as a contingency for maintaining the external traffic connections of Tung Chung and the airport in case of any serious traffic accident at the Lantau Link or North Lantau Highway.

67. In response, Commissioner for Transport ("C for T") advised that PTO/NT2 would handle the transport matters of New Territories West and the outlying islands, and would take Mr Holden CHOW's concern into consideration. She remarked that MTRCL had undertaken that upon the commissioning of HZMB, train frequency of the Tung Chung Line and Airport Express Line would be increased as far as practicable in case of any road traffic emergency at North Lantau. TD would also continue to liaise with MTRCL on the regular measures for improving the transport of Tung Chung. With regard to the contingency measures for the Lantau Link and North Lantau Highway, C for T pointed out that TD had conducted a review after an accident at the Kap Shui Mun Bridge, and had drawn up an arrangement for using the SkyPier, Tsuen Wan West Pier and Central Piers as a contingency if necessary (such as the required closure of the Bridge).

68. Mr CHU Hoi-dick proposed that the Administration relax the frequency and stopping restrictions on some of the residents' bus routes for the convenience of the public.

69. C for T responded that PTO/NT2 would be responsible for coordinating the residents' bus services and regular public transport services including franchised buses and green minibuses. The report on "Regulation of non-franchised bus and school private light bus services" published by the Audit Commission in October 2017 highlighted several problems of the residents' bus services and made recommendations on improvement measures to be implemented by TD. On the other hand, TD recognized the demand for residents' bus services in some areas of the New Territories and had provided additional drop-off points in Tuen Mun for some of the residents' bus routes. TD would study the feasibility of introducing similar measures in Yuen Long and Tin Shui Wai.

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Duties of the Principal Transport Officer/Ferry and Paratransit

70. Pointing out that the duties of PTO/FP involved various modes of public transport service, Mr AU Nok-hin enquired how the post holder would deal with matters relating to competition and coordination among various modes of public transport service, such as the implementation of concessionary interchange schemes for minibuses, which involved collaboration between MTRCL and green minibuses. Mr WU Chi-wai enquired about the specific issues and policy matters to be dealt with by the post concerned, such as enhancing the regulatory arrangements for car hiring.

71. In response, C for T advised that PTO/FP would be tasked to oversee the coordination and implementation of the recommended measures in relation to taxis, ferries and public light buses under the Public Transport Strategy Study ("PTSS"), and review the equilibrium and coordination among various modes of public transport service at a macro level.

Implementing the recommendations made in the Public Transport Strategy Study

72. Noting a PTSS proposal of providing new long-haul services (commonly known as "premium bus services") characterized by more spacious seating, no standees and more comprehensive passenger amenities on the bus compartments (such as Wi-Fi services and charging docket), Mr Jeremy TAM queried whether the premium buses would aggravate traffic congestion in Hong Kong. Mr CHU Hoi-dick said that the routes of the premium bus services might overlap with those of the residents' bus services, thereby failing to meet the objective of encouraging the public to minimize the use of private cars.

73. In reply, C for T advised that issues relating to the premium bus services were under the purview of the Bus and Railway Branch of TD and were unrelated to the staffing proposal. She said that the Government kept an open mind as to whether premium bus services should be taken forward and a pilot scheme had been introduced by TD having regard to the local community's proposal of launching the services.

Review of the waterborne transport and ferry services

74. Mr AU Nok-hin said that the Southern District encountered a number of problems in developing waterborne transport. He enquired about the main factors TD would consider regarding the provision of new

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ferry routes, as well as the outcome of the study on the development of ferries and waterborne transport under PTSS completed in 2017. Mr AU also pointed out that unlike the situation of the New Territories where new pier construction could be funded as rural projects, the Civil Engineering Office would only consider new pier construction in urban areas when demand for ferry routes arose. He was of the view that such an arrangement had hindered the development of waterborne transport in urban areas, and urged the Administration to conduct a review. Mr WU Chi-wai enquired whether PTO/FP would conduct a review on the subsidization arrangements for ferry services.

75. The Chairman pointed out that beaches in the Southern District were hotspots for the public and tourists, and there was often serious traffic congestion on Island Road and Beach Road of the district. She asked whether the Administration would consider constructing a new pier in the Southern District and adding new ferry routes to improve the traffic there.

76. C for T responded that the duties of PTO/FP included reviewing ferry planning and pier improvement initiatives. TD was aware of the Southern District Council's aspirations for developing waterborne transport. In deciding whether new ferry routes should be added, TD would take into consideration the needs of society and the availability of any ferry service operators willing to provide such services. C for T further said that as stated in paragraph 7 of the Government's paper, a mid-term review would be conducted on ferry service licences in the first half of 2019, and PTO/FP would review the ferry service operation model and would take into account the society's and ferry service operators' views on adding new ferry routes.

77. Mr CHU Hoi-dick remarked that TD should study the feasibility of providing real-time information on ferry frequency online. In response, C for T advised that The "Star" Ferry Company, Limited had undertaken to provide real-time information on ferry frequency on its website. In processing the licence renewal for operators of outlying island ferry routes, TD would consider whether the requirement concerned should be included.

The "Smart Mobility" strategy and privacy protection issues

78. Noting that one of the initiatives under "Smart Mobility" was to install traffic detectors on all strategic routes to collect real-time traffic data, Mr AU Nok-hin emphasized that CE/SM should handle privacy protection issues properly. The Chairman said that some of the initiatives under "Smart Mobility" would gather voluminous data, which might arouse public concern over privacy protection. She enquired whether the

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Administration would make reference to overseas practices to strengthen the legislation relating to information protection.

79. In response, C for T advised that regarding the installation of traffic detectors, TD had consulted the Privacy Commissioner for Personal Data, who had been informed of the privacy protection initiatives proposed by TD, including encryption of the data collected and immediate removal of the data or images previously collected upon completion of statistics compilation. She stressed that the Government would attach great importance to the protection of privacy in taking forward the various projects under "Smart Mobility".

Taking forward projects under "Smart Mobility"

80. Mr AU Nok-hin suggested that TD should enhance the flexibility of certain projects under "Smart Mobility", such as showing the traffic conditions of neighbouring areas through the newly installed Journey Time Indication System ("JTIS"). Mr Holden CHOW proposed that reasons for traffic congestion (such as an occurrence of traffic accident or implementation of the high wind management measures) should be shown on JTIS to be installed at the Lantau Link to help drivers decide whether a change of driving routes was required.

81. C for T responded that some of the newly installed JTIS would show the traffic conditions of alternative routes. TD would also provide four sets of additional mobile variable message signs at the North Lantau Highway to enhance the dissemination of traffic information.

82. Mr Jeremy TAM enquired about the implementation timetable of the smart lampposts pilot scheme. He urged the Administration to study the additional services that smart lampposts could provide, including, among others, providing electric vehicle charging service at the smart lampposts and replacing parking meters with them.

83. Assistant Commissioner for Transport (Technical Services) advised that the Government would roll out the smart lampposts pilot scheme from 2019 onwards and map out its long-term development subject to the outcome of the scheme. C for T shared the view that smart lampposts should provide more functions, and she would relay Mr Jeremy TAM's views to relevant bureaux/departments for consideration. C for T further said that TD would also take part in the smart lampposts pilot scheme to install traffic detectors on some of the smart lampposts to facilitate collection of traffic data.

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84. Noting that one of the initiatives under "Smart Mobility" was to integrate TD's three existing mobile applications (namely "HKeTransport", "HKeRouting" and "eTraffic News") into an integrated mobile application, Mr CHAN Chi-chuen enquired about the implementation timetable of the initiative concerned and how TD would assess its effectiveness. Mr CHAN and Dr Pierre CHAN asked whether there was any plan to integrate the integrated mobile application with the real-time traffic information mobile applications of various franchised bus companies and MTRCL.

85. Mr Charles Peter MOK said that TD's introduction of the integrated mobile application did not imply that the public demand for opening up the Government's data was properly addressed. He proposed that the Administration should request various transport operators (including franchised bus companies and MTRCL) to open up their real-time traffic data. Mr MOK also urged the Administration to open up data of the integrated mobile application to major traveling/informative mobile applications worldwide for the convenience of foreign visitors. Dr Pierre CHAN agreed that the Administration should expedite the opening up of its data.

86. C for T pointed out that many members of the public obtained the latest traffic information through TD's website or mobile applications. TD was developing the integrated mobile application, which was expected to be launched by mid-2018. The integrated mobile application would provide real-time traffic information of trams and the Star Ferry while real-time traffic information of various franchised bus companies and MTRCL could be accessed via hyperlinks therein. However, if the companies concerned agreed to provide TD with their data, the integrated mobile application could further display the real-time traffic information of these companies. CE/SM and the Bus and Railway Branch of TD would continue to discuss with the various franchised bus companies and MTRCL issues relating to the opening up of data.

87. As regards the opening up of data, C for T concurred that the introduction of the integrated mobile application did not mean having achieved the objective of opening up data on the part of TD. TD would examine ways to further open up its data and convert the data collected under "Smart Mobility" into commonly used data format to facilitate usage by the public and various organizations.

88. Noting that one of the initiatives under "Smart Mobility" was to progressively expand the walking path information from its current coverage of merely Causeway Bay and Kowloon East to other districts

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through government mobile applications, Dr Pierre CHAN enquired about the difference between such information and that provided by "Google Map".

89. In response, C for T advised that the government mobile applications were able to provide information unavailable on "Google Map", such as the paths suitable for use by disabled persons as well as the facilities on the paths available to them.

90. Mr WU Chi-wai remarked that the taking forward of "Smart Mobility" might warrant a review on the existing legislation and policies (such as the policy on cycling). He asked if CE/SM would be responsible for such work. Mr Charles Peter MOK hoped that the post holder could deal with regulatory matters in relation to autonomous driving, personal mobility devices (such as electric bicycles and electric scooters), online car hailing and bicycle sharing with an open mind, and he opined that CE/SM should be vested with sufficient power to carry out facilitation and coordination work properly.

91. C for T responded that "Smart Mobility" involved seven specific areas of work (details of which were set out in paragraph 25 of the paper), CE/SM would be responsible for relevant facilitation and coordination efforts. If legislative amendments were required in taking forward "Smart Mobility", the Government would take LegCo's views into consideration. C for T also said that regarding the application of transport technology in respect of autonomous driving, TD was proactively assisting various organizations in conducting technology trials on autonomous vehicles in certain areas of Hong Kong as appropriate. In addition, other branches of TD were conducting reviews on the policy on cycling and the regulatory arrangements for bicycle sharing in Hong Kong.

Regulation of autonomous driving

92. Mr Charles Peter MOK said that legislative amendments and complementary insurance coverage were involved in the policy on autonomous driving, and the Administration should make reference to overseas practices in formulating the policy. CE/SM might need to carry out facilitation and coordination across bureaux/departments.

93. C for T reiterated that TD was proactively assisting various organizations in their trials on autonomous driving, and was aware that autonomous driving involved such issues as road safety, legislative amendments and insurance coverage. Given the heavy workload of the Smart Mobility Division, TD would arrange reviews of relevant issues by

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colleagues of other divisions through internal deployment of resources.

Review on the Public Transport Fare Subsidy Scheme

94. Mr CHAN Chi-chuen enquired when the Public Transport Fare Subsidy Scheme ("PTFSS") would be reviewed, and whether the review would involve reducing the administrative costs of the scheme and removing the time limit for collecting the subsidy.

95. C for T responded that PTO/FP would be responsible for the implementation of PTFSS and its review. In seeking funding approval for PTFSS from FC, the Government had undertaken to conduct a review one year after its implementation. The outcome of the review would be reported to LegCo in due course.

Voting on the item

96. The Chairman put the item to vote. She considered that the majority of the members voting were in favour of the item. She declared that the Subcommittee agreed to recommend the item to FC for approval. No member requested that the item be voted on separately at the relevant FC meeting.

EC(2018-19)4 Proposed retention of two supernumerary posts of one Administrative Officer Staff Grade B (D3) and one Administrative Officer Staff Grade C ("AOSGC") (D2) for two and three years respectively with effect from 1 January 2019 or with immediate effect upon approval by the Finance Committee ("FC"), whichever is later; and creation of one supernumerary post of AOSGC (D2) for three years with effect from the date of approval by FC in the Financial Services Branch of the Financial Services and the Treasury Bureau to provide suitable high-level policy steer and inputs to various major legislative and policy initiatives

97. The Chairman remarked that the staffing proposal was to retain two supernumerary posts of one AOSGB (D3) and one AOSGC (D2) (designated as Deputy Secretary for Financial Services and the Treasury (Financial Services) 3 ("DS(FS)3") and Principal Assistant Secretary for Financial Services and the Treasury (Financial Services) 6 ("PAS(FS)6")

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respectively) for two and three years respectively with effect from 1 January 2019 or with immediate effect upon approval by FC, whichever was later; and create one supernumerary post of AOSGC (D2) (designated as Principal Assistant Secretary for Financial Services and the Treasury (Financial Services) (Mandatory Provident Fund Reform) ("PAS(FS)(MPF Reform)")) for three years with effect from the date of approval by FC in the Financial Services Branch of FSTB to provide suitable high-level policy steer and inputs to various major legislative and policy initiatives.

98. The Chairman pointed out that the Panel on Financial Affairs had been consulted by the Administration on this proposal on 5 March 2018. The Panel expressed support for the submission of the proposal to ESC for consideration. Some Panel members enquired whether the Administration had considered making the supernumerary posts of DS(FS)3 and PAS(FS)6 permanent, given the continuing nature of a number of duties undertaken by them. Some members also pointed out that the three-year duration of the supernumerary PAS(FS)(MPF Reform) post might be insufficient for concluding the work related to the development of an electronic management platform for the Mandatory Provident Fund ("eMPF") and improving the Mandatory Provident Fund ("MPF") system. In response, the Administration advised that it had to be prudent in proposing the creation of directorate posts, hence the proposal to create the three posts on a supernumerary basis. The Government would review the continued need of the three posts before their expiry having regard to the progress of the various tasks taken up by them.

Benefits of implementing eMPF

99. Mr CHAN Chi-chuen remarked that under the existing MPF system, when an MPF scheme member had more than one trustee account, the member would be required to log in to the website of each and every trustee in order to check and manage his/her MPF accounts, which would cause inconvenience to the member. Mr CHAN enquired whether improvement could be made in this regard under eMPF.

100. In response, Deputy Secretary for Financial Services and the Treasury (Financial Services)2 ("DS(FS)2") advised that eMPF was a centralized electronic administration platform where MPF scheme members could check and manage all of their MPF accounts through a single password.

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Introduction of a class action regime in Hong Kong

101. Mr CHAN Chi-chuen was disappointed that duties of the proposed posts did not cover the study on an introduction of a class action regime in Hong Kong. He opined that a class action regime could enhance investor protection, and enquired whether the Administration would consider including such work as part of the proposed responsibilities of DS(FS)3. Mr Holden CHOW was of the view that the establishment of a class action regime would bring about significant impact on the business environment, and given the Law Reform Commission ("LRC")'s recommendation of introducing such a regime merely from a consumer's perspective, the Administration should handle the issue carefully. Mr CHOW proposed that the Administration could consider setting up an investor litigation fund with a view to enhancing investor protection.

102. DS(FS)2 and DS(FS)3 noted the views of Mr CHAN Chi-chuen and Mr Holden CHOW. They pointed out that the Department of Justice ("DoJ") was studying LRC's recommendations on a class action regime and would consult relevant bureaux or departments on such recommendations. FSTB had also given advice to DoJ. It was believed that DoJ would determine the ways to follow up on LRC's recommendations upon balancing various considerations.

(At 6:23 pm, the Chairman enquired if members agreed to extend the meeting by 15 minutes. No members expressed objection.)

Voting on the item

103. The Chairman put the item to vote. She considered that the majority of the members voting were in favour of the item. She declared that the Subcommittee agreed to recommend the item to FC for approval. No member requested that the item be voted on separately at the relevant FC meeting.

104. The meeting ended at 6:28 pm.