

**For discussion on  
17 December 2018**

**Legislative Council Panel on Public Service**

**Creation of One Permanent Principal Economist Post  
in the Office of the Government Economist**

**PURPOSE**

This paper invites Members' views and support for the proposed creation of one permanent Principal Economist (Pr Econ) (D2) post in the Office of the Government Economist (OGE) upon the lapse of the supernumerary Pr Econ post on 13 May 2019 or with immediate effect upon approval of the Finance Committee (FC), whichever is the later, to supervise economic analyses for providing support in policy deliberations on poverty, welfare and population issues.

**BACKGROUND AND JUSTIFICATION**

2. A new Section (Section V) in OGE (formerly known as the Economic Analysis and Business Facilitation Unit) was set up in April 2013 to strengthen analytical support to the Government in key policy areas of poverty, welfare and population. With the FC's approval, a supernumerary Pr Econ post was created on 1 April 2013 for three years and then extended for another three years up to 12 May 2019 to head Section V. The Pr Econ is currently assisted by five permanent civil service posts, namely two Senior Economists (Sr Econ) and three Economists (Econ), as well as one time-limited civil service post of Personal Secretary I (PS I, to lapse on 1 April 2019).

3. Since its establishment in 2013, Section V has been providing dedicated professional support to meet pressing and growing demand for timely and high-quality professional researches and analyses to support the work of a number of high-level advisory commissions / committees, including the Commission on Poverty (CoP) and the Steering Committee on Population Policy, as well as other requests made by various client bureaux and departments (B/Ds) from time to time. As it is anticipated that the professional support provided by Section V will continue to be in demand within the Government in future given the high complexity and importance of such key policy subjects, we deem it necessary to retain the Pr Econ post on a permanent basis after due consideration. Details are furnished below in paragraphs 4 to 12.

#### ***Poverty-related analysis***

4. Section V, under the leadership of the Pr Econ, has been providing analytical support to the reinstated CoP and its Task Forces, in collaboration with the Census and Statistics Department (C&SD), including the publication of the annual poverty situation report, which analyses in detail the latest poverty situation of Hong Kong, the forms and causes of poverty, as well as the poverty alleviation impact of existing key government measures. Up to now a total of six annual reports have been published (2012 – 2017) and uploaded onto the website of CoP for public consumption.

5. We have also conducted additional research upon requests of CoP members and the general public on a wide range of poverty-related topics. Major studies done for the past two terms of the CoP included supplementary poverty lines, elderly poverty situation, the expenditure pattern of poor households, etc.. On top of monitoring the overall poverty situation, we have conducted focused analyses on the poverty situation of disadvantaged groups (such as single-parent households and new-arrival households), which were published in the annual poverty situation report as feature articles. Following a Legislative Council

(LegCo) Member's enquiry on the poverty situation of working persons with post-secondary educational attainment, a relevant feature article was also newly introduced in the "Hong Kong Poverty Situation Report 2017" released this year.

6. The Government also attaches great importance to the well-being of persons with disabilities and ethnic minorities (EMs). In this connection, the publications of poverty situation reports on EMs (2014 and 2016) and on persons with disabilities (2013) facilitated a better understanding of the forms of poverty of these specific groups. As for the EMs, characterised by a growing population over time, they form a vital component of our society, yet some may encounter difficulties in adaptation and integration into our community. The detailed poverty analysis on EMs is relevant to the consideration of the Steering Committee on Ethnic Minorities Affairs of enhancement of support measures to EMs.

7. On earnings growth over time, Section V published the "2015 Study on Earnings Mobility" in 2016, and has carried out a 2018 update to study the impact of the global financial crisis in 2008 on the subsequent earnings mobility of post-secondary graduates. The study could provide an objective basis for the Government to monitor the earnings mobility of the younger generations and help them seize the opportunities brought about by social and economic changes. Key findings would be presented to CoP when available.

8. The above tasks entail sustained efforts and require high-level steer of the directorate to carry out long-term monitoring and analysis in an effective manner. The commencement of the third-term CoP and its Task Forces in July 2018 will continue to require professional inputs to be contributed by Section V. The poverty line analysis and the study on expanding the scope of the earnings mobility study will also continue, with the results to be submitted to CoP for discussion in due course.

When new rounds of survey results from C&SD become available, the poverty situation of EMs and persons with disabilities, together with the study of the expenditure pattern of poor households, will be updated in the years to come. Section V's professional support in poverty-related issues would continue to be prominent.

### *Welfare-related analysis*

9. Since the setting of the official poverty line in 2013, the poverty analysis has offered an evidence-solid basis for the Government to not only monitor and better understand the poverty situation of Hong Kong, but also formulate and review relevant welfare policies in an on-going manner to alleviate the poverty situation of the needy groups. Section V conducted rounds of assessments and analyses, including scenario studies of socio-economic characteristics of the beneficiaries and the respective poverty alleviation impacts under different policy options in the policy deliberation / review processes, and monitored the effectiveness of these measures from time to time after implementation.

10. For instance, noting the heavy family burden faced by working poor families, the Government launched the Low-income Working Family Allowance (LIFA) Scheme in 2016 to promote self-reliance and alleviate intergenerational poverty. In order to strengthen its functions in alleviating and preventing poverty, the Government conducted a comprehensive review of the LIFA Scheme in 2017, and introduced a series of enhancements in 2018, with the Scheme renamed as the Working Family Allowance Scheme. Besides, to strengthen the support for elderly persons with financial needs, the Government implemented enhancements to the Old Age Living Allowance in 2017 and 2018. The latest 2017 poverty figures reflected that the elderly poverty situation after recurrent cash intervention improved notably.

### *Population-related analysis*

11. With a low fertility rate and longer life expectancy, Hong Kong's population is ageing rapidly. Such a demographic structural trend will on the one hand pose long-term challenges to our manpower resources, economic growth potential, welfare and health demands, but on the other hand also present opportunities for the community to devise a variety of elderly-related services for our senior citizens to enjoy their twilight years. Suitable policies could be able to encourage elders to stay in or re-enter the labour market and unleash the capacity of developing the "silver-hair" market, thereby alleviating the possible burden of population ageing on society.

12. In this respect, Section V has been monitoring from time to time the latest demographic trends both locally and internationally, heavily involved in the population projection and labour force projection exercises conducted by C&SD, which serve as key input parameters for a wide range of analyses in the areas of population ageing, labour and welfare issues. Furthermore, Section V would have to provide support in the form of in-depth researches and assessments of the potential impacts of our ageing population on our economic vitality and the economic implications for various policies.

### **The need to create a permanent Principal Economist post**

13. During discussions of the staffing proposals submitted to the LegCo Panel on Public Service and the Establishment Subcommittee for approval regarding the creation of the supernumerary Pr Econ post in 2013 and the extension of the post for three years in 2016, some Members opined that the Government should consider the creation of a permanent post in order to meet the long-lasting work demand in policy areas on poverty, welfare and population. While considering it more prudent to create a supernumerary Pr Econ post then, we agreed to review OGE's

staffing arrangement in a holistic manner taking into account future workload and manpower before the lapse of the post in May 2019.

14. Given the complexity, long-term policy significance and highly contentious nature of the aforesaid work of Section V, it is considered essential that a permanent Pr Econ post be created to continue to lead the Section. Continued directorate support at the Pr Econ level is critical to ensuring the timely delivery of high quality and in-depth economic analyses on poverty, welfare and population issues; effective exchanges and interactions with various stakeholders in particular on poverty analyses; and evaluation of various policy options to support the deliberations at various high-level commissions / committees in the future.

## **THE PROPOSAL**

15. We propose that the supernumerary Pr Econ post be made permanent with effect from 13 May 2019 or upon the FC's approval, whichever is the later, to provide the necessary analytical support in policy deliberations on poverty, welfare and population issues. The job description of the Pr Econ post is at **Annex A**. The existing and proposed organisation chart of OGE is at **Annex B**.

### **Non-directorate Support**

16. The proposed permanent Pr Econ post will be supported by six permanent civil service posts, including two Sr Econs, three Econs, and one PS I. The existing time-limited PS I post will be made permanent upon its expiry in 2019-20 to provide continued secretarial support to the Pr Econ.

## **ALTERNATIVES CONSIDERED**

17. We have considered the alternative of staff re-deployment but found it not feasible. The substantial increase in workload in OGE in recent years has gone way beyond the capacity of the Office. Hence, it is not possible for re-deployment of existing resources from any of the other five Sections to take up the policy analyses on poverty, welfare and population issues under the ambit of Section V.

18. Having regard to the importance and complex nature of Section V's work, and given that all the other Pr Econs of the remaining Sections are heavily engaged in different policy areas which are of no lesser importance, it is operationally not feasible for any of them to share out the directorate duties of Section V. Without a directorate professional to spearhead research work on poverty, welfare and population issues on an on-going basis, the quality and timeliness of OGE's economic analyses provided to senior officials, commissions / committees and other B/Ds will be greatly undermined. There are hence no viable alternatives except the creation of a permanent Pr Econ post.

## **FINANCIAL IMPLICATIONS**

19. The proposed creation of one permanent Pr Econ post requires an additional notional annual salary cost at mid-point of \$2,179,800. The additional full annual average staff cost, including salaries and staff on-cost, is \$2,972,000.

20. The additional notional annual salary cost at mid-point for the creation of a permanent PS I post as mentioned in paragraph 16 above is \$439,980 and the additional full annual average staff cost, including salaries and staff on-cost, is \$674,000. We will include sufficient provision in the draft Estimates of 2019-20 and subsequent years to meet the cost of the proposal.

## **ADVICE SOUGHT**

21. Members are invited to comment on the proposal. Subject to Members' views, we will seek the recommendation of the Establishment Subcommittee and approval from the FC accordingly.

**Office of the Government Economist**  
**December 2018**



**Job Description**

**Principal Economist of Section V**

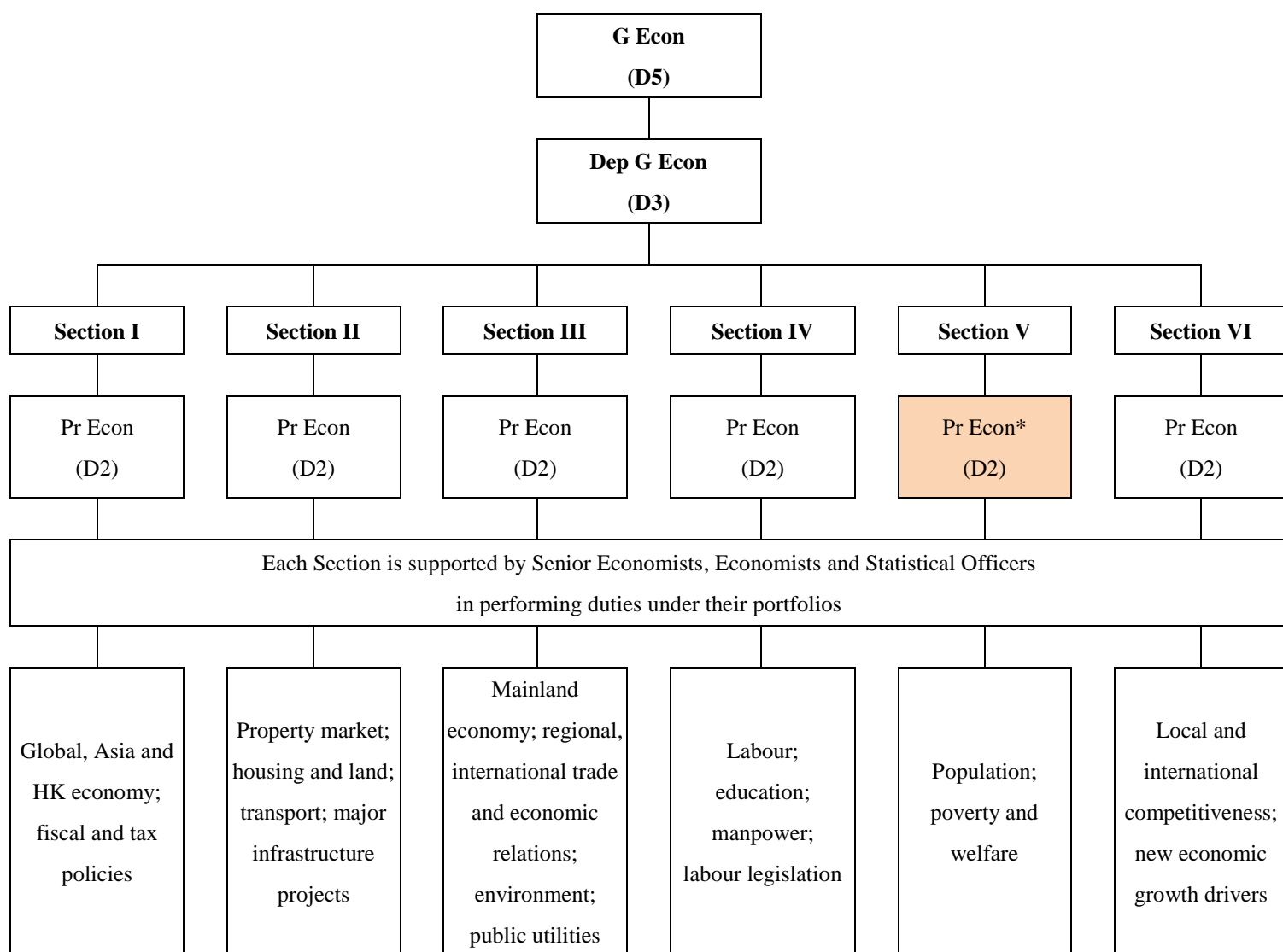
Rank : Principal Economist (D2)

Responsible to : Deputy Government Economist

**Main Duties and Responsibilities:**

1. To assist the Government Economist and Deputy Government Economist in providing strategic inputs on the policy areas of poverty, welfare and population.
2. To supervise reviews and research on the poverty line framework, as well as monitoring work of the poverty situation.
3. To supervise the assessment of the impact of proposed and existing welfare policy initiatives in alleviating poverty situation, in particular that of specific disadvantaged groups.
4. To supervise dedicated in-depth and rigorous analyses regarding elderly welfare, including economic and financial implications; and provide continuous research and professional support to CoP to facilitate their deliberation of different policy options.
5. To supervise economic analyses and researches on population ageing.
6. To provide analytical support to various high-level committees / commissions chaired by the Chief Secretary for Administration and other Principal Officials.
7. To undertake other duties as assigned by the Government Economist and Deputy Government Economist.

**Existing and Proposed Organisation Chart of  
Office of the Government Economist**



Note: \* The supernumerary post (to lapse on 13 May 2019) proposed for making permanent.

Legend: G Econ Government Economist  
 Dep G Econ Deputy Government Economist  
 Pr Econ Principal Economist