

立法會
Legislative Council

LC Paper No. ESC67/19-20

(These minutes have been seen by
the Administration)

Ref : CB1/F/3/1

Establishment Subcommittee of the Finance Committee

**Minutes of the 8th meeting
held in Conference Room 1 of Legislative Council Complex
on Wednesday, 17 June, 2020, at 8:30 am**

Members present:

Hon Holden CHOW Ho-ding (Chairman)
Hon CHAN Chi-chuen (Deputy Chairman)
Hon James TO Kun-sun
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Steven HO Chun-yin, BBS
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, GBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, SBS, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon CHU Hoi-dick
Hon SHIU Ka-fai, JP
Hon SHIU Ka-chun
Hon YUNG Hoi-yan, JP
Dr Hon Pierre CHAN
Hon CHAN Chun-ying, JP
Hon Jeremy TAM Man-ho
Hon Tony TSE Wai-chuen, BBS

Public Officers attending:

Mr Raistlin LAU Chun, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Brian LO Sai-hung, JP	Deputy Secretary for the Civil Service 1
Mr Kevin CHOI	Deputy Secretary for Transport and Housing (Transport) 2
Mr Philip HAR Mung-fei	Principal Assistant Secretary for Transport and Housing (Transport) 4
Mr PANG Yiu-hung, JP	Acting Director of Electrical and Mechanical Services
Mr CHAN Chau-fat, JP	Assistant Director (Railways) Electrical and Mechanical Services Department
Mr Sam HUI Chark-shum	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
Dr CHUI Tak-yi	Under Secretary for Food and Health
Miss Trista LIM Mei-yee	Principal Assistant Secretary for Food and Health (Health)2
Mrs Sylvia LAM YU Ka-wai, JP	Director of Architectural Services
Mr Ben YEUNG King-on	Senior Project Manager 127 Architectural Services Department
Mr Joseph LAI Yee-tak, JP	Permanent Secretary for Transport and Housing (Transport)
Mr Wallace LAU Ka-ki, JP	Deputy Secretary for Transport and Housing (Transport)4
Mr LEUNG Man-fat	Chief Inspector Air Accident Investigation Authority Transport and Housing Bureau

Clerk in attendance:

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

Miss Judy YEE	Council Secretary (1)4
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Ms Sharon CHAN	Legislative Assistant (1)4
Ms Haley CHEUNG	Legislative Assistant (1)10

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The Chairman drew members' attention to the information paper ECI(2020-21)5, which set out the latest changes in the directorate establishment approved since 2002 and the changes to the directorate establishment in relation to the four items on the agenda. He then reminded members that in accordance with Rule 83A of the Rules of Procedure ("RoP"), they should disclose the nature of any direct or indirect pecuniary interest relating to the item under discussion at the meeting before they spoke on the item. He also drew members' attention to RoP 84 on voting in case of direct pecuniary interest.

EC(2020-21)3 Proposed creation of two permanent posts of one Chief Electrical and Mechanical Engineer (D1) and one Chief Electronics Engineer (D1) in the Electrical and Mechanical Services Department upon approval by the Finance Committee to strengthen the regulation on the safety of railway services through an enhanced, more proactive and comprehensive monitoring regime

2. The Chairman remarked that this staffing proposal was to create two permanent posts of one Chief Electrical and Mechanical Engineer (D1) and one Chief Electronics Engineer (D1) in the Electrical and Mechanical Services Department upon approval by the Finance Committee ("FC") to strengthen the regulation on the safety of railway services through an enhanced, more proactive and comprehensive monitoring regime.

3. There being no further questions from members, the Chairman put the item EC(2020-21)3 to vote. At the request of members, the Chairman ordered a division, and the division bell rang for five minutes. Eight members voted for the item and three 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:

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For

Mr WONG Ting-kwong	Ms Starry LEE
Mr YIU Si-wing	Mrs Martin LIAO
Mr POON Siu-ping	Mr SHIU Ka-fai
Ms YUNG Hoi-yan	Mr Tony TSE
(8 members)	

Against

Mr CHAN Chi-chuen	Dr KWOK Ka-ki
Mr CHU Hoi-dick	
(3 members)	

4. Mr WU Chi-wai requested that the item be voted on separately at the relevant FC meeting.

5. Mr CHAN Chi-chuen asked that should the Subcommittee approve the remaining three items on the agenda, how those items would be prioritized for discussion at FC.

6. At the invitation of the Chairman, Deputy Secretary for Financial Services and the Treasury (Treasury) 1 remarked that items approved by the Subcommittee would be included in the agenda of FC for discussion in light of the internal operational needs of the Government. At present, it was the practice of the Administration to include items that had been approved by the Subcommittee and did not request separate voting in the agenda of FC as soon as practicable.

EC(2020-21)4 Proposed making permanent of two supernumerary posts of one Administrative Officer Staff Grade B (D3) with effect from 1 January 2021 or upon approval by the Finance Committee, whichever is later; and one Administrative Officer Staff Grade C (D2) with effect from 1 January 2022 or upon approval by the Finance Committee, whichever is later in the Financial Services Branch of the Financial Services and the Treasury Bureau, to provide long term and senior-level policy steer and inputs to various major legislative and policy initiatives

7. The Chairman remarked that this staffing proposal was to make permanent two supernumerary posts of one Administrative Officer Staff Grade B (D3) (designated as Deputy Secretary for Financial Services and the Treasury (Financial Services)³ ("DS(FS)³")) with effect from 1 January

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2021 or upon approval by FC, whichever is later; and one Administrative Officer Staff Grade C (D2) (designated as Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)⁶ ("PAS(FS)6")) with effect from 1 January 2022 or upon approval by FC, whichever is later in the Financial Services Branch of the Financial Services and the Treasury Bureau ("FSTB"), to provide long term and senior-level policy steer and inputs to various major legislative and policy initiatives.

8. The Chairman remarked that the Panel on Financial Affairs had discussed the staffing proposal at its meeting on 1 January 2020. Some members expressed support for the staffing proposal considering that many duties taken up by the two proposed posts were ongoing in nature. Some members enquired about the role of the two proposed posts in promoting the development of financial technologies ("FinTech") in the banking and insurance sectors and their specific duties in promoting the development of FinTech in Hong Kong. Some other members were of the view that with creation of the two permanent posts, the Administration should enhance regulation of money lenders, conduct a review of the outdated provisions in the Money Lenders Ordinance (Cap. 163), and consider setting up an independent authority to regulate the money lending industry.

Hong Kong's participation in Asian Infrastructure Investment Bank

9. Dr KWOK Ka-ki asked about the assistance Hong Kong had given to the Asian Infrastructure Investment Bank ("AIIB") in its capacity as an AIIB member, in particular in enhancing the governance of AIIB on project management, and the details about the deployment of resources committed by Hong Kong to AIIB. Dr KWOK was concerned that the resources ploughed into AIIB by the Government might bring zero returns, given that AIIB invested primarily in infrastructure projects under the Belt and Road Initiative ("Belt & Road"), and the progress of such projects was slowed down due to the corruption some of the participating countries were found to be involved in in recent years. He also asked how the Administration would protect officials taking part in AIIB-related businesses from being implicated in illegal activities. He further questioned the current practice of awarding the majority of the infrastructure projects with investment from AIIB to Mainland enterprises.

10. Citing the corruption involving government officials of the Belt & Road countries with respect to AIIB's infrastructure projects and the negative impacts of the Coronavirus Disease 2019 ("COVID-19"), Dr Fernando CHEUNG opined that the prospect of the Belt & Road projects had become uncertain. He queried whether Hong Kong could provide specific assistance to AIIB in its capacity as an AIIB member for promotion of Belt & Road projects. Dr CHEUNG asked whether

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consideration would be given to relieving or reducing in phases the duties related to Hong Kong's participation in the business of AIIB and Asian Development Bank ("ADB") of the two posts proposed to be made permanent.

11. Mr CHAN Chi-chuen asked whether the Administration had reassessed the benefits for Hong Kong in participating in AIIB's investment projects in light of the recent development in the international arena, in particular the escalating Sino-US trade tensions.

12. Mr WU Chi-wai enquired about the arrangement regarding the duties of the two posts to be made permanent in the long run, in particular in the areas of specific assistance to be given for enhancing the governance of AIIB on project management. He also asked about the specific benefits for related trades of Hong Kong by virtue of Hong Kong being an AIIB member and giving support to the operation of AIIB. He requested the Administration to provide the above supplementary information after the meeting.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members on 29 June 2020 vide LC Paper ESC59/19-20(02))

13. DS(FS)3 advised that AIIB was a multilateral development bank which commenced operation in January 2016 whose members (including non-regional members) had grown from 57 to 102 by May 2020. Hong Kong joined AIIB as a full and separate non-sovereign member in June 2017. Like other AIIB members, subscription of shares (using the relative share of the global economy of the relevant member as basic parameter) in AIIB was required as a source of funding for the operation of AIIB.

14. DS(FS)3 added that AIIB had a relatively shorter history compared with other multilateral development banks. Since its establishment, AIIB endeavoured to develop and perfect its governance structure with a view to raising its standards on par with other multilateral development banks for promotion of investment projects. Meanwhile, AIIB collaborated with a number of multilateral development banks such as ADB and World Bank for project development. Hong Kong was attending meetings of the Board of Governors and Board of Directors of AIIB on a regular basis to give advice on matters relating to AIIB. Hong Kong was also meeting with the management of AIIB from time to time to look for opportunities for development that could benefit members of the trade in Hong Kong, including securing AIIB contracts for professional services providers in Hong Kong in areas covering auditing, consultancy, information technology and staff development etc. On the other hand, given Hong

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Kong's knowledge and experience in anti-corruption, abundant supply of professionals with expertise in project management, works contracts preparation and international law, and its active development of professional arbitration services, professional services providers in Hong Kong were well-positioned to participate in the preparation, construction and operation of relevant infrastructure projects in ways that would elevate the professional standards of the projects. He stressed that officials participating in the businesses of AIIB always observed the rules and regulation governing the conduct of civil servants.

15. On matters relating to tenders of AIIB's investment projects, DS(FS)3 advised that open tenders were conducted. In terms of operation, some of AIIB's projects were carried out in the form of public private partnership with a high degree of transparency and compliance with international standards. Given Mainland's economic development, many Mainland enterprises with global vision and experience had been taking part in certain infrastructure projects in developing countries in recent years in addition to participating in AIIB's investment projects. The global economic fluctuations in recent years inevitably impacted AIIB's investment projects across the globe. However, projects with problems involving individual developing countries were individual cases.

16. DS(FS)3 noted the views of the Chairman that the Government should strengthen the role of Hong Kong in AIIB with a view to creating more opportunities for Hong Kong. He added that Hong Kong possessed knowledge and experience in the financial business, and discussion was underway between Hong Kong and AIIB on setting up an office in Hong Kong with corporate treasury functions for provision of a greater variety of professional financial services to AIIB.

Enhanced regulation on money lending business

17. Mr CHAN Chi-chuen opined that the four-pronged approach adopted by the Administration in 2016 to combat money lending-related malpractices had limited effect. He enquired about the progress of the thematic survey conducted by the Administration on unsecured personal loan business of licensed money lenders, and whether reference would be made to the recommendations set out in the report on "Money Lending — Reforming Law and Trade Practices for Consumer Protection" released by the Consumer Council in 2019 ("the Consumer Council Report") to step up regulation on money lenders. Mr CHAN asked for the details on the relevant policy and legislation on matters relating to regulation of money lenders handled by DS(FS)3.

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18. The Chairman suggested that in addition to regulating money lending-related malpractices through stepping up public education and publicity, the Administration should take pro-active actions to amend the Money Lenders Ordinance within specific legislative timetable to combat criminal behavior of money lenders in debt recovery and curtail disturbances caused to members of the public.

19. DS(FS)3 responded that the Government took note of members' concerns on money lending-related malpractices. At present, money lenders were subject to the oversight of the Government under a multi-pronged approach including regulation, public education, publicity and stepped up enforcement etc. The two posts proposed to be made permanent would provide high-level oversight of the above measures. Regarding unsecured personal loan business of licensed money lenders, the Government was conducting relevant surveys and collecting data with a view to understanding the market of unsecured loan business. Furthermore, the Government had made reference to the recommendations set out in the Consumer Council Report, and held meetings with the Consumer Council for discussion on initiatives to step up the regulation on money lenders.

20. Regarding initiatives on regulation of money-lending business, DS(FS)3 remarked that the Government planned to consult relevant Panels on recommendations for stepping up the regulation of money lenders in the next legislative session, and would not rule out introducing legislative amendments. DS(FS)3 would also allocate resources for the policy on regulation of money lenders and introduction of legislative amendments.

Justifications for making the two supernumerary posts permanent

21. Mr WU Chi-wai was concerned that making permanent the two supernumerary posts for provision of senior-level policy steer to various major policy initiatives might affect the well-established regime for promotion of policy. He pointed out that for the purpose of introducing a new auditor regulatory regime, amendment to the Financial Reporting Council Ordinance (Cap. 588) had been passed by the Legislative Council in January 2019, enabling the Financial Reporting Council ("FRC") to become an independent oversight body regulating auditors. Furthermore, overseas Hong Kong Economic and Trade Offices ("ETOs") were already responsible for liaising with the FinTech centres in overseas countries and the Mainland for promotion of FinTech development in Hong Kong. Given that other agencies were responsible for such duties, Mr WU questioned the rationale for making the two supernumerary posts permanent.

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22. Mr CHU Hoi-dick was of the view that the duties of the two posts proposed to be made permanent were largely time-limited in nature, e.g., assisting FRC to make a smooth transition to the new regime; introducing a new statutory corporate rescue procedure and initiatives on amendment to the Money Lenders Ordinance. Meanwhile, since the creation of the two supernumerary posts in January 2006 with the approval of FC, retention of the posts had been sought for the purpose of meeting with the operational needs of FSTB. He asked why FSTB put forward a proposal for making permanent of the two supernumerary posts this time and the view of the Civil Service Bureau ("CSB") on the proposal.

23. DS(FS)3 advised that with the commencement of the new auditor regulatory regime in October 2019 subsequent to the amendments made to the Financial Reporting Council Ordinance, FRC and DS(FS)3 were responsible for following up on matters relating to the new regulatory regime. For example, FRC was taking over from the Hong Kong Institute of Certified Public Accountants the important regulatory functions of inspection and disciplinary proceedings in relation to auditors of listed entities. Given the increasing number of Mainland enterprises operating in Hong Kong, FRC became responsible for liaising with local and overseas stakeholders under the new regulatory regime. DS(FS)3 would have to provide policy direction and advice for the implementation of the new regulatory regime. He added that after the newly revised Companies Ordinance (Cap. 622) came into effect in 2014, a new Companies (Winding-up and Miscellaneous Provisions) Ordinance (Cap 32) had been made to retain the provisions relating to corporate insolvency and other miscellaneous provisions. In this regard, follow up legislative initiatives as well as timely review and improvements were necessary to perfect the regime relating to corporate insolvency; ongoing efforts were being made in this respect. As such, subsequent to the introduction of a new regulatory regime or legislative amendment exercise, the Government had to handle a huge amount of work related to promoting and reviewing a new regime, and perfecting the system in the long run.

24. On promoting the development of FinTech, DS(FS)3 remarked that at present, a dedicated FinTech team under InvestHK reporting directly to FSTB was responsible for attracting FinTech companies, start-up entrepreneurs, investors and incubators to Hong Kong and giving them assistance. ETOs and the FinTech team were working closely together to proactively identify and reach out to companies in the target sectors in key markets. The Government would continue to promote Hong Kong as a leading FinTech hub in Asia under the above-mentioned structure and mode of operation. It was envisaged that the proposal for making permanent the two supernumerary posts would not bring forth any unduly changes to the operation of the bodies/departments concerned. The two permanent posts

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would be mainly responsible for leading and steering the formulation and implementation of an array of initiatives, such as promoting the adoption of FinTech across various financial services sectors.

25. Deputy Secretary for the Civil Service 1 added that in the past, CSB had agreed to retain the two supernumerary posts in light of the prevailing operational needs of FSTB. Regarding the current proposal, having reviewed the justifications for making permanent the two supernumerary posts put forth by FSTB, CSB was of the view that there were long term operational needs for the two posts, and it supported submission of the proposal to the Subcommittee for consideration.

26. At the request of Mr WU Chi-wai, DS(FS)3 undertook to provide after the meeting supplementary information on the key performance indicators of InvestHK and ETOs on promotion of FinTech, and their effectiveness in promoting the development of FinTech.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members on 29 June 2020 vide LC Paper ESC59/19-20(02))

27. Mr CHAN Chi-chuen noted that given the two posts proposed to be made permanent would only lapse on 1 January 2021 and 1 January 2022 respectively, this was not a pressing staffing proposal. He asked why the Government put forth the staffing proposal now. Mr CHAN also enquired about the details of the allocation of time for the various duties of DS(FS)3.

28. DS(FS)3 replied that at present, there were three Deputy Secretary (Financial Services) posts under the Financial Services Branch of FSTB, and DS(FS)3 was a supernumerary post. The two permanent Deputy Secretary posts were mainly responsible for duties relating to securities and futures, asset and wealth management, banking and monetary matters, financial market development (including cooperation with the Mainland), financial infrastructure, and anti-money laundering and counter terrorist financing in respect of the financial sectors. In addition to the main duties relating to the corporate governance regime of companies in Hong Kong, DS(FS)3 was also responsible for the introduction of a new statutory corporate rescue procedure and insolvent trading provisions, stepping up the regulation of money lenders and measures for promoting the development of FinTech. He added that matters relating to supporting Hong Kong's participation in AIIB accounted for a relatively small proportion among the duties of DS(FS)3.

29. Ir Dr LO Wai-kwok expressed support for this staffing proposal. He was of the view that making permanent the two posts whose

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responsibilities included promoting the development of FinTech and Hong Kong's participation in AIIB would be conducive to maintaining Hong Kong's status as a financial centre. He pointed out that AIIB's initiatives in the infrastructure projects in the Asian region were projects of huge potential capable of providing ample opportunities for related industries in Hong Kong, including the financial industry and the engineering industry.

30. DS(FS)3 responded that given the ongoing development of the developing countries in infrastructure projects in recent years, multilateral development banks such as AIIB had become more active with increased participation in those local projects. As a member of AIIB, Hong Kong would benefit from the economic development of the developing countries.

Voting on the item

31. There being no further questions from members, the Chairman put the item EC(2020-21)4 to vote. At the request of members, the Chairman ordered a division, and the division bell rang for five minutes. Fourteen members voted for the item and nine 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 WONG Ting-kwong	Ms Starry LEE
Mr WONG Kwok-kin	Mrs Regina IP
Mr Steven HO	Ms Elizabeth QUAT
Mr Martin LIAO	Mr POON Siu-ping
Dr CHIANG Lai-wan	Ir Dr Hon LO Wai-kwok
Mr CHUNG Kwok-pan	Mr SHIU Ka-fai
Ms YUNG Hoi-yan	Dr Pierre CHAN
(14 members)	

Against

Mr James TO	Mr WU Chi-wai
Mr CHAN Chi-chuen	Dr KWOK Ka-ki
Dr Fernando CHEUNG	Mr Alvin YEUNG
Mr CHU Hoi-dick	Mr SHIU Ka-chun
Mr Jeremy TAM	
(9 members)	

32. Dr KWOK Ka-ki requested that the item be voted on separately at the relevant FC meeting.

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EC(2020-21)5 Proposed creation of one supernumerary post of Government Architect (D2) in the Architectural Services Department with immediate effect upon approval of the Finance Committee up to 31 March 2027 to provide overall steer and supervise the implementation of the healthcare projects under the First Ten-year Hospital Development Plan

33. The Chairman remarked that this staffing proposal was to create one supernumerary Government Architect ("GA") (D2) post in the Architectural Services Department ("ArchSD"), to be designated as Project Director 4 ("PD4"), with immediate effect upon approval of FC up to 31 March 2027 to provide overall steer and supervise the implementation of the healthcare projects under the First Ten-year Hospital Development Plan ("First HDP").

34. Dr CHIANG Lai-wan, Chairman of the Panel on Health Services, reported that the Panel had discussed this staffing proposal at the Panel's meeting held on 20 March 2020. Members of the Panel had no objection to submission of the staffing proposal to the Subcommittee for consideration. Members noted that ArchSD was the controlling authority for the funding approved for various works projects under the First HDP and also the works agent for individual projects. As the various hospital projects had given rise to a huge volume of work, it was necessary for ArchSD to set up a new Project Management Branch ("PMB") to be led by a dedicated directorate officer who would oversee and steer a team of multi-disciplinary professional and technical staff for delivery of project management services for the First HDP projects as well as carrying out preliminary planning for the Second HDP for the Hospital Authority ("HA"). Members of the Panel opined that the Administration should elucidate the reasons for creating the PD4 post for an initial term of about seven years and details of the various healthcare projects of HDP under the oversight of the candidate taking up the post. The supplementary information (LC Paper No. CB(2)842/19-20(01)) provided by the Administration after the meeting had been circulated to all Members.

Facilities to be provided under the First and the Second Hospital Development Plans and implementation of the projects

35. Dr KWOK Ka-ki expressed support for this staffing proposal. However, he opined that the Administration should raise the efficiency of implementing HDP. Dr KOWK asked if the Administration anticipated that all the projects under the First HDP could be completed in 2027 as scheduled, and whether it would consider commencing the planning for the

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Second HDP earlier with a view to addressing public's demand for medical services expeditiously.

36. Under Secretary for Food and Health ("USFH") advised that the First HDP covered the redevelopment and expansion of 11 hospitals, the construction of one new acute hospital, three community health centres and one supporting services centre. Among the 11 hospital projects covered, four hospital projects in full and seven hospital project in part had been upgraded to Category A. The Administration was making funding application for another lot of four projects (one hospital project in full; another hospital project in part; one community health centre; and one supporting services centre). The Second HDP involved 19 projects in seven hospital clusters for which preliminary planning had commenced.

37. Dr CHIANG Lai-wan requested the Administration to provide a timetable on the estimated commencement and completion time of individual projects under the First and Second HDPs. USFH undertook to provide the relevant information after the meeting.

(Post-meeting note: The supplementary information provided by the Administration was circulated to members on 29 June 2020 vide LC Paper No. ESC60/19-20(01).)

38. Mr SHIU Ka-fai enquired how the First and Second HDPs would enhance the facilities and services of the healthcare system to address the needs arising from Hong Kong's ageing population. He sought details of the duties to be undertaken by PD4 in assisting the implementation of the two HDPs.

39. USFH responded that HA had made a public health service demand projection to 2036 based on the projected population and demographic profiles across different districts in Hong Kong prepared by the Census and Statistics Department and the Planning Department. At present, public hospitals provided a total of around 28 000 beds, and HA planned to provide more than 6 000 additional beds under the First HDP. HA had also included various hospital projects in the Second HDP in light of the service demand in the districts of each hospital cluster. It was estimated that over 9 000 additional beds and other additional facilities and services (e.g. additional operating theatres and enhanced out-patient services) could be provided upon completion of the Second HDP, which on the whole could meet the projected service demand up to 2036.

40. Regarding the duties of PD4, Director of Architectural Services remarked that since 2016, the projects under the First HDP had already brought about stupendous work to ArchSD; ArchSD estimated that those

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projects would reach their construction peak period from 2023-2024 to 2025-2026. Financially, the annual expenditure of the projects under the First HDP had increased from around \$200 million in 2016 to \$2.7 billion in 2020, and it was anticipated that the annual expenditure would further increase to around \$27 billion during the construction peak period. Taking into account the extra workload and matters relating to financial management arising from the two HDPs, ArchSD considered it necessary to create the PD4 post to lead the newly-established PMB4, to oversee and steer a team of multi-disciplinary professional and technical staff for smooth and efficient delivery of project management services for the First HDP projects, and to carry out preliminary planning for the Second HDP.

41. Dr CHIANG Lai-wan asked if measures were in place to ensure adequate manpower of medical doctors in public hospitals to address the service demand arising from the 15 000-plus additional beds provided under the First and Second HDPs.

42. USFH advised that manpower planning and projections for healthcare professionals were conducted by the Food and Health Bureau ("FHB") once every three years to plan for long-term healthcare manpower demand in a timely manner. HA had also implemented various human resources initiatives in recent years to enhance manpower in the public healthcare sector. Regarding strengthening the manpower of medical doctors, HA would increase the number of Resident Trainee posts to recruit all qualified local medical graduates, provide relevant specialist training, recruit non-locally trained doctors under limited registration, optimize the Special Retired and Rehire Scheme, and provide more promotion opportunities for doctors in order to retain and increase the manpower of medical doctors.

43. Mr SHIU Ka-chun expressed support for this staffing proposal. He remarked that he made a suggestion at the meeting of the Panel of Health Services that in light of the COVID-19 infections, consideration should be given by FHB to increasing quarantine facilities under the ten-year HDP to handle major infectious disease outbreaks that might happen in the future. As advised by Secretary for Food and Health in April this year, provision of facilities under HDP could be adjusted in light of the risks of infectious diseases in the future. Mr SHIU enquired how the Administration could ensure provision of the aforesaid new medical facilities under HDP without cost overrun.

44. USFH remarked that in light of the risks of infectious disease outbreaks in the future, the Administration would fine-tune the projects under the First HDP for additional quarantine facilities to be provided on the basis of the current planning. Meanwhile, as detailed planning had yet

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been carried out for the Second HDP, greater room for adjustment could be expected. PMB4 proposed to be established by ArchSD would be responsible for overseeing and monitoring the financial management and project implementation to ensure that the implementation was in accordance with the agreed timeframe and within approved project estimates.

Consultation on the Hospital Development Plans

45. Dr Fernando CHEUNG expressed support for this staffing proposal. He suggested that FHB should consult the views of relevant users on the projects under HDPs, including patients and their family members, as well as frontline healthcare staff.

46. USFH advised that in planning for hospital redevelopment and development, reference would be made from the planning and design adopted by overseas hospitals, and views of patients and their care-takers would be taken into consideration. Take the Hong Kong Children's Hospital as an example, barrier-free access facilities were planned for the hospital and such facilities, upon completion, had been subject to testing and reviews of professionals with a view to ensuring that the facilities provided were up to standard and capable of addressing the needs of the users.

Voting on the item

47. There being no further questions from members, the Chairman put the item to vote. All members present voted for the item. The Chairman declared that the Subcommittee agreed to recommend the item to FC for approval.

48. No members requested that the item to be voted on separately at the relevant FC meeting.

(At 10:26 am, the Chairman asked if members agreed to extend the meeting by 15 minutes to 10:45 am. No Members raised any objection.)

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EC(2020-21)6

Proposed creation of two permanent non-civil service positions of one Chief Accident and Safety Investigator (equivalent to the rank of D2) and one Deputy Chief Accident and Safety Investigator (equivalent to the rank of D1) with immediate effect upon approval of the Finance Committee; and one supernumerary post of Assistant Director-General of Civil Aviation (D2) with immediate effect upon approval of the Finance Committee up to the date of filling of the Chief Accident and Safety Investigator position, and in any case no later than 31 March 2022, in the Transport Branch of the Transport and Housing Bureau to lead the independent Air Accident Investigation Authority under a permanent set-up in order to comply with the on-going and binding requirement of the International Civil Aviation Organization

49. The Chairman remarked that the staffing proposal was to create two permanent non-civil service ("NCS") positions of one Chief Accident and Safety Investigator ("CASI") (equivalent to the rank of D2) and one Deputy Chief Accident and Safety Investigator ("Deputy CASI") (equivalent to the rank of D1) with immediate effect upon approval of FC; and one supernumerary post of Assistant Director-General of Civil Aviation ("ADGCA") (D2) with immediate effect upon approval of FC up to the date of filling of the CASI position, and in any case no later than 31 March 2022, in the Transport Branch of the Transport and Housing Bureau ("THB(TB)") to lead the independent Air Accident Investigation Authority ("AAIA") under a permanent set-up in order to comply with the on-going and binding requirement of the International Civil Aviation Organization ("ICAO").

50. The Chairman pointed out that the Administration had consulted the Panel on Economic Development on the staffing proposal on 27 April 2020. Members in general did not oppose the proposal of creating the CASI and Deputy CASI positions, but some members found the temporary arrangement of creating an ADGCA post unsatisfactory, which might not compile with the relevant requirement that the investigation authority should be independent from the Civil Aviation Department ("CAD") to ensure impartiality of investigations. Some members requested that the Administration should further explain the reasons for not having taken appropriate measures to avoid the above-mentioned arrangement and sought information on the content of the memorandum of co-operation signed between AAIA and CAD. The relevant response of the

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Administration had been circulated to all Members vide LC Paper No. CB(4)609/19-20(01) and CB(4)644/19-20(01).

Investigative power of Air Accident Investigation Authority

51. Mr CHAN Chi-chuen referred to an incident in which a helicopter of the Hong Kong Garrison of the Chinese People's Liberation Army ("the Garrison") crashed on 30 March 2020 and enquired whether AAIA had the authority to investigate incidents in which accidents involving civil aircraft or loss of lives and properties of citizens were attributable to aircraft of the Garrison.

52. Permanent Secretary for Transport and Housing (Transport) ("PSTH(T)") advised that AAIA did not have the authority to conduct investigations on incidents involving only the aircraft of the Garrison. Meanwhile, accidents involving the Garrison and civil aircraft (regardless whether citizens were involved) would be investigated by the Garrison and AAIA respectively in accordance with their respective statutory authorities and obligations, an arrangement that was in line with international practice.

Independence of the Air Accident Investigation Authority

53. Mr WU Chi-wai noted that the most experienced, non-directorate investigator in the existing team of AAIA was leading AAIA temporarily. He opined that instead of the temporary measure of creating a supernumerary ADGCA post, the Administration should, pending the appointment of CASI, enhance the support given to the non-directorate investigator in order not to undermine the independence of AAIA. Mr WU also enquired if THB was responsible for the recruitment of CASI.

54. PSTH(T) responded that the Administration attached great importance to the independence of AAIA. It was the requirement of ICAO that AAIA should be independent from the aviation authorities of the state/region (i.e. Hong Kong's CAD) but not from the entire government. AAIA was part of THB's constitution, while CASI was directly accountable to the Secretary for Transport and Housing and reportable to PSTH(T) on matters relating to administration and resources management of AAIA. PSTH(T) advised that THB was responsible for the recruitment of CASI, which took time to complete. In the meantime, investigations into air accidents and incidents remained the responsibility of AAIA, and it was unsatisfactory that AAIA should be led by a non-directorate officer over the long run. As a temporary measure, creation of a directorate ADGCA post on a supernumerary basis was necessary. PSTH(T) and the Chief Inspector of Accidents of AAIA pointed out that the Administration had provided enhanced support to the non-directorate officer of AAIA and

Action

recruitment exercises for the three NCS posts was underway.

Timing on submission of staffing proposal

55. Ir Dr LO Wai-kok expressed support for the staffing proposal, which would help Hong Kong to comply with the relevant requirements of ICAO. He noted that the time-limited CASI post created in July 2017 had expired on 31 March 2020. As it was expected that recruitment of CASI would take time, as a temporary measure, creation of a supernumerary ADGCA post was proposed under the staffing proposal for leading AAIA pending completion of the recruitment exercise. Ir Dr LO enquired why the Panel on Economic Development was consulted on the staffing proposal only after expiry of the time-limited CASI post.

56. PSTH(T) advised that subsequent to the approval given by FC for creation of the time-limited NCS CASI post in July 2017, the post had remained vacant until September 2018 due to the need to conduct a global recruitment exercised. Subsequently, the Administration reviewed the operation of AAIA and planned to consult the Panel on Economic Development on the staffing proposal in January 2020. Due to the outbreak of the Coronavirus disease 2019 in early 2020, coupled with the various pressing issues to be dealt with by the Panel, arrangement had been made eventually for the staffing proposal to be discussed at the meeting of the Panel on 27 April 2020. After that, the staffing proposal was submitted to ESC for consideration expeditiously.

(At 10:44 am, the Chairman asked if members agreed to extend the meeting by 15 minutes to 11 am. No members raised any objection.)

Voting on the item

57. There being no further questions from members, the Chairman put the item to vote. He was of the view that the majority of the members voting were in favour of the item. He declared that the Subcommittee agreed to recommend the item to FC for approval.

58. No members requested that the item to be voted on separately at the relevant FC meeting.

59. There being no other business, the meeting ended at 10:47 am.