

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 5th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 20 November 2020, from 3:15 pm to 6:59 pm

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon CHAN Chun-ying, JP (Deputy Chairman)
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Michael TIEN Puk-sun, BBS, JP
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, GBS, JP
Hon CHAN Han-pan, BBS, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Hon KWOK Wai-keung, JP
Hon Christopher CHEUNG Wah-fung, SBS, 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 Jimmy NG Wing-ka, BBS, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai, JP
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan, JP
Dr Hon Pierre CHAN
Hon CHEUNG Kwok-kwan, JP
Hon LUK Chung-hung, JP
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon Vincent CHENG Wing-shun, MH, JP
Hon Tony TSE Wai-chuen, BBS, JP

Members absent:

Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon WU Chi-wai, MH
Hon Charles Peter MOK, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Hon Elizabeth QUAT, BBS, JP
Hon Andrew WAN Siu-kin
Hon LAM Cheuk-ting
Hon SHIU Ka-chun
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho

Public officers attending:

Ms Alice LAU Yim, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Mr Raistlin LAU Chun, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1

Miss CHAN Cheuk Yin, Jennie	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Erick TSANG Kwok-wai, IDSM, JP	Secretary for Constitutional and Mainland Affairs
Mr Tommy YUEN Man-chung, JP	Director (Special Duties), Constitutional and Mainland Affairs Bureau
Mr Benjamin MOK Kwan-yu	Deputy Secretary for Constitutional and Mainland Affairs (3)
Ms Queenie WONG Ting-chi	Principal Assistant Secretary for Constitutional and Mainland Affairs (6)
Mr Andrew AU Sik-hung, JP	Government Economist, Financial Secretary's Office
Ms Reddy NG Wai-lan, JP	Principal Economist (3), Financial Secretary's Office
Ms Joyce CHEUNG Chung-sze	Principal Economist (6), Financial Secretary's Office
Mr Kevin CHOI, JP	Deputy Secretary for Transport and Housing (Transport) 2
Mr PANG Yiu-hung, JP	Acting Director of Electrical and Mechanical Services
Mr CHAN Chau-fat, JP	Assistant Director of Electrical and Mechanical Services (Railways)

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Ms Angel SHEK	Chief Council Secretary(1)1
Miss Bowie LAM	Council Secretary (1)1
Miss Queenie LAM	Senior Legislative Assistant (1)2
Mr Frankie WOO	Senior Legislative Assistant (1)3
Miss Mandy POON	Legislative Assistant (1)1
Miss Yannes HO	Legislative Assistant (1)7

The Deputy Chairman reminded members of the requirements under Rule 83A and Rule 84 of the Rules of Procedure ("RoP").

**Item 1 — FCR(2020-21)57
RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 15 MAY 2019**

**EC(2018-19)36
HEAD 144 — GOVERNMENT SECRETARIAT:
CONSTITUTIONAL AND MAINLAND AFFAIRS
BUREAU
Subhead 000 Operational expenses**

Continuation of the discussion on item FCR(2020-21)57

2. The Finance Committee ("FC") continued with the discussion on item FCR(2020-21)57.

3. The Deputy Chairman advised that this item sought FC's approval for the recommendation made by the Establishment Subcommittee ("ESC") at its meeting held on 15 May 2019, i.e. the recommendation set out in EC(2018-19)36 to create, in the Constitutional and Mainland Affairs Bureau, two supernumerary posts of one Administrative Officer Staff Grade A (D6) (designated as Commissioner for the Development of the Greater Bay Area) and one Administrative Officer Staff Grade C ("AOSGC") (D2) (designated as Assistant Commissioner for the Development of the Greater Bay Area (1)) for four years; and redeploy two permanent posts of an Administrative Officer Staff Grade B (D3) (retitled as Deputy Commissioner for the Development of the Greater Bay Area and one AOSGC (D2) (retitled as Assistant Commissioner for the Development of the Greater Bay Area (2)), for the establishment of the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA") Development Office to spearhead the efforts in taking forward the GBA development.

Reasons for creating supernumerary posts instead of permanent ones

4. Mr Tony TSE expressed support for the creation of the proposed posts, and agreed that the GBA Development Office should be headed by government officials at a more senior level. He asked why the Administration proposed to create two four-year supernumerary posts instead of permanent ones given that the development of GBA involved a long-term process. He suggested that the Administration conduct an earlier review of the need to extend the above mentioned supernumerary

posts or make them permanent so as not to impede the implementation of the relevant policies.

5. Secretary for Constitutional and Mainland Affairs ("SCMA") advised that although the development of GBA was a long-term planning covering the development of the entire area up to 2035, for the sake of financial prudence, when the Government intended to seek approval for the creation of the proposed posts in 2018, it was considered appropriate to first seek approval for the creation of two four-year supernumerary posts in the light of the short-term planning target of the GBA development up to 2022. The Government would consider the creation of permanent posts in the future when such a need arose.

Functions and work targets of the Guangdong-Hong Kong-Macao Greater Bay Area Development Office

6. Mr Tony TSE advised that the proposal to establish the GBA Development Office was made in the Chief Executive's 2018 Policy Address, but it had yet to be established. This reflected that the Government was not proactive in taking forward the development of GBA and had lagged behind other GBA cities. He was concerned whether the policies to be formulated by the GBA Development Office would be of relevance to the industry, and whether it had the ability to implement the policies.

7. SCMA stated that although the GBA Development Office and the proposed posts had not been created, the Government had taken forward the GBA development through internal resource allocation, which included formulating policies and coordinating with various parties. The GBA Development Office and other policy bureaux/departments would make an effort to understand the difficulties and needs of various industries, with a view to implementing policies relevant to industry needs.

8. Mr MA Fung-kwok expressed strong support for the creation of the GBA Development Office and the proposed posts. Expressing concern about the need of the arts and cultural sector to transport, for performance purposes, scenery, props and costumes between Guangdong and Hong Kong from time to time, and the requirements to provide detailed checklists and undergo extremely complicated clearance procedures, he asked whether the GBA Development Office could help streamline the relevant procedures and enhance clearance efficiency. Mr MA also asked if the Administration would consider setting up a joint office with the relevant Mainland authorities to further enhance efficiency in the relevant work process.

9. SCMA advised that the Government and the relevant Mainland authorities had all along maintained close liaison, and the Central Government had already set up the Leading Group for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area ("Leading Group"), which was headed by the Vice Premier of the State Council with the Chief Executives of the Hong Kong Special Administrative Region ("HKSAR") and Macao Special Administrative Region ("SAR") serving as its members. It was believed that there should be no problem with the coordination of Guangdong, Hong Kong and Macao in respect of the GBA development.

10. Mr Wilson OR held that the Mainland offices of the Government (including the Hong Kong Economic and Trade Office in Guangdong of the Government of the HKSAR ("GDETO")) currently failed to provide sufficient support for Hong Kong people living or working on the Mainland. He asked if the GBA Development Office would examine the current deficiencies and explore ways to provide more support to Hong Kong people seeking development in GBA. He also enquired about the work targets and key performance indicators of the GBA Development Office.

11. SCMA stated that the Government would constantly review the existing efforts and make appropriate adjustments where necessary. The Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area ("Outline Development Plan") had clearly set out the work targets of the GBA Development, and the Government would strive to move towards the targets. The functions of the GBA Development Office also included effectively carrying out promotion and publicity work, explaining to Hong Kong people and enterprises, through various channels, the opportunities brought about by the GBA development and how to properly grasp these opportunities to explore greater room for development.

12. Mr Christopher CHEUNG and Mr WONG Kwok-kin expressed support for the creation of the GBA Development Office and the proposed posts, and were concerned about how the GBA Development Office would encourage young people to seek development in GBA. Mr WONG pointed out that local young people lacked understanding of GBA. Even if they intended to start businesses or seek employment in GBA, relevant information (such as the means to start a business, work culture, job requirements and remuneration on the Mainland) was unavailable. He asked whether the GBA Development Office could provide the above mentioned information and other support, for example, setting up an employment information platform to help local young people seek

employment in GBA. Mr Tony TSE also held that the GBA Development Office should provide one-stop services (including the provision of relevant information and even subsidies) to encourage young people to take part in the GBA development.

13. SCMA advised that fostering youth innovation and entrepreneurship was an important direction of the GBA development. After the meeting of the Leading Group, the Central Government announced 24 policy measures, which included measures facilitating young people and professionals to develop in GBA. The Government would, through funding schemes and cooperation with community groups, including the two funding schemes rolled out in March 2019 under the Youth Development Fund, namely the Funding Scheme for Experiential Programmes at Innovation and Entrepreneurial Bases in the Guangdong-Hong Kong-Macao Greater Bay Area and the Funding Scheme for Youth Entrepreneurship in the Guangdong-Hong Kong-Macao Greater Bay Area, to provide more relevant start-up support and incubation services to Hong Kong young people who intended to start their own businesses. SCMA further said that the Policy Address would introduce more concrete policies to support local young people seeking development and employment in GBA.

14. Dr CHENG Chung-tai expressed opposition against this staffing proposal. He opined that the Administration had failed to give Hong Kong/Chinese enterprises sufficient confidence to seek development in GBA; Hong Kong people might even encounter difficulties or pitfalls when seeking development in GBA. He pointed out that in the past, many Hong Kong people who sought help from GDETO when they encountered problems on the Mainland were only referred to different Mainland departments, and had not received any practical assistance at all. Dr CHENG criticized the ambiguous roles and functions of the GBA Development Office and the proposed posts, and demanded that the Administration set specific key performance indicators for value for money assessment.

15. SCMA stressed that the development of GBA was the key element of Hong Kong's future development. The Government would identify suitable candidates to fill the proposed posts, and enhance its consultation to make efforts to understand the needs of the industry. The Government would also step up publicity. In addition to producing television promotional clips and promotional leaflets, it would also enhance the use of social media to disseminate more up-to-date information about the GBA development to the general public.

Division of work and coordination between the Guangdong-Hong Kong-Macao Greater Bay Area Development Office and other government departments

16. Mr WONG Ting-kwong opined that the GBA development was a key strategic planning of the country. Thus, it would be necessary for Hong Kong to establish the GBA Development Office to take forward the relevant policies. He asked how the GBA Development Office would work in coordination with other bureaux/departments. Mr Tony TSE also expressed a similar concern.

17. SCMA remarked that the GBA development covered policy areas on people's livelihood, economic, education, healthcare issues, etc., which involved almost all policy bureaux. Thus, it would be necessary to establish the GBA Development Office to coordinate the work of various policy bureaux. To ensure policy consistency, the Government had established the Steering Committee for the Development of the Greater Bay Area ("Steering Committee") with the Chief Executive as the Chairman and its membership comprising all Secretaries of Departments and Directors of Bureaux. The Steering Committee would hold regular meetings and promote the participation of HKSAR in taking forward the GBA development, including the formulation of strategic goals, policy measures and concrete work plans.

18. Mr LAU Kwok-fan considered that as the GBA development was a key element in the development of the country, Hong Kong should seize the opportunities therein. He enquired about the division of work and allocation of resources between the GBA Development Office and GDETO; and how the GBA Development Office could effectively disseminate information on the development of GBA, for example, whether the GBA Development Office could coordinate in collating information on the different housing or taxation policies in various GBA cities.

19. Mr Steven HO expressed support for the general direction of the GBA development. However, he was concerned that the staff of GDETO did not seem to have a deep understanding of the development of GBA and/or the laws of the Mainland, thus they often failed to answer enquiries from the agricultural and fisheries sectors. He enquired how the GBA Development Office would strengthen communication with GDETO, including whether assistance would be provided to train GDETO staff to enhance their understanding of the GBA development, and whether the GBA Development Office would set up an office in GBA.

20. SCMA advised that there was a division of work between the GBA Development Office and GDETO, and their functions were complementary to each other. The GBA Development Office was responsible for formulating overall strategies for promoting the GBA development; coordinating with the relevant bureaux/departments; overseeing the implementation of initiatives; liaising and coordinating with the relevant sectors and undertaking publicity work properly. GDETO would continue to take forward its current work, including promoting the development of economic and trade relations with five provinces, namely Fujian, Guangdong, Guangxi, Hainan and Yunnan; attracting Mainland enterprises to invest in Hong Kong; maintaining liaison with the local governments, non-governmental organizations as well as residents and business owners of Hong Kong, and providing timely assistance. As both the GBA Development Office and GDETO were under the Constitutional and Mainland Affairs Bureau, communication between them had all along been very smooth. SCMA indicated that the GBA Development Office did not intend to set up any office on the Mainland for the time being. He believed that the nine GBA municipalities on the Mainland would formulate consistent policies as far as possible to facilitate Hong Kong and Macao people seeking development there.

Development of various industries in GBA

Insurance industry

21. Mr Holden CHOW expressed support for the creation of the proposed posts. He pointed out that the Outline Development Plan supported insurance establishments of Guangdong, Hong Kong and Macao to collaborate in the development of innovative cross-boundary motor vehicle and medical insurance products, and allowed Hong Kong's insurance industry to provide after-sales services in GBA. The insurance industry had high expectations in developing business in GBA, including developing a market for direct sales of insurance products. Besides, if the Administration allowed Hong Kong private vehicles to travel to the Mainland via the Hong Kong-Zhuhai-Macao Bridge ("HZMB") without applying for the cross-boundary licences upon the commissioning of the Tuen Mun-Chek Lap Kok Link, this would give rise to the need of an insurance covering all three places, which was also an issue of concern to the insurance industry. He asked whether the GBA Development Office had formulated any plans in this regard and how it would promote the development of the insurance industry in GBA. Mr MA Fung-kwok also expressed concern about the need for Hong Kong vehicles with cross-boundary licences travelling between Hong Kong and the Mainland to buy insurance covering both places. If these vehicles had to park at the

car parks of Macao Port after crossing HZMB, they would even need to buy an insurance covering three places which was costly.

22. SCMA said that promoting the development of the insurance industry was one of the focuses of the GBA development, and the SAR Government had been seeking the industry's views on their actual needs. The GBA Development Office would also monitor the implementation progress of the relevant policies with the bureaux/departments concerned after formulation. Mr Holden CHOW hoped that the GBA Development Office would regularly exchange views with the insurance industry, the general public and Members of the Legislative Council on promoting the development of the industry, so as to keep all parties abreast of the latest developments. SCMA noted Mr CHOW's views and said that the Government would enhance communication with the industry.

Financial services industry

23. Mr Christopher CHEUNG asked how the GBA Development Office would help the financial services industry which intended to develop in GBA meet the high threshold for entering the market, and how it would enhance mutual market access between the Mainland and Hong Kong and enrich the variety of derivatives. He also referred to the proposal put forward by the Business and Professionals Alliance for Hong Kong ("BPA") to establish a "unified GBA financial permit" system, and hoped that the Administration would actively follow it up.

24. SCMA said that the development of the financial services industry was an important direction of the GBA development. As stated in the Outline Development Plan, one of the Government's future work focuses was consolidating and enhancing Hong Kong's status as an international financial centre. The GBA Development Office would strengthen communication with the relevant industries. The Government would follow up on the above mentioned proposal put forward by BPA.

Chinese medicine industry

25. Mr CHAN Han-pan considered it necessary to create the proposed posts to help Hong Kong residents living in GBA overcome their difficulties. Referring to the proposal put forward by the Democratic Alliance for the Betterment and Progress of Hong Kong on the development of Chinese medicine industry in GBA, he pointed out that the industry had always wished to explore the GBA market so that its products could be sold on the Mainland. He asked how the proposed posts would assist the development of Chinese medicine industry in GBA.

26. SCMA advised that the Mainland offices of the Government (including GDETO) had been providing practical information and support to Hong Kong people living and working on the Mainland. As the development of the Chinese medicine industry was one of the work focuses of the GBA development, the Government would strengthen communication with the industry and roll out more policies to promote the development of the Chinese medicine industry in the future.

Cultural exchange

27. Pointing out that all the GBA cities had rich history and culture, Mr Wilson OR asked whether the Administration would step up publicity in this regard to enhance young people's understanding of the cultural heritage of GBA.

28. SCMA said that the GBA development involved a myriad of policy areas and the Outline Development Plan had highlighted the need of jointly developing a cultured bay area. Thus, in promoting the GBA development, the Government would uphold the humanistic spirit, develop cultural industries and promote cultural exchanges with other places, etc.

Voting on FCR (2020-21)57

29. At 4:28 pm, the Deputy Chairman put item FCR(2020-21)57 to vote. At the request of members, the Deputy Chairman ordered a division. The Deputy Chairman declared that 32 members voted in favour of and two members voted against the item, and no member abstained from voting. The votes of individual members were as follows:

For:

Mr Abraham SHEK Lai-him	Mr Tommy CHEUNG Yu-yan
Mr Jeffrey LAM Kin-fung	Mr WONG Ting-kwong
Ms Starry LEE Wai-king	Mr CHAN Hak-kan
Mr WONG Kwok-kin	Mrs Regina IP LAU Suk-yee
Mr Steven HO Chun-yin	Mr YIU Si-wing
Mr CHAN Han-pan	Mr LEUNG Che-cheung
Ms Alice MAK Mei-kuen	Mr KWOK Wai-keung
Mr Christopher CHEUNG Wah-fung	Mr Martin LIAO Cheung-kong
Mr POON Siu-ping	Dr CHIANG Lai-wan
Ir Dr LO Wai-kwok	Mr CHUNG Kwok-pan
Mr Jimmy NG Wing-ka	Dr Junius HO Kwan-yiu
Mr Holden CHOW Ho-ding	Mr SHIU Ka-fai

Mr Wilson OR Chong-shing	Ms YUNG Hoi-yan
Mr CHEUNG Kwok-kwan	Mr LUK Chung-hung
Mr LAU Kwok-fan	Mr Kenneth LAU Ip-keung
Mr Vincent CHENG Wing-shun	Mr Tony TSE Wai-chuen

(32 members)

Against:

Dr Pierre CHAN	Dr CHENG Chung-tai
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(2 members)

30. The Deputy Chairman declared that the item was approved.

Item 2 — FCR(2019-20)9

**RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 29 MARCH 2019**

EC(2018-19)28

HEAD 142 — GOVERNMENT SECRETARIAT:

**OFFICES OF THE CHIEF SECRETARY FOR
ADMINISTRATION AND THE FINANCIAL
SECRETARY**

Subhead 000 Operational expenses

31. The Deputy Chairman advised that this item sought FC's approval for the recommendation made by ESC at its meeting held on 29 March 2019, i.e. the recommendation set out in EC(2018-19)28 to make permanent one Principal Economist ("Pr Econ") (D2) supernumerary post in the Office of the Government Economist ("OGE") under the Financial Secretary's Office ("the proposed post") to continue to conduct economic analyses and researches in areas of poverty, welfare and population. The Deputy Chairman said that ESC had discussed the aforementioned recommendation for about two hours and seven minutes in total.

32. Ms YUNG Hoi-yan declared that she was a member of the Commission on Poverty ("CoP").

Justifications for making the Pr Econ supernumerary post permanent

33. Mr CHAN Hak-kan, Mr Holden CHOW and Mr CHAN Han-pan expressed concerns about whether it was still appropriate to create the proposed post at the directorate level and on a permanent basis amidst the unfavourable economic conditions and fiscal deficits. In their view, the Government should carefully consider how to make effective use of its

limited resources and accord priority in resource allocation to other more pressing tasks in a targeted manner.

34. Mr CHAN Han-pan opined that as the proposed post was created to head Section V of OGE and provide support for the conduct of economic analyses and researches in areas of poverty, welfare and population, it seemed to be closely correlated to and inseparable from other policies. He suggested that the Government should consider appropriately placing the above mentioned areas under the purview of other sections of OGE (e.g. Section II for economic analyses and researches in areas such as housing and land, and Section IV for economic analyses and researches in areas such as labour). Moreover, noting that since 2013, Section V had been headed by a supernumerary Pr Econ in the conduct of economic analyses and researches in areas of poverty, welfare and population, Mr CHAN asked why this supernumerary post was proposed to be made permanent at this moment. He advised the Administration to submit this proposal after the economy had recovered.

35. Mr CHAN Hak-kan, Mr Holden CHOW and Ms YUNG Hoi-yan said that although CoP had published a number of reports to provide updates on the poverty line and other data, it did not seem to have helped the Government adjust the relevant policies and improve poverty in Hong Kong in a timely manner. Mr CHAN asked whether the work of the proposed post included studying the welfare policies of the silver-haired group, especially studying and promoting the extension of the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities ("PwDs") (i.e. a scheme which enabled elderly people and eligible PwDs to travel on designated public transport modes and services at a concessionary fare of \$2 per trip) to cover those aged between 60 and 64. He said that he might support this staffing proposal if the work of the proposed post included studying and promoting these initiatives. Expressing similar views, Mr CHOW opined that the Government should advise when it would implement the measures of providing a concessionary fare of \$2 per trip to people aged between 60 and 64 and establishing an unemployment assistance fund. On the other hand, the proposed post holder should make use of data analyses and liaised with the Labour and Welfare Bureau ("LWB") on the promotion of its labour and welfare initiatives. If the relevant data were not used wisely to achieve the above mentioned policy objective, members could hardly be convinced of the justifications to create the proposed post on a permanent basis.

36. Mr YIU Si-wing asked about the progress and achievements of that supernumerary post of Pr Econ, including the specific policies implemented by LWB in areas of poverty, welfare and population that had

benefitted from the relevant data analyses. In his view, data analysis was only the preliminary work in policy formulation. LWB would follow up on the formulation, review and enhancement of the policy at a later stage, and the relevant departments would then take it forward. He therefore had reservations about the Administration's proposal to create the proposed permanent post merely for the purpose of the above mentioned preliminary work.

37. Dr CHENG Chung-tai criticized the Government for failing to formulate targeted and concrete policies for the silver-haired group over the years to enable the elderly or retirees to not only make ends meet, but to live a quality life or even to pursue a second career in their old age. Citing the example of the Employment Support Scheme under the Anti-epidemic Fund, he criticized the Government's backward mindset of calculating wage subsidies based on the number of employees contributing to the Mandatory Provident Fund System. As a result, many freelancers in the arts, sports and cultural industries were unable to benefit from the Scheme, thereby landing them in financial difficulties or forcing them to change jobs. This was tantamount to destroying these industries.

38. Mrs Regina IP suggested that new elements should be added to the scope of work of the proposed post, e.g. reviewing the calculation of the poverty line and examining how Hong Kong's wealth gap could be narrowed (including reducing the Gini coefficient). Only in so doing would the creation of the proposed permanent post be worth considering.

39. The Government Economist, Financial Secretary's Office ("G Econ") explained that the supernumerary post of Pr Econ was first created in April 2013 for a period of three years, and was further extended for another three years with FC's approval in 2016. G Econ highlighted the work of the proposed post in the research on poverty alleviation, in particular the analysis of the latest data and updating of the poverty line to monitor the latest poverty situation in Hong Kong, and the analysis of new topics (e.g. a study on the poverty situation of PwDs in the future) from time to time. He pointed out that over the last couple of years, owing to the trade war between China and the United States, social incidents in Hong Kong and the COVID-19 epidemic, the economic conditions had deteriorated and the unemployment rate stood high, which would add further pressure to the future poverty situation, thereby making poverty alleviation more important and pressing; meanwhile, the rising poverty rate caused by an ageing population and a reduction in labour force was a long-term issue, thus research on poverty alleviation should be regularized and continued thereafter so as to assist the Government in taking corresponding action. Thus, there was a strong need to make the

supernumerary post permanent so that it would continue to lead Section V of OGC to support the relevant economic analyses and researches in areas of poverty alleviation, welfare and population.

40. G Econ pointed out that the economic analyses and researches relating to poverty alleviation, welfare and population involved extensive data. If the work in these areas continued to be handled by a designated section led by one Pr Econ (rather than being absorbed by other sections), analyses and researches could be conducted in a more systematic and detailed manner, including the development of analytical frameworks and the guarantee of data reliability. In fact, amid the changing economic environment, the workload of other sections of OGE had also increased significantly in recent years and could hardly absorb the work of the proposed post. G Econ emphasized that the proposed post was mainly tasked to conduct economic analyses and researches to support the work of various high-level advisory committees (including CoP), and facilitate the relevant bureaux in policy formulation. However, the proposed post holder was not responsible for formulating policies.

41. Citing the Working Family Allowance and the Old Age Living Allowance under the Social Security Allowance Scheme introduced in 2018 as examples, G Econ further said that the data analyses on the poverty situation of different groups (including people aged between 60 and 64) in the seven annual reports published by CoP in the past had been helpful to the relevant bureaux in formulating and enhancing policies in welfare, poverty and other areas, so that they could better meet the socio-economic needs. On the other hand, various bureaux and departments might also seek professional support from the section headed by the proposed post holder on a need basis. Regarding members' concern over the concessionary fare of \$2 per trip for people aged between 60 and 64, he noted that this initiative was still under study. G Econ added that the work participation rate of people aged between 60 and 64 was currently about 47% only, and did have room for increase when compared with other places. In giving a holistic consideration of the overall economic development, the Government would consider how economic activities could be sustained and increased to provide job opportunities and other incentives, so that more people (including those aged between 60 and 64) would actively participate in the labour market. This was precisely one of the major directions of poverty alleviation.

Definition of poverty line and the wealth gap problem

42. Considering that the concept of "absolute poverty" was currently adopted by the two major economies of the Mainland and the United States

to calculate poverty rate, Mrs Regina IP held that the Administration should review whether it was still appropriate for Hong Kong to use the concept of "relative poverty" to define the poverty line; it seemed that the concept of "relative poverty" failed to truly reflect the poverty elimination situation and the effectiveness of poverty alleviation measures, which might give a wrong impression that the more the poverty alleviation efforts, the poorer the people had become.

43. G Econ said that he was aware of the controversy in the community over whether the concept of "absolute poverty" or "relative poverty" should be adopted. "Relative poverty", the concept currently adopted by Hong Kong, had been used since the first term of CoP. While the calculation of relative poverty had mainly made reference to household income without taking into account household assets, information from supplementary sources had also been provided in CoP's reports to enable the public to understand the poverty situation in Hong Kong from different angles. G Econ said that he would reflect the views of Mrs Regina IP to CoP.

44. In response to Mrs Regina IP's question on how the wealth gap problem in Hong Kong could be addressed, G Econ said that certain measures (in particular housing initiatives) might be more effective in alleviating the wealth gap problem. For example, studies showed that tenants of public rental housing were less likely to fall below the poverty line. However, after all, wealth gap was a complex issue influenced by many factors, including the socio-economic structure, and could hardly be addressed by a single solution, the Government would continue to take corresponding actions on various fronts.

45. The meeting was suspended at 5:10 pm and resumed at 5:26 pm. The Chairman resumed the chair.

Withdrawal of FCR(2019-20)9

46. At around 5:30 pm, G Econ said that although this staffing proposal was important and pressing, and the work of the relevant post had to be regularized and taken up by a permanent officer as soon as possible, he observed that members had expressed diverse views on the proposal during the discussion. The Government needed some time to carefully consider their views, especially whether it was appropriate to make this supernumerary post permanent. Hence, G Econ said that he decided to withdraw this item (i.e. FCR(2019-20)9) for the Government to review afresh the proposal, and would re-submit the paper upon completion of the review. In response to OGE's views, the Deputy Secretary for Financial Services and the Treasury (Treasury)¹ formally withdrew the agenda item

FCR(2019-20)9 on behalf of the Financial Secretary.

**Item 3 — FCR(2020-21)61
RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 17 JUNE 2020**

**EC(2020-21)3
HEAD 42 — ELECTRICAL AND MECHANICAL SERVICES
DEPARTMENT
Subhead 000 Operational expenses**

47. The Chairman advised that this item sought the approval of FC for the recommendation of the Establishment Subcommittee made at its meeting on 17 June 2020, i.e. the recommendation in EC(2020-21)3 regarding the 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 ("EMSD") ("proposed posts") to strengthen the regulation on the safety of railway services through an enhanced, more proactive and comprehensive monitoring regime.

Responsibilities of the proposed post holders

48. Mr Holden CHOW enquired whether the scope of responsibilities of the proposed post holders included planning for the overall development of the railway network, and upgrading the signalling system of the Mass Transit Railway Corporation Limited ("MTRCL") to increase train frequency, thereby enhancing the quality of its services.

49. Deputy Secretary for Transport and Housing (Transport) 2 ("DS(T)2/THB") replied that the Government agreed that the standard of railway service was closely related to people's livelihood, and the role played by the Railways Branch of EMSD included monitoring and reviewing MTRCL's progress in implementing major asset replacement projects. He advised that these asset replacement projects included upgrading of the signalling system of seven Mass Transit Railway ("MTR") urban lines from 2019.

50. Acting Director of Electrical and Mechanical Services ("DEMS(Atg)") supplemented that some of MTRCL's assets had operated for more than 40 years, and had already entered into their replacement age. MTRCL had to carry out major asset replacement projects in phases, including upgrading of the signalling system of seven MTR urban lines

from 2019. The responsibilities of the proposed post holders included monitoring the asset replacement projects of MTRCL. He remarked that the Government expected that upon completion of the aforesaid signalling upgrade projects, the patronage of those railway lines would increase.

51. Mr Holden CHOW enquired about the key performance indicators for the staff holding the proposed posts and their supporting teams, including but not limited to, in respect of the number of railway lines with schedules for signalling system upgrading programmes, the expected substantial benefits brought by the proposed staff in monitoring and overseeing MTRCL's implementation of the programmes, e.g. the number of months by which the completion of the programmes of individual railway lines might be advanced upon the creation of the proposed posts; and overseeing MTRCL in enhancing its governance. The Government undertook to provide the relevant supplementary information after the meeting.

[*Post-meeting note:* The Chinese and English versions of the supplementary information provided by the Administration were issued to members vide LC Paper No. FC121/20-21(01) on 1 March 2021 and 28 April 2021 respectively.]

52. Ir Dr LO Wai-kwok and Mr Tony TSE supported the creation of the proposed posts. Ir Dr LO and Mr TSE advised that the recent incidents on the works quality of railway projects had exposed the internal management problems of MTRCL. It was thus necessary for the Government to strengthen the regulation of railway safety, including the establishment of an independent railway regulator. Noting that the number of MTRCL's railway projects which were completed, under implementation and under planning had been increasing, Ir Dr LO opined that the Railways Branch of EMSD was overloaded with regulatory work. Mr TSE opined that the Administration should enhance training for EMSD staff to enhance regulatory effectiveness. Ir Dr LO and Mr TSE enquired about the specific work of the proposed posts in enhancing the supervision of railway safety.

53. DS(T)2/THB replied that the proposed post holders would be mainly responsible for enhancing the regulation of railway safety, including carrying out comprehensive audits on MTRCL's asset management system ("AMS") and safety management system ("SMS"). The Government would also report the progress of the relevant work to LegCo in due course. He advised that the Transport and Housing Bureau ("THB") had adopted a two-pronged approach to strengthen its role in monitoring MTRCL's operation and railway safety. On the one hand, the

Government increased the manpower of the Railways Branch to enhance its monitoring and auditing work. On the other hand, the Government had enhanced MTRCL's governance quality by providing views and suggestions through the appointment of THB officials to serve on MTRCL's Board, and the conduct of regular meetings with its senior management.

54. DEMS(Atg) replied that, in relation to the preliminary audit on enhancing railway safety, the Railways Branch considered that MTRCL still had room for improvement in respect of the following areas of work:

- (a) applying more new technologies to monitor system operation in real time, and carrying out servicing/repairs immediately or expeditiously;
- (b) completing the repair and maintenance work as scheduled, and properly managing maintenance records;
- (c) devoting sufficient resources (including manpower and asset investment) to carry out repair and maintenance work;
- (d) reviewing the condition and performance of railway assets and making timely replacement; and
- (e) MTRCL's system for monitoring and auditing the work of contractors.

Justifications for the creation of permanent posts

55. Mr SHIU Ka-fai requested the Administration to explain the need for the proposed posts to be permanent.

56. DS(T)2/THB replied that there was a need for the Government to carry out more proactive and comprehensive audits on MTRCL's AMS and SMS in order to identify and intervene early the potential problems of the railway system and possible causes of incidents, so as to ensure railway service quality and safety. The relevant work included review of MTRCL's maintenance logs by a team led by the proposed post holders, so as to ensure that MTRCL would effectively carry out the necessary work and comply with the relevant procedures. It was believed that MTRCL would do a better job in the aforesaid work with enhanced supervision by the proposed post holders of the Railways Branch and their teams, and more satisfactory results could be achieved if enhanced supervision was continuously exercised by holders of permanent posts.

57. DEMS(Atg) replied that it was necessary for the proposed posts to be made permanent so that the post holders could take up the following work on an ongoing basis and ensure the progress of the relevant works:

- (a) the Railways Branch would strengthen its monitoring of MTRCL's operation and railway safety. The entire expanded audit work would cover a total of 12 existing railway lines, including an audit for each major system (including five systems, namely signalling system, permanent way, power supply system, rolling stock system and SMS) for each railway line, amounting to a total of 60 audits. As each audit would take three months (adding up to 180 months in total) and there were currently three audit teams in the Railways Branch, it was estimated to take five years to conduct a periodic audit for all systems of various railway lines. He explained that as the rates of deterioration for various assets after years were different, the next round of five-year audit work for the systems would commence upon completion of the first round of five-year audit work. In other words, the relevant work needed to be conducted continuously to ensure that MTRCL's maintenance management system could meet the requirements of enhancing service safety and reliability;
- (b) the commencement and completion dates for MTRCL's various major asset replacement and modification projects were different; the works schedules of some works projects covered a time period up to 2040. On the other hand, asset replacement projects also needed to be conducted continuously; and
- (c) one of the responsibilities of the proposed post of Chief Electronics Engineer, was to oversee the safe operation of the new railway projects (including the Shatin to Central Link. Upon commissioning of these projects, the regulatory work would continue on an ongoing basis.

58. Mr YIU Si-wing opined that the roles and responsibilities of the Administration and those of MTRCL in ensuring railway safety had to be defined clearly, otherwise disputes would arise once incidents occurred. He advised that while it was the responsibility of the Administration to regulate railway safety, making the proposed posts permanent might create a perception that the Administration had to be held responsible for railway safety faults, he thus wondered if it was more appropriate to create the

relevant posts on a supernumerary basis. Mr YIU enquired about the key performance indicators of the proposed posts, and the required professional qualifications of the post holders. Mr YIU and Mr Frankie YICK opined that the working experience accumulated by the post holders concerned would be conducive to preserving railway expertise, thus enabling the Railways Branch to carry out its work in a more reliable way in the future. For this reason, it was undesirable to change the staff of the proposed posts too frequently.

59. Mr Abraham SHEK expressed support for the creation of the proposed posts. However, he cautioned the Administration that the Railways Branch should not go beyond the powers and responsibilities conferred upon it by the Mass Transit Railway Ordinance (Cap. 556) and the Mass Transit Railway Regulations (Cap. 556A) by participating in the housekeeping matters of MTRCL, otherwise it might be held liable in future.

60. DS(T)2/THB and DEMS(Atg) echoed members' concerns about the delineation of responsibilities between the Government and MTRCL. They remarked that in relation to railway safety, MTRCL as the operator was required to carry out measures to ensure smooth and safe operation of railways. On the other hand, in the capacity of a regulator, EMSD would oversee whether MTRCL had duly implemented the specified safety measures in accordance with law. Taking the train derailment incident on the East Rail Line ("ERL") at Hung Hom Station in 2019 as an example, DEMS(Atg) elaborated that the routine functions of MTRCL included measuring rail widths, repairing the rails that were damaged or with inconsistent widths, and taking immediate remedial actions and follow-up improvement measures when an incident occurred. The work of EMSD and the key performance indicators of the two proposed post holders included reviewing whether MTRCL's routine maintenance regime and actions taken to deal with incidents were appropriate, as well as following up with MTRCL on the completion of all the maintenance works and urging its timely completion. DS(T)2/THB advised that comparing the regulatory framework of railways in Hong Kong with that of overseas regulators, the existing manpower ratio of the Railways Branch was much lower than that in some overseas regions. Having regard to the fact that Hong Kong people heavily relied on the commuting option of rail transport, the Government considered it necessary to strengthen permanent manpower to carry out the work relating to railway safety.

61. Regarding the continuity of the proposed post holders, DS(T)2/THB and DEMS(Atg) advised that the proposed posts belonged to the Engineer professional grade. The two proposed post holders were

required to be electrical and mechanical engineer and electronics engineer respectively, and possessed rich working experience in relation to railway projects. Generally speaking, the personnel concerned would mainly engage in work relating to railway projects, and would not be redeployed frequently. DEMS(Atg) supplemented that even if the proposed post holders were redeployed, the various branches of EMSD had been using specialized technology management systems and written records to manage, retain and transfer the relevant expertise. In addition, according to the training ladder provided by EMSD for professional grades, the vacancies of chief engineers were filled by promoting senior engineers from time to time, and the promoted personnel were required to possess the relevant experience.

Creation of posts on a supernumerary basis and other proposals

62. Mr CHAN Han-pan and Ms Alice MAK opined that railway safety issues were mainly attributable to MTRCL's inadequate manpower and lack of internal management, thus the creation of the two proposed posts would not help address the issues. Mr CHAN suggested that the proposed posts be created in the Railways Branch on a supernumerary basis first, and additional manpower be provided when necessary upon the formal establishment of the Railways Department ("RD"). Mr Frankie YICK suggested that the proposed posts should be transferred to RD in the future.

63. DS(T)2/THB replied that upon the establishment of RD, the current manpower in the Highways Department for railway project development and in EMSD for railway safety regulation (including the two proposed posts) would be consolidated and transferred to RD. The Government would submit to LegCo proposals relating to the establishment of RD. Having regard to the need to regulate railway safety, MTRCL's increased investment in renewing railway assets as well as the successive completion and commissioning of new railway projects, the Government also had to strengthen manpower accordingly to monitor and review the progress of the relevant projects, and urge MTRCL to continue expediting the replacement of railway assets and increasing the resources for asset maintenance. To this end, the Government proposed to create the proposed posts on a permanent basis first.

64. DS(T)2/THB and DEMS(Atg) emphasized that while the Government assumed its role of a regulator to regulate MTRCL's operation and railway safety, MTRCL should take responsibility for its internal governance. DEMS(Atg) advised that the proposed additional manpower would be responsible for, among other things, the comprehensive audits of each major system of MTRCL's existing lines, and ensuring that MTRCL

would follow up problems in a timely manner and meet the Railways Branch's requirements, thereby enhancing its governance.

65. Mrs Regina IP remarked that the civil service had been expanding at a pace faster than the local economic growth over the past few years. She pointed out that the two proposed posts would need to be supported by 18 non-directorate permanent posts of professional and general grades, and these non-directorate posts were also newly created. Mrs Regina IP requested the Administration to advise whether it was feasible to take up the work of the proposed additional manpower through productivity enhancement.

66. DS(T)2/THB stressed that the proposed additional staffing support had been subject to rigorous internal review by EMSD. Some of the regulatory work had already been absorbed by existing manpower. The Railways Branch had also made good use of technology to help carry out some of the work, and urged MTRCL to make use of technology and modern equipment to carry out maintenance and monitoring work so that the Railways Branch could conduct real-time monitoring more efficiently. He advised that given its current manpower shortage, the Railways Branch very often could only capitalize on the incident investigation reports to press MTRCL to adopt improvement measures. However, if a more proactive and preventive monitoring regime was to be adopted, the existing manpower would be subject to even greater pressure.

67. DEMS(Atg) added that the Railways Branch was already fully loaded. The reasons for the significant increase in its workload in recent years were as follows:

- (a) More completed railway projects: The West Island Line, Kwun Tong Line Extension, South Island Line and Guangzhou-Shenzhen-Hong Kong Express Rail Link (Hong Kong Section) ("XRL") had commissioned successively in the past few years, among which XRL was a brand new railway line using innovative technologies;
- (b) More maintenance work: There were as many as 25 incidents of service disruption of 30 minutes or above in 2018-2019, which required the investigation of the Railways Branch; and
- (c) Substantial upgrade of the Peak Tram system was underway to increase the tramcar capacity.

As for the new comprehensive audit work of MTRCL's asset and safety management systems, the Railways Branch was required to conduct an audit for every major system of each railway line. In case any deficiency was detected after the audit, it should urge MTRCL to implement improvement measures. This did not only relate to technical matters, but also the management of MTRCL. In this connection, the proposed posts and their team members should possess the relevant professional qualification, experience and vision; to facilitate discussion with MTRCL's senior management, the ranking of the relevant post holders should also commensurate with the level of responsibility required of the posts.

Railway safety

68. Dr Priscilla LEUNG expressed grave concern about the safety risks posed by last year's social events to railway facilities, and asked whether the Administration and MTRCL had investigated the various safety incidents, whether those incidents were caused by MTRCL's lack of management or supervisory technology, and whether there were problems with the discipline or conduct of MTRCL's staff.

69. DS(T)2/THB advised that railway safety incidents arising from the social events were security-related issues. In this connection, EMSD, MTRCL and the relevant government departments had conducted a review and stepped up collaboration for continuous enhancement of security measures. As for the works to repair the vandalised facilities, MTRCL had attached greater importance to the overall security of the MTR station premises rather than emphasizing on passenger-friendly design as in the past. While MTRCL had strengthened staff training and set up a special response unit, the Railway District of the Hong Kong Police Force ("HKPF") had also stepped up patrols. He stated that the Railways Branch would strengthen its regulatory role in monitoring MTRCL's operation and railway safety. He advised that while MTRCL had put in place a mechanism for managing staff conduct, HKPF would follow up when unlawful acts were involved. In response to Dr Priscilla LEUNG's request, the Government undertook to provide supplementary information on the total number of MTRCL staff who were punished for violating the relevant ordinances/guidelines in MTRCL's security incidents that took place last year.

[*Post-meeting note:* The Chinese and English versions of the supplementary information provided by the Administration was issued to members vide LC Paper No. FC121/20-21(01) on 1 March 2021 and 28 April 2021 respectively.]

70. Mr Michael TIEN expressed concern about the effectiveness of EMSD in regulating MTRCL. Citing the suspension of the commissioning of new ERL signalling system originally scheduled on 12 September 2020, he enquired whether, before the aforementioned suspension, EMSD was aware of a train "entering incorrect route" during the tests of the new ERL signalling system. To his knowledge, there were three such instances during the tests. Mr TIEN also enquired whether EMSD was in a position to advise MTRCL on the project to upgrade the signalling system for seven MTR urban lines.

71. DS(T)2/THB replied that since the aforementioned incident was still under investigation, it was inappropriate for the Government to comment at this stage, but LegCo would be briefed on the findings upon completion of the investigation. He explained that EMSD would not take part in the daily operation of MTRCL, it was also difficult for EMSD to delegate staff to attend all the tests for MTRCL's projects. For projects involving the signalling system, EMSD had to carry out regulatory work in accordance with the powers conferred by the Mass Transit Railway Ordinance (Cap. 556) and the Mass Transit Railway Regulations (Cap. 556A).

72. DEMS(Atg) advised that the replacement of signalling system for ERL had been vetted and approved by the Railways Branch subject to stringent requirements. In the on-site tests which the Railways Branch had participated, there were no instances of train "entering a wrong track".

73. The meeting ended at 6:59 pm.