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**Notes on the Special Briefing for Finance Committee Members
on Friday, 9 March 2001, at 10:45 am
in the Chamber of the Legislative Council Building**

Members present:

Dr Hon Philip WONG Yu-hong, Chairman of the Finance Committee (Convenor)
Hon NG Leung-sing, Deputy Chairman of the Finance Committee
Hon Kenneth TING Woo-shou, JP
Hon James TIEN Pei-chun, JP
Hon David CHU Yu-lin
Hon Cyd HO Sau-lan
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, JP
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Hon Eric LI Ka-cheung, JP
Dr Hon David LI Kwok-po, JP
Hon Fred LI Wah-ming, JP
Dr Hon LUI Ming-wah, JP
Hon Margaret NG
Hon Mrs Selina CHOW LIANG Shuk-ye, JP
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon HUI Cheung-ching
Hon CHAN Yuen-han
Hon Bernard CHAN
Hon CHAN Kam-lam
Hon SIN Chung-kai
Hon Andrew WONG Wang-fat, JP
Hon WONG Yung-kan
Hon Howard YOUNG, JP
Dr Hon YEUNG Sum
Hon LAU Kong-wah
Hon Ambrose LAU Hon-chuen, JP

Hon Emily LAU Wai-hing, JP
Hon Timothy FOK Tsun-ting, SBS, JP
Hon LAW Chi-kwong, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, JP
Hon LI Fung-ying, JP
Hon Henry WU King-cheong, BBS
Hon Tommy CHEUNG Yu-yan, JP
Hon Michael MAK Kwok-fung
Hon LEUNG Fu-wah, MH, JP
Dr Hon LO Wing-lok
Hon WONG Sing-chi
Hon Frederick FUNG Kin-kee
Hon IP Kwok-him, JP
Hon LAU Ping-cheung
Hon Audrey EU Yuet-mee, SC, JP

Attendance by invitation:

Mr Donald TSANG, JP	Financial Secretary
Miss Denise YUE, JP	Secretary for the Treasury
Mr Stanley YING, JP	Deputy Secretary for the Treasury
Mr Howard LEE	Administrative Assistant to Financial Secretary

Staff in attendance:

Ms Pauline NG	Assistant Secretary General 1
Miss Polly YEUNG	Chief Assistant Secretary (1)3
Ms Anita SIT	Senior Assistant Secretary (1)8

The Convenor welcomed the Financial Secretary (FS), Mr Donald TSANG, and his colleagues to the briefing. He advised that the purpose of the briefing was to provide an opportunity for members to ask questions on the 2001-02 Budget announced by FS on 7 March 2001.

Financial Secretary's introductory remark

2. Before taking questions from Members, FS summed up the feedback from the community at large since his delivery of the Budget Speech to the Legislative Council on 7 March 2001 and his initial comments as follows -

- (a) According to the opinion survey conducted by the Home Affairs Department, the Budget received a high level of acceptance among the general public, with about 70% of the respondents in support of the proposed increases in some government fees and charges and certain tax items. Whilst the general response was favourable, there were some criticisms, mainly on the lack of measures to address the needs of the lower income sector and to mitigate the hardship suffered by the middle class.
- (b) As about 63% of the local workforce were outside the salary tax net, providing further salary tax concessions would not directly benefit this sector. They would however benefit from the increase in government spending by about 10% in real terms in 2001-02. The increase in the recurrent provisions on education, health services and social welfare would help address the needs of the grassroots and the disadvantaged.
- (c) The financial circumstances of the middle-class households had been a major consideration for maintaining the status quo on profits tax and salaries tax notwithstanding the deficits situation in 2000-01 and 2001-02. It should also be noted that as a result of the cumulative decline in prices of 7.5% over the past two years, the various salaries tax allowances had already increased in real value for the tax payers.
- (d) As regards measures to help homeowners, it should be noted that purchasing properties was essentially an investment decision and it might not be justified to tackle the problem of negative equity by taking further fiscal measures involving the use of public funds. Recent successive reduction in mortgage interest rates and stabilization of the property market should provide relief for homeowners.
- (e) In 2000, GDP registered a 10.5% growth in real terms. For 2001, the forecast real growth in GDP was 4% and there would be zero inflation. While some fiscal measures were taken in previous years to boost the economy, further use of such measures might not be conducive to the healthy recovery process of the economy. Nevertheless, a 10% increase in government expenditure over the revised estimates in 2000-01 had been budgeted this year, which was on the high side by the standard of developed economies.
- (f) The majority of the people in Hong Kong were not seeking direct government assistance, but were urging the Government to strengthen Hong Kong's economy for the overall benefit of the community.

Budgeting principles

3. Noting that sufficient funds had to be earmarked to implement the pledges made by the Chief Executive (CE) in his annual Policy Address, Miss Cyd HO enquired about the extent of flexibility that FS had in drawing up his expenditure proposals. Miss HO also questioned whether sufficient funds were available for FS to introduce new or improved services to address needs which had arisen after the delivery of the 2000 Policy Address.

4. FS advised that it had been the established practice since the early 1990s that the major government spending initiatives were outlined in the annual Policy Address. While it was necessary to earmark sufficient provisions to implement these programmes, there was still room for him to allocate provisions for commitments covered in his annual Budgets. Each year, provision was made for "Additional commitments" under Head 106 "Miscellaneous Services" to cater for unforeseen funding needs which arose during the year. It had also been his practice to consult Members on the expenditure part of the annual Budget in the early months of a financial year. Members' proposals were then consolidated and where appropriate, referred to the relevant bureaux for further consideration. The policy bureaux forwarded their policy proposals to CE in August/September each year for preparation of the annual Policy Address. Hence, Members' expenditure proposals formed an important basis for the preparation of the annual Policy Address. The consultation on the revenue part of the annual Budget was usually conducted after CE's Policy Address and FS had the full responsibility in this regard.

5. Miss Margaret NG referred to Article 107 of the Basic Law and enquired whether the relevant provision had allowed FS sufficient discretion in the management of public finance, in particular the management of the fiscal reserves. She also sought FS's comments on the two limitations imposed by Article 107, i.e. keeping expenditure within the limits of revenue and keeping the budget commensurate with the growth rate of the GDP.

6. FS said that while Article 107 stipulated that Government should strive to achieve a fiscal balance and keep the budget commensurate with the growth rate of GDP, the provision should allow some flexibility for Government to fulfil the requirements over an appropriate time horizon. It would not be practicable to rigidly require the Government to achieve a balanced budget in each and every financial year. He considered that the five-year forecast period used for the Medium Range Forecast (MRF) was an appropriate time horizon for Government to strive to achieve fiscal balance in compliance with Article 107.

Fiscal reserves

7. Mr James TIEN noted that in his Budget, FS had not mentioned the foreign exchange reserves which, according to some media reports, amounted to around

US\$115 billion. He questioned why the investment return on the foreign exchange reserves was not treated as recurrent income for the Government.

8. In response, FS explained that Hong Kong had adopted the currency board system to maintain currency stability. This system required the monetary base to be backed by a foreign currency at a fixed exchange rate. The note-issuing banks could only issue currency notes by surrendering non-interest-bearing US dollar backing at a fixed exchange rate of 7.80. Hence, the exchange reserves placed with the Exchange Fund were in fact the backing to the currency notes issued. Similar arrangements were in place in other countries such as Argentina which adopted the currency board system. He remarked that the operation of the Exchange Fund was highly transparent as the Hong Kong Monetary Authority (HKMA) published detailed information on the Exchange Fund on a regular basis.

9. Miss Emily LAU enquired whether FS had any plan to review the guidelines for the fiscal reserves as he had undertaken in his 1998 Budget Speech. She commented that FS should explain in detail to the public why he refrained from utilizing a portion of the fiscal reserves for the benefit of the community.

10. FS responded that it was the Government's policy that fiscal reserves should be used to safeguard the stability of the monetary system in unforeseen circumstances such as the financial turmoils in 1998 and to maintain government spending programmes at times of short-term deficits. The guidelines currently adopted by the Government in determining the appropriate level of fiscal reserves was the total of 12 months' government expenditure and the Hong Kong dollar money supply under the M1 definition, allowing a range of plus and minus 25%. While the guidelines were subject to ongoing reviews, so far, the feedback on these guidelines from reputable economists and international organizations such as the International Monetary Fund had been positive and no better alternatives had been proposed. He was also not aware of any strong objection to these guidelines within the community. However, the Administration would keep an open mind and would welcome suggestions and views in this regard.

11. On whether similar guidelines were adopted by other countries for their fiscal reserves, FS replied that for economies adopting the currency board system, the basic requirement was 100% backing of the legal tender issued. However, an economy maintaining a reserve level just sufficient to meet this basic requirement would be vulnerable to external challenges. The currency board system had enabled Hong Kong to stabilize its currency and maintain a stable macro-economic environment, but not without any discipline and sacrifices. Maintaining the fiscal reserves at a healthy level was the necessary discipline.

Government expenditure

12. Mr LAW Chi-kwong recalled that in his 2000 Budget Speech, FS had explained the need to contain growth in government expenditure within 2.5% for 2000-01 and the subsequent years over the MRF period in order to bring the cumulative growth in government expenditure fully back in line with the cumulative economic growth in the medium term. Given that FS had revised the trend growth rate of GDP from 3.5% in last year's Budget to 4% this year, Mr LAW questioned why FS had not budgeted for a higher level of growth, say 3%, in government expenditure for 2001-02 but still capped the growth at 2.5%.

13. FS explained that although his target was to contain the growth in government expenditure within 2.5% in 2001-02, the budgeted spending for 2001-02 was about 2.8% higher than the budgeted spending for 2000-01, and was about 10% higher than the revised estimates for 2000-01. While it was not yet certain whether the successive operating deficits was cyclical or structural in nature, FS stressed that increased government spending would aggravate pressure on government finances and hence the need to raise taxes. Moreover, signs of a slowing US economy and the continuing economic problems in Japan would inevitably have an impact on Hong Kong's economic growth. FS further pointed out that as government expenditure in 2001-02 as a percentage of GDP would be at its highest level since the introduction of the MRF in 1986-87, he must see to it that the public sector would not over-expand. FS remarked that he forecasted an annual growth of 4% in government expenditure starting in 2002-03 in the MRF. This would enable the growth rate of government expenditure to come into line with the trend growth of GDP and hence allow for the provision of more services.

14. Mr LAW Chi-kwong commented that the timely provision of services and facilities was necessary to meet the urgent needs of certain sectors of the community. Even with a 2.8% growth in government expenditure for 2001-02, the growth rate still fell short of what it should be under FS's own budgetary guidelines.

15. Mr LEE Cheuk-yan stated his view that with a 10.5% growth in GDP in 2000 and an accumulated fiscal reserves of over \$400 billion, the Government was well-positioned to spend more for the betterment of the grassroots and the disadvantaged in society. In this regard, he questioned whether the fiscal reserves had ever been above the lower end of the aforesaid guidelines in the years before 1997, during which time the community had not experienced difficult times as at present.

16. In response, FS advised that from an economic point of view, a total government expenditure totalling \$254.7 billion for 2001-02 was in no way a modest expenditure for a community with a population of less than seven million. He stressed that Hong Kong's robust fiscal reserves had helped the local economy withstand the financial turmoils in 1998, as evidenced in the Administration's mobilization of some \$118 billion from the fiscal reserves to stabilize the local stock market over 10 trading days in August 1998. From the legal point of view, the Government should not depart from

the constitutional provision in Article 107 of the Basic Law. Extra government spending would cause the growth in government spending to outpace the growth in GDP and would increase the pressure on increasing taxes. From a financial management point of view, the fiscal reserves generated recurrent income for the Government in the form of investment return, which amounted to about \$23 billion last year. Draining the reserves to finance government expenditure would reduce future investment return while expanding the recurrent spending commitments, thus aggravating the problem of operating deficits.

Government fees and charges

17. While accepting the "user pay" principle, Mrs Selina CHOW was concerned whether the costing of government services was fair to service users. She recalled that at a recent discussion on the subject, Members had noted inconsistencies in the cost computation bases for different government services. She therefore enquired whether the Administration would critically review the costing of government services. In this connection, Mrs CHOW also stated that all along, Members of the Liberal Party had not agreed to the classification of government fees and charges on the basis of whether or not they affected people's livelihood, as such classification failed to take into account the effect of Government fees and charges on the business sector.

18. FS advised that there were different bases for determining charges for public services. Apart from the "user pay" principle, some public services were subsidized by taxpayers, some were tax-loaded, and some were priced at market rates. He understood that some Members disagreed with the computation method under which certain costs relating to administration and support services had been included as cost. Nevertheless, he pointed out that according to the "user pay" principle, those costs that could be directly attributed to the provision of a service should be borne by the user and not by general taxpayers.

19. Whilst expressing support for the "user pay" principle for pollution related charges, Dr LO Wing-lok considered that the relevant fees or charges should be reasonable. He therefore enquired about measures to ensure that the facilities and services to bring about a clean environment were cost-effective and would not result in excessive fees or charges for the users. FS responded that the Administration would try its best to ensure cost-effectiveness. Nevertheless, the power to approve funding for various facilities and services to clean up the environment was vested in the Finance Committee. In this regard, he believed that Members would seriously consider cost-effectiveness in their scrutiny of the relevant funding proposals.

Accounting basis for Government accounts

20. Mr TAM Yiu-chung sought elaboration on the plan to introduce accrual accounting system in preparing the Government's Annual Accounts in 2002-03. FS

explained that the arrangement was introduced in response to the comments from some sectors, notably the accounting profession, on the shortcomings of the present cash accounting system. To increase the transparency of government accounts and enhance cost-control and cost-effectiveness, the Administration planned to publish two separate sets of Annual Accounts, one under the existing cash accounting convention and the other prepared on the accrual basis, starting from 2002-03.

21. Mr LAW Chi-kwong expressed support for the aforesaid accounting arrangements as this would set a good example for social welfare organizations in managing their accounts. Mr Eric LI said that the introduction of the accrual accounting system was in line with his suggestions made at the 2000-01 Budget Debate.

Disclosure of assumptions for revenue forecasts

22. Mr Eric LI noted that over the past few years, there had been substantial variations between the initial forecasts and the outturn of some revenue items. He also observed that there were still considerable misunderstanding among the media and some LegCo Members about the assumptions and bases for the revenue forecasts. For example, the investment return for the fiscal reserves placed with the Exchange Fund constituted a significant proportion of the recurrent government income and yet there had been no disclosure of the assumptions in estimating the investment return in the annual Budget. He therefore enquired whether FS was prepared to disclose more information on the assumptions and bases for his forecasts on revenue items.

23. FS thanked Mr LI for his suggestion and requested him to provide his views and related details to the Secretary for the Treasury for consideration. He said that the Administration was prepared to make improvement in the preparation and presentation of the Government's Accounts where practicable. He also pointed out that as the local economy was subject to influence by external factors, it was highly difficult, if not impossible, to make precise budgetary forecasts.

Public sector reform

24. In view of the strong resistance to recent corporatization and outsourcing exercises among the staff concerned, Mr CHAN Kam-lam was concerned about how the Administration would take forward these plans which aimed at improving cost-effectiveness and quality of service while safeguarding the interests of the affected staff.

25. FS assured members that the plan to corporatize the Survey and Mapping Office of the Lands Department in 2001 had been discussed at length by management and the staff side. The Administration, in particular the management of the Lands Department, would continue to maintain a dialogue with the staff side with a view to addressing their concerns. FS also called upon Members to consider the issue in the light of the overall interests of the community. Mr CHAN Kam-lam nevertheless urged the

Administration to be more accommodating in dealing with the staff side's concerns.

26. Referring to FS's remark in his Budget Speech that the efficiency and quality of public services had been enhanced through outsourcing, Miss CHAN Yuen-han pointed out that the outsourcing of public services had put pressure on wages and thus had aggravated the financial hardship of the low income sector. She also commented that service quality had deteriorated for some outsourced public services.

27. In response, FS referred to Members' concerns expressed on various occasions such as at the Finance Committee and the Public Accounts Committee about the cost-effectiveness of public services and said that the objective of outsourcing was to address these concerns. The Administration was prepared to examine any problem or shortcoming arising from the outsourcing arrangements.

Financial services and infrastructure

28. Mr Henry WU said that the financial services sector welcomed the proposed reduction in the stamp duty on stock transactions from 0.225 per cent to 0.2 per cent per round transaction. He enquired whether FS had any plan to abolish stamp duty altogether. FS responded that the Administration would keep a careful watch on the effect of the reduction in transaction costs and the deregulatory measures taken by the brokerage industry before taking further steps to reduce the stamp duty.

29. On the progress of the scrutiny of the Securities and Futures Bill, Mr Henry WU said that while the relevant Bills Committee had spared no effort in its work, whether the Bill could be enacted within the current legislative session would hinge on the Administration's response to the concerns of the Bills Committee, in particular on whether the proposed legislation could ensure fair competition in the local financial markets. FS assured members that the Administration would do its best to facilitate the Bills Committee's scrutiny of the Bill, and emphasized that the enactment of the Bill would be a major step forward in the development of Hong Kong's financial markets.

30. Mr David LI sought elaboration on the plan to improve Hong Kong's monetary management structure in relation to the HKMA. FS said that HKMA received high acclaims both in Hong Kong and overseas including the Bank of International Settlement in Basle. It was important to make sure that HKMA performed its functions of regulating the banking sector and managing the reserves of Hong Kong in a professional manner with a high degree of transparency and accountability but not subject to undue political influences. For these reasons, the Administration would review the governance of HKMA to ensure that it could continue to do its job in a professional, accountable and transparent manner.

District Councils

31. Noting that FS had earmarked an additional \$100 million to enable early implementation of the recommendations of the review on the role and functions of District Councils (DCs), Mr Frederick FUNG enquired about the basis for the additional provision. FS advised that pending completion of the review, the additional provision had been earmarked to allow an early start in implementing the recommendations. FS added that at his meeting with the DC chairmen, the chairmen considered the additional provision a good start for strengthening DCs' role in community building.

Soccer betting

32. Referring to FS's suggestion in his Budget Speech to examine the case for providing a legal avenue for soccer betting, Mr CHEUNG Man-kwong pointed out that watching soccer matches was a popular entertainment among youngsters. He cautioned that legalizing soccer betting might encourage primary and secondary school students to indulge in soccer betting and would undermine the moral education provided by schools. He opined that the revenue factor should not override consideration of the possible adverse effects of legalizing soccer betting.

33. FS stressed that as explicated in his Budget speech, he was not looking at the issue of soccer betting solely from the revenue point of view. He was more concerned about the law and order and the social aspects. There had been an increasing interest in, and demand for, soccer betting in the community. It was impracticable to prosecute every member of the public who took part in such activities. FS acknowledged that this was a sensitive subject and expected that individuals had different value judgement. It was important to provide the community with an opportunity to examine and debate on the issue in an objective and rational manner.

34. Regarding the concern about possible adverse effects on students, FS said that one should not presume that legalizing soccer betting would necessarily cause betting activities to intensify in schools, nor should one overlook the roles of families and schools in providing youngsters with the appropriate guidance.

35. Mr Fred LI said that according to some press reports, FS had given DC chairmen an impression that he held a positive view on legalizing soccer betting. Mr LI considered that the popularity of soccer betting and revenue considerations were shaky grounds for legalizing a gambling activity. Mr WONG Sing-chi echoed Mr LI's concern and queried the inconsistency of stressing the need to care for youths at risk on the one hand and proposing to legalize soccer betting on the other.

36. FS pointed out that a decision on whether soccer betting should be legalized should be guided by the views of the community at large rather than dictated by the value judgement of himself or LegCo Members alone. He reiterated that in putting

forward the case for public discussion, he had not sought to promote nor encourage the legalization of soccer betting. He was fully aware that apart from fiscal considerations, the important social policy considerations must be carefully examined before making a decision.

Admission of Mainland professionals

37. Mr Martin LEE pointed out that on the one hand, the Administration had reduced the recurrent funding for local universities by some \$3 billion for the 2001-02 to 2003-04 triennium. On the other hand, FS had announced the Admission of Mainland Professionals Scheme, initially for the information technology (IT) and financial services disciplines and without any quota. He expressed grave concern that these measures would seriously weaken the competitiveness of local graduates and jeopardise their career prospects. He asked FS how he could ensure that the employment opportunities of local graduates would not be affected.

38. As regards the reduction in the recurrent funding for local universities, FS said that the decision was made by the University Grant Committee having regard to all relevant factors. He said that he had high regard for the achievements of local universities, but even taking into account the number of local graduates, Hong Kong would still be short of some 120 000 professionals in the next five years. Indeed, professionals of the IT and financial services disciplines were very much sought after all over the world. He informed members that the latest unemployment rate of the financial services sector was 1.4% while that of the IT sector was 1.5%. These unemployment rates indicated an acute shortage of manpower in the two sectors, since a 3% unemployment rate was generally regarded as full employment. The admission of Mainland professionals would help relieve the manpower bottlenecks in the two sectors and would help generate new employment opportunities at sub-professional and technical levels.

39. FS further explained that at present, professionals from the Mainland were admitted for employment only if they were qualified as top-notch talent under the existing Admission of Talent Scheme, but there was no similar restriction on other foreign professionals. Hence, the modified scheme announced in his Budget was very much a relaxation of the existing restrictions which were discriminatory against Mainland professionals. FS assured members that the Administration would set reasonable admission criteria and the remuneration packages for the Mainland professionals must be comparable with those of their local counterparts. With these stringent requirements, FS considered that employers were unlikely to abuse the scheme to the detriment of local graduates. He reiterated that there was no need to set a quota as the number of admitted professionals would be determined by supply and demand in the market.

40. Mr SIN Chung-kai commented that the Administration should provide additional funding for the development of local IT talents to meet market demand, instead of

resorting to the expedient measure of admitting Mainland IT professionals. Over the last few years, the Government had provided only \$20 to \$30 million each year for the training of IT personnel. He thus queried the Government's commitment to the development of local IT professionals. FS responded that there would be no reduction in the funding for local universities as well as vocational training institutes for their provision of IT education and training. He would welcome Members' specific suggestions on allocation of funding for IT training.

41. Mr Howard YOUNG expressed support for the proposed admission of Mainland professionals and asked whether there was any plan to extend the scheme to other sectors. He sought information on the estimated number of new jobs that would be generated as a result of launching the said scheme.

42. FS confirmed that the scheme would initially apply to the IT and financial services sectors where the shortage of professionals was most acute. The Administration would consider the way forward in the light of operational experience. He advised that according to the estimate of some economists, the admission of one professional would lead to the creation of six to eight new jobs. Nevertheless, the actual effect of the scheme would be closely monitored.

Adult education

43. Referring to the additional provision of \$72 million for practical adult education for the next two years, Ms LEE Fung-ying sought further information on the relevant education programmes. In reply, FS said that the additional provision was intended to strengthen and expand existing vocational training and retraining programmes for adults with low educational attainment. Details of the programmes would be worked out by the Social Welfare Department and the Education Department in collaboration with the relevant educational institutes and non-government organizations.

Middle-class households

44. Pointing out that the middle class would be directly affected by the Admission of Mainland Professionals Scheme and the proposed increase in vehicle and driving licence fees and air passenger departure tax, Mr MAK Kwok-fung queried whether FS had given due regard to the financial hardship faced by a large number of middle-class households, in particular those in negative equity.

45. FS responded that the primary objective of the Budget was to advance the overall well-being of the community. The Administration understood the hardship of those households in negative equity, but it would not be justifiable to use taxpayers' money to offer financial assistance to property owners who had incurred losses in their investment. He noted that there were very diverse and even opposing views in the community on the matter.

Small and medium enterprises

46. Noting that as a support measure for small and medium enterprises (SMEs), FS had requested the Trade Development Council (TDC) to provide SMEs with more market information and advice on doing business on the Mainland, Ms Audrey EU asked whether FS had any further specific plans to boost economic activities that would benefit the SMEs.

47. FS responded that the local economy had been undergoing healthy recovery over the past two years and the overall direction of this year's Budget was to enable steady economic growth to sustain. Many economists had cautioned against the further use of fiscal stimuli which might bring about inflationary pressure and distort the recovery process. Therefore, he had not introduced specific measures to stimulate the economy in this year's Budget. However, in recognition of the importance of SMEs to the local economy, he had also set aside \$300 million for the establishment of a training fund to subsidize SMEs' training initiatives.

Overseas offices

48. Mr HUI Cheung-ching enquired whether FS had considered merging the Overseas Hong Kong Economic and Trade Offices (HKETOs) with the overseas offices of the Hong Kong Tourist Association (HKTA) and TDC to optimize resources and to enhance co-ordination in the promotion of trade and tourism in overseas countries. FS responded that at present, some HKETOs and the overseas offices of HKTA and TDC were co-located. However, they had different scope of functions and operated independently from one another.

49. The Chairman thanked FS and his colleagues for attending the briefing.

50. The briefing ended at 12:27 pm.