

INFORMATION NOTE

Board Composition of Selected Statutory Bodies, the Hong Kong Monetary Authority and the Mass Transit Railway Corporation Limited

Table 1 - Board Composition of the Hong Kong Housing Authority, the Hospital Authority, the Hong Kong Arts Development Council and the Mandatory Provident Fund Schemes Authority

	Hong Kong Housing Authority	Hospital Authority	Hong Kong Arts Development Council	Mandatory Provident Fund Schemes Authority
Year of establishment	1973.	1990.	1995.	1998.
Corporate status	Non-departmental public body.	Non-departmental public body.	Non-departmental public body.	Regulatory body.
Relevant legislation	Housing Ordinance.	Hospital Authority Ordinance.	Hong Kong Arts Development Council Ordinance.	Mandatory Provident Fund Schemes Ordinance (MPFSO).
Role and functions	<p>(a) Liaising with other bodies concerned with housing in both the public and private sectors and advising the Chief Executive of the Hong Kong Special Administrative Region (CE) on matters relating to housing;</p> <p>(b) Planning, building and redeveloping rental housing estates, interim housing, transit centres and other non-residential buildings;</p> <p>(c) Managing, maintaining and improving housing estates and other non-residential buildings of the Housing Authority;</p> <p>(d) Disposing flats under various residual subsidized home ownership schemes;</p> <p>(e) Administering rent allowance and housing loan schemes;</p> <p>(f) Acting as the Government's agent:</p> <p style="margin-left: 20px;">(i) to clear land;</p> <p style="margin-left: 20px;">(ii) to prevent and control squatting; and</p> <p style="margin-left: 20px;">(iii) to plan and co-ordinate improvements to squatter areas;</p> <p>(g) Approving the annual estimates of expenditure and revenue and annual reports for submission to CE; and</p> <p>(h) Approving the annual corporate plan.</p>	<p>(a) Advising the Government of the needs of the public for hospital services and of the resources required to meet these needs;</p> <p>(b) Managing and developing the public hospital system;</p> <p>(c) Recommending to the Secretary for Health, Welfare and Food appropriate policies on fees for the use of hospital services;</p> <p>(d) Establishing public hospitals; and</p> <p>(e) Promoting, assisting and taking part in the education and training of the staff of the Hospital Authority and research relating to hospital services.</p>	<p>(a) Developing the social functions of the arts;</p> <p>(b) Expanding the market for the arts and building audience participation;</p> <p>(c) Promoting life arts education for the public; and</p> <p>(d) Enhancing the artistic level and social status of artists.</p>	<p>(a) Ensuring compliance with MPFSO;</p> <p>(b) Registering provident fund schemes;</p> <p>(c) Approving qualified persons as approved trustees of registered schemes;</p> <p>(d) Regulating the affairs and activities of approved trustees and ensuring that they administer the registered schemes in a prudent manner;</p> <p>(e) Making rules or guidelines for the payment of mandatory contributions and for the administration of registered schemes;</p> <p>(f) Considering and proposing reforms of the law relating to occupational retirement schemes or provident fund schemes; and</p> <p>(g) Promoting and encouraging the development of the retirement scheme industry in Hong Kong, including the adoption of a high standard of conduct and sound prudent business practices by approved trustees and other service providers.</p>

Table 1 - Board Composition of the Hong Kong Housing Authority, the Hospital Authority, the Hong Kong Arts Development Council and the Mandatory Provident Fund Schemes Authority (cont'd)

	Hong Kong Housing Authority	Hospital Authority	Hong Kong Arts Development Council	Mandatory Provident Fund Schemes Authority
Board composition				
<i>Number of board members</i>	33.	28.	27.	16.
<i>Number of official members</i>	4. (including the Chairman and the Vice Chairman).	3.	3.	2. (acting as Non-executive Directors).
<i>Number of non-official members</i>	29.	25. (including the Chairman and the Chief Executive Officer).	24. (including the Chairman and the Vice Chairman).	14. (including five Executive Directors and nine Non-executive Directors).
<i>Appointment mechanism</i>	Appointed by CE on an ad personam basis, taking into account their experience, expertise, ability, integrity and the needs of the Housing Authority.	Appointed by CE on an ad personam basis, taking into account their experience, expertise, ability, integrity and the needs of the Hospital Authority.	(a) Appointed by CE; and (b) Up to 10 members are nominated by organizations of the following interests: literary arts, music, dance, drama, visual arts, film arts, arts administration, arts education, arts criticism and Chinese opera.	(a) Appointed by CE on an ad personam basis, taking into account their experience, expertise, ability, integrity and the needs of the Mandatory Provident Fund Schemes Authority (MPFA); and (b) The number of directors appointed to represent the interest of relevant employees equals to the number of directors appointed to represent the interests of participating employers.
<i>Representation of the board</i>	(a) Legislative Council Members; (b) District Council Members; (c) Professionals; (d) Academics; (e) People from non-government organizations, the real estate industry and the business sector; and (f) People representing public opinions.	(a) Professionals; (b) Academics; (c) People from non-government organizations, the medical field and the business sector; and (d) People representing public opinions.	(a) Professionals; (b) Academics; and (c) People from the arts, cultural and creative industry and the business sector.	(a) Legislative Council Members; (b) Professionals; and (c) People from the business sector.

Table 1 - Board Composition of the Hong Kong Housing Authority, the Hospital Authority, the Hong Kong Arts Development Council and the Mandatory Provident Fund Schemes Authority (cont'd)

	Hong Kong Housing Authority	Hospital Authority	Hong Kong Arts Development Council	Mandatory Provident Fund Schemes Authority
Governing structure	The Secretary for Housing, Planning and Lands is the Chairman of the Housing Authority. He is responsible for all aspects of the formulation and implementation of housing policies.	The Hospital Authority is accountable to the Government through the Secretary for Health, Welfare and Food.	The Hong Kong Arts Development Council (HKADC) is accountable to the Government through the Secretary for Home Affairs.	MPFA is accountable to the Government through the Secretary for Financial Services and the Treasury.
Mode of operation	Six standing committees and some ad hoc committees have been established to assist the Housing Authority in discharging its functions. The standing committees are: (a) the Strategic Planning Committee; (b) the Building Committee; (c) the Commercial Properties Committee; (d) the Finance Committee; (e) the Subsidized Housing Committee; and (f) the Tender Committee.	Ten standing committees have been established to assist the Hospital Authority in discharging its functions. They are: (a) the Audit Committee; (b) the Finance Committee; (c) the Human Resources Committee; (d) the Medical Services Development Committee; (e) the Planning Committee; (f) the Supporting Services Development Committee; (g) the Public Complaints Committee; (h) the Staff Appeals Committee; (i) the Staff Committee; and (j) the Main Tender Board.	Six committees have been established to assist HKADC in discharging its functions. They are: (a) the Management Committee; (b) the Strategy Committee; (c) the Arts Promotion Committee; (d) the Arts Support Committee; (e) the Resources Development Committee; and (f) the Review Committee.	Three committees and a tender board have been established to assist MPFA in discharging its functions. These committees are: (a) the Administration Committee; (b) the Finance Committee; and (c) the Guidelines Committee. Members of the committees are not required to be a director of MPFA.
Funding	Sources of income include: (a) rental obtained from leasing public rental housing and commercial properties; (b) profits generated from selling subsidized home ownership flats; and (c) returns on investment. The Housing Authority receives public subsidy in the form of concessionary land grants as well as interest-bearing loan capital.	Government appropriation according to a population-based formula.	HKADC receives funding support from the Government through a recurrent one-line subvention. In 1993-94 and 1994-95, the Government granted HK\$30 million to the Arts Development Fund and a seed money of HK\$100 million to form a seeding grant from which HKADC could draw on to meet expenditure in excess of the amount of its recurrent subvention. In 1997, a HK\$300 million Arts and Sport Development Fund was set up to assist both HKADC and the Hong Kong Sport Development Board to implement projects under their strategic plans.	In 1998, a capital grant of HK\$5 billion was appropriated for financing the establishment and operating costs of MPFA. MPFA is expected to operate on a self-financing basis in the longer term through fees and charges collected and investment returns generated from the capital grant.
Supporting services	Served by a government department as its executive arm, the Housing Department. As of 1 February 2005, the Housing Department has 9 400 staff.	Served by its own staff. As at 31 December 2004, the Hospital Authority had 52 299 staff.	Served by an independent secretariat. In 2004-05, the secretariat had about 40 staff.	Served by its own staff. In 2004-05, MPFA had 280 staff.
Establishment of a provisional body prior to the establishment of the statutory body	No.	Yes.	No.	No.

Table 2 - Board Composition of the Kowloon-Canton Railway Corporation, the Airport Authority Hong Kong, the Urban Renewal Authority, the Hong Kong Monetary Authority and the Mass Transit Railway Corporation Limited

	Kowloon-Canton Railway Corporation	Airport Authority Hong Kong	Urban Renewal Authority	Hong Kong Monetary Authority	Mass Transit Railway Corporation Limited
Year of establishment	1982.	1995.	2001.	1993.	2000.
Corporate status	Public corporation.	Public corporation.	Public corporation.	Central banking institution.	Publicly listed company.
Relevant legislation	Kowloon-Canton Railway Corporation Ordinance.	Airport Authority Ordinance.	Urban Renewal Authority Ordinance.	(a) Exchange Fund Ordinance; (b) Banking Ordinance; (c) Deposit Protection Scheme Ordinance; and (d) Clearing and Settlement Systems Ordinance.	Mass Transit Railway Ordinance.
Role and functions	Operating and developing domestic, cross-boundary and intercity railway services.	Operating and maintaining the Hong Kong International Airport, with an emphasis on enhancing Hong Kong's status as a major centre of international and regional aviation.	(a) Accelerating redevelopment by replacing old buildings with new buildings; (b) Enabling and encouraging the rehabilitation of dilapidated buildings; (c) Preserving buildings of historical and architectural value, and sustaining local characteristics; and (d) Revitalizing through enhancing and strengthening the socio-economic and environmental fabric for the benefit of the urban communities.	(a) Keeping the Hong Kong dollar stable; (b) Managing the Exchange Fund, Hong Kong's official reserves, in a sound and effective way; (c) Promoting the safety of the banking system; and (d) Developing the financial infrastructure to enable money to flow smoothly, freely and without obstruction.	Constructing and operating Hong Kong's mass transit railway system and developing properties along its railway lines.*

Remark:

* Information from Mass Transit Railway Corporation 2000-2004 *Annual Reports*.

Table 2 - Board Composition of the Kowloon-Canton Railway Corporation, the Airport Authority Hong Kong, the Urban Renewal Authority, the Hong Kong Monetary Authority and the Mass Transit Railway Corporation Limited (cont'd)

	Kowloon-Canton Railway Corporation	Airport Authority Hong Kong	Urban Renewal Authority	Hong Kong Monetary Authority	Mass Transit Railway Corporation Limited
Board composition					
<i>Number of board members</i>	10.	13.	20.	15. (The Exchange Fund Advisory Committee serves as the de facto management board of the Hong Kong Monetary Authority (HKMA).)	11.
<i>Number of official members</i>	2.	3.	4. (acting as Non-executive Directors).	2. (including the Chairman and the Chief Executive Officer).	3. (acting as Non-executive Directors).
<i>Number of non-official members</i>	8. (including the Chairman and the Chief Executive Officer).	10. (including the Chairman and the Chief Executive Officer).	16. (including the Chairman, the Managing Director and one Executive Director).	13.	8. (including one Executive Director, seven Non-executive Directors, one of whom is the Chairman).
<i>Appointment mechanism</i>	Board members are appointed by CE on an ad personam basis, taking into account their experience, expertise, ability, integrity and the needs of the Kowloon-Canton Railway Corporation. The Chief Executive Officer is appointed by the Kowloon-Canton Railway Corporation with the prior approval of CE.	Appointed by CE on an ad personam basis, taking into account their experience in air or other forms of transport, industrial, or in commercial, financial, consumer or labour matters, or in administration.	Appointed by CE on an ad personam basis, taking into account their experience, expertise, ability, integrity and the needs of the Urban Renewal Authority (URA).	Appointed by the Financial Secretary on an ad personam basis, taking into account their experience and expertise in monetary, financial and economic affairs and investment issues, as well as accounting, management, business and legal matters.	(a) A person may be appointed as a member of the Board at any time either by shareholders in the general meeting or by the Board upon recommendation of the Nominations Committee. (b) CE may appoint up to three persons as additional directors who may not be removed from office except by CE and are not subject to any requirement to retire by rotation. CE has appointed the Secretary for Environment, Transport and Works and the Commissioner for Transport as additional directors.
<i>Representation of the board</i>	(a) Legislative Council Members; (b) Professionals; (c) Academics; and (d) People from the business sector.	(a) Executive Council / Legislative Council Members; (b) Professionals; and (c) People from the business sector.	(a) Legislative Council Members; (b) District Council Members; (c) Professionals; (d) Academics; and (e) People from non-government organizations and the business sector.	(a) Academics; and (b) People from the banking industry and the business sector.	(a) Professionals; (b) Academics; and (c) People from non-government organizations and the business sector.

Table 2 - Board Composition of the Kowloon-Canton Railway Corporation, the Airport Authority Hong Kong, the Urban Renewal Authority, the Hong Kong Monetary Authority and the Mass Transit Railway Corporation Limited (cont'd)

	Kowloon-Canton Railway Corporation	Airport Authority Hong Kong	Urban Renewal Authority	Hong Kong Monetary Authority	Mass Transit Railway Corporation Limited
Governing structure	The Kowloon-Canton Railway Corporation is governed by its Board. The Board has adopted the principles of good corporate governance contained in both the <i>Cadbury Code of Best Practice</i> ** and the <i>Code on Corporate Governance Practices</i> issued by the Stock Exchange of Hong Kong Limited.	The Board has overall responsibility for the performance of the Airport Authority Hong Kong (Airport Authority). The Airport Authority has adopted the <i>Code on Corporate Governance Practices</i> issued by the Stock Exchange of Hong Kong Limited.	The Board is the governing and executive body of URA.	HKMA is accountable to the people of Hong Kong through the Financial Secretary and through the laws that set out HKMA's powers and responsibilities.	The overall management of the Company's business is vested in the Board. Pursuant to the Articles of Association and the Protocol adopted by the Board, the Board has delegated the day-to-day management of the Company's business to the Executive Directorate, and has focused its attention on matters affecting the Company's overall strategic policies, finances and shareholders.
Mode of operation	Five committees have been established to assist the Board in discharging its functions. They are: (a) the Audit Committee; (b) the Strategic Human Resource Committee; (c) the Finance Committee; (d) the Capital Projects Committee; and (e) the Property Committee. Members of the committees are not required to be a member of the Board.	Five committees have been established to assist the Board in discharging its functions. They are: (a) the Audit Committee; (b) the Business Development Committee; (c) the Finance Committee; (d) the Human Resources Committee; and (e) the Works Committee. The Airport Authority is required under the Airport Authority Ordinance to conduct its business according to commercial principles.	Eight committees have been established to assist the Board in discharging its functions. They are: (a) the Standing Committee; (b) the Land, Rehousing and Compensation Committee; (c) the Finance and Administration Committee; (d) the Planning, Development and Conservation Committee; (e) the Community Affairs and Public Relations Committee; (f) the Review Committee; (g) the Remuneration Committee; and (h) the Audit Committee. Members of the committees are not required to be a member of the Board.	Five sub-committees have been established to assist the Exchange Fund Advisory Committee in discharging its functions. They are: (a) the Governance Sub-Committee; (b) the Audit Sub-Committee; (c) the Currency Board Sub-Committee; (d) the Investment Sub-Committee; and (e) the Financial Infrastructure Sub-Committee.	Four committees have been established to assist the Mass Transit Railway Corporation Limited in discharging its functions. They are: (a) the Audit Committee; (b) the Remuneration Committee; (c) the Nominations Committee; and (d) the Independent Committee.

Remark:

** The Cadbury Code of Best Practice is the unofficial name for the first Code of Best Practice on corporate governance, published in 1992. This code lays down rules which the London Stock Exchange requires companies to follow, relating to the conduct of directors, directors' remuneration, relations with shareholders, and accountability and audit. Essentially, the rules are designed to make sure that companies are run in an honest and competent way, and shareholders are given reliable and adequate information.

Table 2 - Board Composition of the Kowloon-Canton Railway Corporation, the Airport Authority Hong Kong, the Urban Renewal Authority, the Hong Kong Monetary Authority and the Mass Transit Railway Corporation Limited (cont'd)

	Kowloon-Canton Railway Corporation	Airport Authority Hong Kong	Urban Renewal Authority	Hong Kong Monetary Authority	Mass Transit Railway Corporation Limited
Funding	Sources of income include: (a) fees and charges for passenger and freight services; (b) rental obtained from leasing properties; and (c) returns on investment and bank deposits.	Sources of income include: (a) airport charges; (b) security charges; (c) charges for aviation security services; (d) profits from airside support services franchises; (e) fees for retail licensing; (f) fees and charges for other terminal commercial activities; and (g) profits generated from real estate development. Under the Land Grant signed on 1 December 1995, the Government has granted to the Airport Authority up to the year 2047 the legal rights to the entire airport site at Chek Lap Kok together with the rights necessary to develop such site for the purposes of its business.	Sources of income include: (a) share of property development profits on jointly controlled development projects; (b) profits generated from the sale of properties; (c) deposit received from property developers; (d) rental income; and (e) interest income. In 2002, the Finance Committee of the Legislative Council approved a commitment of HK\$10 billion for injection as equity into URA. The Government proposes to inject the equity into URA in phases over the five financial years from 2002-03 to 2006-07.	The operating and staff costs of HKMA are chargeable to the Exchange Fund.	Sources of income include: (a) fare revenue; (b) station commercial and other revenue; (c) rental and management income; and (d) profits generated from property developments.
Supporting services	Served by its own staff. In 2003-04, the Kowloon-Canton Railway Corporation had about 6 000 staff.	Served by its own staff. As at 31 March 2005, the Airport Authority had 976 staff.	Served by its own staff. As at 31 March 2004, the Urban Renewal Authority had 253 staff.	Served by its own staff. As of 31 December 2004, HKMA has 575 staff.	Served by its own staff. As of 31 December 2004, the Mass Transit Railway Corporation Limited has 6 555 staff.
Establishment of a provisional body prior to the establishment of the statutory body	No.	Yes.	No.	No.	No.

Prepared by Vicky LEE
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Tel: 2869 9602

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