

立法會
Legislative Council

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Establishment Subcommittee of the Finance Committee

Minutes of the 5th meeting
held in Conference Room 1 of Legislative Council Complex
on Wednesday, 18 January 2012, at 8:30 am

Members present:

Dr Hon Margaret NG (Chairman)
Dr Hon PAN Pey-chyou (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon CHEUNG Man-kwong
Hon WONG Yung-kan, SBS, JP
Hon LAU Kong-wah, JP
Hon LI Fung-ying, SBS, JP
Hon WONG Ting-kwong, BBS, JP
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon WONG Sing-chi
Hon IP Wai-ming, MH

Members absent:

Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP

Public Officers attending:

Ms Alice LAU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mrs Ingrid YEUNG, JP Mr Tony LI	Deputy Secretary for the Civil Service (1) Principal Assistant Secretary for Development (Planning and Lands)
Ms Phyllis LI	Assistant Director of Planning (Special Duties)
Miss Susie HO, JP	Director of Administration and Development, Department of Justice
Ms Roxana CHENG	Deputy Solicitor General (Constitutional), Department of Justice
Mr Darryl CHAN	Deputy Secretary for Financial Services and the Treasury (Financial Services)3
Mr Maurice LOO	Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)4
Miss Salina YAN, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services)1
Miss LAM Ching-nga	Principal Assistant Secretary for Financial Services and the Treasury (Financial Services) Mainland Affairs
Mr Philip CHAN	Deputy Secretary for Food and Health (Food)
Dr SIN Wai-mei	Assistant Government Chemist (Analytical & Advisory Services Division), Government Laboratory

Clerk in attendance:

Ms Annette LAM	Chief Council Secretary (1)7
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Staff in attendance:

Mrs Constance LI	Assistant Secretary General 1
Mr Simon CHEUNG	Senior Council Secretary (1)9
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Ms Clara LO	Legislative Assistant (1)10

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The Chairman drew members' attention to the information paper provided by the Administration, i.e. ECI(2011-12)10, which set out the latest changes to the Administration's directorate establishment approved since 2002.

2. The Chairman informed members that the Finance Committee (FC) had approved on 13 January 2012 amendments to the procedures of FC and its two subcommittees (i.e. the Establishment Subcommittee (ESC) and the Public Works Subcommittee) on arrangements for members to indicate their intention to speak at meetings. ESC members who wished to speak could either raise their hands or press the "Request to speak" button installed at their seats in Conference Room 1, while non-members attending ESC meetings would have to raise their hands to indicate their intention to speak.

EC(2011-12)14 Proposed creation of one supernumerary post of Chief Town Planner (D1) in the Planning Department with effect from the date of approval to 31 March 2017 to head a new Housing and Office Land Supply Section to implement measures to increase housing and office land resources

3. The Chairman advised that the Administration was seeking the Subcommittee's support to create a supernumerary post of Chief Town Planner (CTP) (D1) for five years up to 31 March 2017 to head the new Housing and Office Land Supply (HOLS) Section in the Planning Department (PlanD). The HOLs Section would focus its work on increasing land resources for housing and office use.

4. Prof Patrick LAU, Chairman of the Panel on Development, reported that the staffing proposal had been discussed by the Panel on 19 December 2011. Panel members in general supported the proposal. They urged the Administration to formulate a five-year land supply programme to enable the public to monitor the effectiveness of the Administration's work, and to locate new housing sites in the vicinity of major infrastructure projects. Panel members were also of the view that the Administration should suitably extend the upper limit of the prescribed plot ratios for new developments to meet the keen demand for housing, and examine the need to revise the existing planning standards to promote quality and sustainable built environment with appropriate community facilities.

5. Ir Dr Raymond HO expressed support for the proposal but questioned why the Administration did not propose to create a permanent CTP post instead. He was concerned that the Administration had overlooked the importance of ensuring sufficient land supply for maintaining a stable environment for the healthy and sustainable development of the property

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market. He opined that there was a need to build up a "land bank" over the years to avoid having to take hasty measures to identify new land for development when demand surged. As building up a land reserve was a time-consuming process that would take 10 or more years, he considered that a permanent post was more appropriate.

6. Assistant Director of Planning (Special Duties) (AD/Planning) replied that while the Administration would review and conduct studies on short, medium and long term measures to increase land resources, priority would be given to identifying short and medium term sources of land supply for the coming five years. Long term land development strategy would be formulated following a comprehensive review of the effectiveness of the short and medium measures for increasing land resources, and taking into account Hong Kong's overall development strategy, land demand, population changes as well as manpower requirement for land resources planning. The Administration would critically review the continued need for the supernumerary post before it was due to lapse on 31 March 2017.

7. Ir Dr Raymond HO expressed disappointment that notwithstanding a number of studies, including the Hong Kong 2030 Planning Vision and Strategy, that had been undertaken over the past years, the Administration had yet to formulate a clear direction for long term land development. He said that poor land planning would lead to insufficient land supply and soaring property prices, which in turn would impede Hong Kong's economic development and undermine Hong Kong's position as the leading financial and business centre in the Asia Pacific region.

8. Prof Patrick LAU supported the creation of a supernumerary CTP post to strengthen the manpower position of PlanD. Speaking on behalf of the planning sector which he represented, he opined that in identifying new land resources through various means such as reclamation and the use of rock caverns, the Administration should also solicit professional input from the planning sector in addition to consulting the engineering sector. He said that the Administration should ensure there were sufficient town planners in PlanD to undertake the increasing work and if necessary, engage town planning consultants in exploring new land resources. He further highlighted that in expanding land resources for development, due efforts should be made to conserve areas of high ecological value to avoid excessive development. The Administration took note of his views.

9. The Chairman commented that whilst the community generally supported expanding land resources to meet the various development needs of Hong Kong, some had reservation about developing new land through reclamation. Noting that a large quantity of land in the hand of developers had been left idle and undeveloped for years, she enquired about the Administration's policy on the utilization of these lands, and whether the new

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CTP post-holder would have a role in planning, reviewing or monitoring land utilization.

10. AD/Planning and Principal Assistant Secretary for Development (Planning and Lands) (PAS/PL) advised that in pursuance of the established policy to create a land reserve, the Administration had identified a number of measures to increase land resources as set out in paragraph 3 of the Administration's paper. The measures included the release of industrial land for non-industrial uses, reclamation, the use of rock caverns, review of "Green Belt" in the New Territories, and review of idle Government, Institution or Community sites; as well as conversion of agricultural land into housing land. The PlanD would regularly review the land uses and utilization and closely monitor the progress of land development in accordance with the planning approvals. As regards land which had been sold to developers, developments on the land would be subject to a building covenant (建築規約) laid down in the lease conditions whereby lot owners concerned were required to complete the developments within a specified timeframe. AD/Planning assured members that the Administration would ensure proper and timely utilization of land under the established mechanism.

11. Mr WONG Yung-kan said that the Democratic Alliance for the Betterment and Progress of Hong Kong supported the staffing proposal. He commented that land reclamation would lead to environmental pollution and damage of marine ecology, and the Administration should consult all affected residents and the fishing industry on future reclamation works. Citing the proposed reclamation work to form an artificial island off southwest Shek Kwu Chau as an example, Mr WONG said that inadequate consultation would create strong resistance against the Administration's reclamation works and create social unrest.

12. PAS/PL informed members that the Civil Engineering and Development Department had started a public engagement exercise on the reclamation works outside Victoria Harbour in late 2011. The Administration would continue to engage relevant stakeholders in the process. He would relay Mr WONG Yung-kan's views and concerns to relevant Government departments for follow up.

13. The Chairman remarked that the Development Bureau had the policy responsibility for setting the overall land planning and development strategies of Hong Kong, and she hoped that Government representatives attending the meeting should be able to address members' concerns.

14. The item was voted on. Members agreed that the Subcommittee should recommend the item to FC for approval.

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EC(2011-12)15 Proposed creation of one supernumerary post of Deputy Principal Government Counsel (DL2) in the Legal Policy Division of the Department of Justice for a period of five years with immediate effect to handle the legal work in respect of constitutional development and electoral affairs

15. The Chairman advised that the paper sought to create a supernumerary post of Deputy Principal Government Counsel (DPGC) (DL2) in the Legal Policy Division of the Department of Justice (DOJ) for a period of five years with immediate effect upon FC's approval to head a dedicated unit to handle legal work in respect of constitutional development and electoral affairs. In her capacity as Chairman of the Panel on Administration of Justice and Legal Services, she reported that the staffing proposal had been discussed at the Panel meeting on 28 November 2011. Panel members supported the proposal and considered it necessary to strengthen the manpower position of the Legal Policy Division to deal with the rising demand for advisory service in relation to constitutional development and electoral affairs. In view of the recent alleged vote-rigging cases, Panel members anticipated that there would be a large number of election petition and appeal cases that would require legal advice from the DOJ. The Department was requested to deploy adequate manpower and resources to cope with additional workload arising from these cases.

16. The item was voted on. Members agreed that the Subcommittee should recommend the item to FC for approval.

EC(2011-12)16 Proposed retention of one supernumerary post of Administrative Officer Staff Grade B (D3) in the Financial Services Branch of the Financial Services and the Treasury Bureau for a period of 24 months from 1 August 2012 to 31 July 2014 to provide high-level policy steer for the exercise to complete the first phase of the Companies Ordinance (Cap. 32) Rewrite, modernise Hong Kong's corporate insolvency law and take forward other major policy initiatives

17. The Chairman advised that the paper sought to retain a supernumerary post of Administrative Officer Staff Grade B (D3) in the Financial Services and the Treasury Bureau for a period of 24 months to provide high-level policy steer for the completion of the first phase of the Companies Ordinance (Cap. 32) rewrite exercise, the modernization of the Hong Kong's corporate insolvency law and undertaking other major policy initiatives.

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18. The Chairman advised that the Panel on Financial Affairs (FA Panel) had been consulted on the staffing proposal at its meeting on 17 November 2011. Panel members in principle supported the proposal. Some Panel members urged the Administration to expedite its work in modernizing the corporate insolvency procedures and to introduce the legislative proposals on new statutory corporate rescue procedure to the Legislative Council as soon as possible. A Panel member, however, expressed reservation on the proposed new corporate rescue procedure on account of its impact on small and medium-sized enterprises.

19. The item was voted on. Members agreed that the Subcommittee should recommend the item to FC for approval.

EC(2011-12)17 Proposed creation of one supernumerary post of Administrative Officer Staff Grade C (D2) in the Mainland Affairs Division of the Financial Services Branch of the Financial Services and the Treasury Bureau for a period of two years to co-ordinate the implementation of Central People's Government's new measures to support the economic and social development in Hong Kong

20. The Chairman advised that the paper sought to create a supernumerary post of Administrative Officer Staff Grade C (D2) in the Financial Services and the Treasury Bureau for a period of two years to co-ordinate the implementation of Central People's Government (CPG)'s new measures to support the economic and social development in Hong Kong, financial co-operation with the Mainland at central and regional levels as a strategic goal under the National 12th Five-Year Plan and the development of offshore Renminbi business. The FA Panel had discussed and supported in principle the proposal at its meeting on 15 December 2011. The Administration was requested to provide additional information on whether the office bearer of the proposed post would take up any responsibilities related to investor protection, and how the development of the financial sector would benefit different sectors of the community in quantifiable terms in its submission to ESC.

21. In response to the Chairman's enquiry, Deputy Secretary for Financial Services and the Treasury (Financial Services)¹ (DS(FS)) advised that the additional information sought by the Panel had been provided in paragraphs 10 to 14 of the Administration's paper. In gist, investor protection was a key consideration cutting across different areas in the work of the Financial Services Branch and the financial related measures and the financial products to be introduced in Hong Kong under the CPG's new initiatives

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would be subject to respective regulations seeking to protect investors. To enhance investor protection, an Investor Education Council (IEC) (投資者教育局) dedicated to promote investor education was proposed to be established as a wholly owned subsidiary of the Securities and Futures Commission (SFC). As regards the impact of the growth of the financial sector on Hong Kong's economy, DS(FS) pointed out that in 2010, the financial sector had contributed to 15.4% of Hong Kong's total Gross Domestic Product and employed more than 200 000 persons (or 6% of the total employment). Over the past five years, the number of employed persons in the financial industry had increased substantially by about 40 000 at an average annual growth rate of 4.0%, which was far higher than that of 1.2% for other sectors. Of these 40 000 jobs created, 70% were non-managerial and non-professional level positions with an average annual growth rate of about 4.3%. She highlighted that the growth of the financial industry had not only provided a large number of high-paying and professional jobs, but had also provided employment opportunities for many other supporting staff.

22. The Chairman commented that the global financial crisis and the credit crunch faced by some jurisdictions had led to queries on whether the growth of the financial industry could really benefit the overall economy. She cautioned against lopsided development on the financial sector at the expense of other non-financial sectors.

Investor Education Council

23. Mr WONG Ting-kwong said that he supported the creation of the supernumerary post to facilitate, among other things, the development of Hong Kong as a major financial centre for offshore Renminbi business. He however doubted the need for setting up a separate body, the IEC, to take charge of investor education, as it might duplicate the roles of SFC and the Hong Kong Monetary Authority (HKMA). He was worried that the establishment of the IEC might give the public the impression that the Government was promoting investment and teaching the investing public how to gain money through investment. He urged the Administration to reconsider the proposal of establishing IEC. Mr WONG Yung-kan said that he also supported the creation of the supernumerary post to enhance the financial development of Hong Kong. Sharing the same concern, he expressed reservation about the setting up of the IEC. He questioned whether it was appropriate for the Government or IEC to educate the general public on making investments. He was concerned that as investment might incur losses, the investing public might blame the IEC for their investment losses. He opined that the Administration should consider changing the name of IEC to avoid the misconception that the body was set up to teach the investing public how to invest.

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24. DS(FS) noted members' concern. She said that the setting up of the IEC did not indicate that Government policies were lopsided towards the financial sector. She agreed with members that it was important that investors were aware of the risks and liabilities associated with investing in financial products. Investor education was one of the investor protection measures to enhance investors' ability in analysing the information provided by intermediaries and issuers on investment products. To this end, the IEC was proposed to be set up under SFC to provide comprehensive education to investors on a wide spectrum of financial products and to promote investors' awareness of the risks involved. She explained that under the existing legislation, investor education provided by SFC covered securities and futures only. In the light of market development and for investor protection, the Administration considered it necessary to set up an IEC to holistically oversee the work of investor education and to improve the financial literacy of the general public. She highlighted that the IEC aimed to educate the general public to understand better an investor's rights and responsibilities and enhance their abilities in managing finance and making better financial decisions. It would not offer financial or investment advice regarding individual financial products. She added that the subject of IEC had been discussed by the FA Panel and were being scrutinized by the Bills Committee on the Securities and Futures (Amendment) Bill 2011.

25. Ir Dr Raymond HO said that the IEC should strive to provide investors with basic investment knowledge, impartial market information and promote the investing public's understanding of the importance of making informed decisions regarding transactions related to financial products and of taking responsibility therefore. The Administration should also delineate clearly the respective regulatory roles of HKMA and SFC.

26. Dr PAN Pey-chyou said that investment and wealth management were important aspects of life and should be included as an integral part of civic education. He considered it more appropriate for the IEC to be set up under the Education Bureau (EdB) rather than SFC. In his view, the Administration should make finance and wealth management part of the curriculum for mainstream education.

27. DS(FS) responded that IEC would co-operate with different sectors including the financial and the education sectors in promoting public investment education and wealth management. Different strategies would be pursued to improve the financial literacy of different sectors of the community through mass media campaigns, outreach programmes, and a website for the young. As part of the efforts to co-ordinate and deliver an expanded investor education programme, the IEC would promote the concept of finance management in secondary and primary schools in collaboration with EdB. She informed members that investment education was covered in the curriculum of secondary schools.

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28. In response to Dr PAN Pey-chyou's enquiry on whether the Administration had made reference to arrangement in other countries before deciding to place IEC under SFC, DS/FS said that the Administration had studied the experiences in different countries, and considered it appropriate to put IEC under SFC to co-ordinate and deliver an expanded investor education programme across the whole financial services sector.

29. The Chairman remarked that the title of IEC could be misleading and could give rise to unrealistic expectations from the general public. She urged the Administration to duly consider members' views. DS(FS) assured that the Administration would duly consider members' views on investment education and the title of IEC.

30. The item was voted on. Members agreed that the Subcommittee should recommend the item to FC for approval.

EC(2011-12)18 Proposed creation of one permanent post of Chief Chemist (D1) in the Government Laboratory to cope with the increasing complexity of and workload arising from work relating to food safety

31. The Chairman advised members that the Administration's proposal was to create a permanent post of Chief Chemist (D1) in the Food Safety and Quality Group of the Government Laboratory to cope with the increasingly complex and rising workload relating to food safety. The Panel on Food Safety and Environmental Hygiene had discussed the Administration's proposal on 8 November 2011. Panel members supported the proposal and noted that the creation of the permanent Chief Chemist post would be offset by the deletion of one permanent post of Senior Chemist in the Chemical Weapons Convention Section of the Government Laboratory. In response to some members' concern whether the proposed post would bring about promotion opportunities for existing non-directorate grade staff in the Government Laboratory, the Administration had advised that the proposed Chief Chemist post would be filled through internal promotion and the Chemist vacancy arising from the promotion would be filled by means of open recruitment.

32. The item was voted on. Members agreed that the Subcommittee should recommend the item to FC for approval.

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33. There being no other business, the meeting ended at 9:18 am.

Council Business Division 1
Legislative Council Secretariat
8 March 2012