

**立法會**  
***Legislative Council***

LC Paper No. ESC66/15-16

(These minutes have been  
seen by the Administration)

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**Establishment Subcommittee of the Finance Committee**

**Minutes of the 8<sup>th</sup> meeting  
held in Conference Room 1 of Legislative Council Complex  
on Wednesday, 3 February 2016, at 8:30 am**

**Members present:**

Hon Mrs Regina IP LAU Suk-yee, GBS, JP (Chairman)

Hon WONG Kwok-kin, SBS (Deputy Chairman)

Hon Albert HO Chun-yan

Hon CHAN Kam-lam, SBS, JP

Hon LEUNG Yiu-chung

Hon Emily LAU Wai-hing, JP

Hon TAM Yiu-chung, GBS, JP

Hon WONG Kwok-hing, BBS, MH

Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN

Hon WONG Ting-kwong, SBS, JP

Hon CHAN Hak-kan, JP

Hon IP Kwok-him, GBS, JP

Hon Alan LEONG Kah-kit, SC

Hon LEUNG Kwok-hung

Hon Albert CHAN Wai-yip

Hon NG Leung-sing, SBS, JP

Hon Steven HO Chun-yin, BBS

Hon WU Chi-wai, MH

Hon YIU Si-wing, BBS

Hon MA Fung-kwok, SBS, JP

Hon Charles Peter MOK, JP

Hon CHAN Chi-chuen

Hon CHAN Han-pan, JP

Dr Hon Kenneth CHAN Ka-lok  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon Kenneth LEUNG  
Hon Alice MAK Mei-kuen, BBS, JP  
Hon KWOK Wai-keung  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Hon SIN Chung-kai, SBS, JP  
Dr Hon Helena WONG Pik-wan  
Hon IP Kin-yuen  
Hon Martin LIAO Cheung-kwong, SBS, JP  
Hon POON Siu-ping, BBS, MH  
Dr Hon CHIANG Lai-wan, JP  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon Christopher CHUNG Shu-kun, BBS, MH, JP

**Members absent:**

Hon James TO Kun-sun  
Hon Cyd HO Sau-lan, JP  
Hon Starry LEE Wai-king, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Dr Hon Elizabeth QUAT, JP  
Hon TANG Ka-piu, JP  
Hon CHUNG Kwok-pan

**Public Officers attending:**

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Eddie MAK Tak-wai, JP	Deputy Secretary for the Civil Service (1)
Ms Winnie HO	Deputy Head of Energizing Kowloon East Office, Development Bureau
Mr LEUNG Koon-kee, JP	Director of Architectural Services
Ms Doreen KWAN	Departmental Secretary, Architectural Services Department
Mr Andrew WONG, JP	Permanent Secretary for Financial Services and the Treasury (Financial Services)

Ms Polly KWOK	Principal Assistant Secretary for Financial Services and the Treasury (Financial Services) International and Mainland Affairs
Mrs Helen CHAN, JP	Government Economist, Financial Secretary's Office
Mr Andrew AU, JP	Principal Economist (1), Financial Secretary's Office
Ms Reddy NG, JP	Principal Economist (5), Financial Secretary's Office

**Clerk in attendance:**

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

Ms Anita SIT	Assistant Secretary General 1
Miss Sharon LO	Senior Council Secretary (1)9
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Ms Haley CHEUNG	Legislative Assistant (1)9
Miss Yannes HO	Legislative Assistant (1)6

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Action

The Chairman said that there were five items on the agenda of the meeting. She drew members' attention to the information paper ECI(2015-16)17 which set out the latest changes in the directorate establishment approved since 2002. She then reminded members that in accordance with Rule 83A of the Rules of Procedure ("RoP"), they should disclose the nature of any direct or indirect pecuniary interest relating to the funding proposals under discussion at the meeting before they spoke on the items. She also drew members' attention to RoP 84 on voting in case of direct pecuniary interest.

**EC(2015-16)10      Proposed rationalisation of seven multi-disciplinary Chief Architect (D1) permanent posts to designated grade posts of three Chief Architect (D1) (single disciplinary), one Chief Building Services Engineer (D1), one Chief Maintenance Surveyor (D1), one Chief Quantity Surveyor (D1) and one Chief Structural Engineer (D1) in the Architectural Services Department with immediate effect upon approval of the Finance Committee to facilitate better utilisation of human resources and more effective staff planning in meeting operational needs**

2.      The Chairman remarked that the Administration's proposal was to convert seven multi-disciplinary ("MD") Chief Architect ("CA") posts in the Architectural Services Department ("ArchSD") to designated grade posts, comprising three CAs, one Chief Building Services Engineer ("CBSE"), one Chief Maintenance Surveyor ("CMS"), one Chief Quantity Surveyor ("CQS") and one Chief Structural Engineer ("CSE"), upon approval of the Finance Committee ("FC"), to facilitate better utilisation of human resources and more effective staff planning in meeting operational needs. She pointed out that discussion of the item was carried over from the last meeting on 20 January 2016.

Staff consultation and follow-up actions

3.      Mr CHAN Chi-chuen noted from the Administration's supplementary information (LC Paper No. ESC51/15-16(01)) that while the staff side of Arch and BSE grades in ArchSD had expressed support for the proposal and LA grade had expressed concern; MS, QS and SE grades had no particular comment on the proposal. He enquired about the views of MS, QS and SE grades on the proposal, and the follow-up actions taken by ArchSD to address the concerns of LA grade.

4.      Director of Architectural Services ("DAS") responded that the departmental management of ArchSD had consulted the staff side of the Departmental Consultative Committee ("DCC") and the Chairpersons of the staff associations of the six professional disciplines. The staff side representatives in DCC and staff members of the six professional grades were generally supportive of the proposal and had no adverse comment. Regarding LA grade's concern that the proposal might affect the career path of LAs in the Chief Project Management ("CPM") level and beyond (the seven MD CA posts in question included six CPM posts in three Project Management Branches), DAS explained that the ArchSD management had taken into account all relevant factors including operational requirements,

establishment history, staff complement, etc. before arriving at the recommendation of declassifying all MD CA posts to single-discipline posts. He added that in the past 10 years, no LA had filled the seven MD CA posts in ArchSD.

5. In reply to Mr CHAN Chi-chuen, Deputy Secretary for Financial Services and the Treasury (Treasury)<sup>1</sup> advised that as the proposal involved creation and deletion of directorate posts, FC's approval would be required though no additional funding would be required.

Voting on the item

6. The Chairman put EC(2015-16)10 to vote. At the request of Mr CHAN Chi-chuen, the Chairman ordered a division and the division bell rang for five minutes. Eighteen members voted for and no member voted against the item. The Chairman declared that the Subcommittee agreed to recommend the item to FC for approval. The votes of individual members were as follows —

*For*

Mr CHAN Kam-lam	Mr LEUNG Yiu-chung
Mr TAM Yiu-chung	Mr WONG Kwok-hing
Mr WONG Ting-kwong	Mr IP Kwok-him
Mr NG Leung-sing	Mr YIU Si-wing
Mr CHAN Chi-chuen	Mr CHAN Han-pan
Mr LEUNG Che-cheung	Miss Alice MAK
Mr Christopher CHEUNG	Mr SIN Chung-kai
Mr Martin LIAO	Mr POON Siu-ping
Ir Dr LO Wai-kwok	Mr Christopher CHUNG
(18 members)	

7. Mr CHAN Chi-chuen requested that the item be voted on separately at the relevant FC meeting.

**EC(2015-16)12      Proposed making permanent of one Administrative Officer Staff Grade C (D2) supernumerary post in the Financial Services Branch of the Financial Services and the Treasury Bureau with effect from 13 April 2016, or with immediate effect upon approval of the Finance Committee, whichever is the later, to implement the initiatives to advance financial co-operation with the Mainland and international commitments to strengthen financial regulation and maintain financial system stability**

8.      The Chairman remarked that the proposal was to convert the supernumerary Administrative Officer Staff Grade C ("AOSGC") post, designated as Principal Assistant Secretary for Financial Services and the Treasury (Financial Services) (International and Mainland Affairs) ("PAS(FS)(IMA)"), in the International and Mainland Affairs Division in the Financial Services Branch ("FSB") of the Financial Services and the Treasury Bureau ("FSTB") into a permanent post with effect from 13 April 2016 or with immediate effect upon approval of FC, whichever was later, to implement the initiatives to advance financial co-operation with the Mainland and international commitments to strengthen financial regulation and maintain financial system stability.

9.      The Chairman said that the Panel on Financial Affairs was consulted on the proposal on 7 December 2015. Panel members enquired about the duties of PAS(FS)(IMA) in advancing financial co-operation with the Mainland and assisting the local financial services industry in accessing other markets. The Administration advised that PAS(FS)(IMA) would continue to promote the development of Hong Kong as an offshore Renminbi ("RMB") business centre, co-ordinate inputs from industry stakeholders, and promote Hong Kong's role as a financing and investment platform to countries under the Belt and Road Initiative. Panel members supported the Administration to submit the proposal for consideration by the Establishment Subcommittee.

#### Duties and manpower arrangement of the Financial Services Branch

10.      Mr Martin LIAO pointed out that when the proposal of extending the post of PAS(FS)(IMA) was discussed in November 2013, FSTB undertook to conduct a holistic review of its manpower situation before the post lapsed in April 2016. He sought information on the outcome of the review, including whether FSB would consider retaining the other two supernumerary PAS posts, i.e. PAS(FS)6 responsible for policy and legislation relating to companies, trust, money lenders and individual bankruptcy, and PAS(Special Duties) responsible for policy and legislation relating to the insurance sector.

11. Permanent Secretary for Financial Services and the Treasury (Financial Services) ("PS(FS)") advised that currently besides the PAS(FS)(IMA) post, there were three other supernumerary directorate posts in FSB, namely Deputy Secretary (Financial Services)<sup>3</sup> ("DS(FS)3"), PAS(FS)6 and PAS(Special Duties). After reviewing the future workload and existing manpower of FSB, it was envisaged that the PAS(Special Duties) post would no longer be required when it lapsed in December 2017 after the establishment of the independent Insurance Authority. As the Administration planned to review the regulatory arrangement for money lenders and financial intermediaries for money lending amongst other priorities, the posts of PAS(FS)6 and DS(FS)3 would need to be further extended when they lapsed in 2016.

12. Noting that the main duties of the PAS(FS)(IMA) post were to promote financial co-operation with the Mainland and handle international affairs relating to financial services, Mr YIU Si-wing was concerned about possible overlap in duties between the post holder and Government's offices in the Mainland and overseas which were also responsible for promoting Hong Kong and liaising with the Mainland and overseas authorities and organizations. He enquired about the division of work between FSB and Government's Mainland and overseas offices.

13. PS(FS) said that in general the economic and trade offices in the Mainland and overseas were responsible for the day-to-day liaison and communication with the authorities of respective jurisdictions on economic and trade matters. The Office of the Government of the Hong Kong Special Administrative Region in Beijing was responsible for liaising with the Central Government or the relevant Mainland authorities generally. For issues relating to specific policy areas such as financial services, FSB, together with the relevant Hong Kong regulators, would communicate directly with the Mainland or overseas authorities and counterparts, e.g. the Shanghai Municipal Financial Services Office and the Financial Affairs Office of the People's Government of Guangdong Province, for exchange of views and discussions with a view to enhancing financial co-operation and addressing concerns of industry stakeholders.

14. Albert CHAN expressed concern about increase in the size of directorate establishment in recent years. To better understand the manpower requirement of FSB, he requested the Administration to provide supplementary information on the directorate establishment in FSB in the past years (e.g. the highest and lowest numbers of directorate posts), and to explain how the establishment related to initiatives pursued by and changes in the workload of FSB.

15. PS(FS) referred members to paragraph 26 of EC(2015-16)12 which set out the establishment changes in FSB for the past three years. He added that the number of directorate posts in the past three years remained relatively stable and low. The Administration was mindful of the need to maintain effective control over the directorate establishment and would propose to create supernumerary or permanent posts, depending on the nature of the newly arising workload, should additional manpower be required. The post in question was first created on a supernumerary basis, and extended for two years in 2014. Having vigorously reviewed the establishment in FSB and taking into account members' views that a permanent directorate post should be created as the tasks involved in furthering financial co-operation with the Mainland were long-term and on-going in nature, it was considered appropriate to convert the existing supernumerary AOSGC post into a permanent post.

*[Post-meeting note: The supplementary information submitted by the Administration was circulated to members on 23 February 2016, vide LC Paper No. ESC58/15-16(01).]*

16. Ms Emily Lau said that she did not object the proposal. She was concerned whether the relevant officers in FSB had the necessary expertise to promote financial co-operation with the Mainland and the international community. She also enquired about co-ordination and co-operation between FSB and the Hong Kong Monetary Authority ("HKMA") in this regard.

17. PS(FS) advised that while HKMA, the Securities and Futures Commission and the Insurance Authority were mainly responsible for day-to-day market supervision and regulation of financial institutions in their respective areas, FSB was responsible for formulating policies and strategies for the whole financial services sector, including introducing legislation to meet new international standards and co-ordinating matters for the development of the financial services industry and financial market infrastructures, with a view to enhancing the competitiveness of Hong Kong's financial markets and promoting its financial stability. That said, FSB would consult and collaborate with relevant regulators as appropriate when formulating policies and legislation concerning the financial services sector of Hong Kong. On the international level, the G20 Leaders had earlier endorsed new international standards for the establishment of an effective resolution regime for systemically important financial institutions in time of financial crises to enhance resilience and stability of the global financial system. As an international financial centre, it was incumbent on Hong Kong to meet these requirements. The duties of the PAS(FS)(IMA) post would also cover the relevant policy and legislative work.

Offshore RMB business and Mainland-related opportunities

18. Ir Dr LO Wai-kwok expressed support for the proposal. Dr LO and the Chairman sought information on how FSB would promote Hong Kong as a global hub for offshore RMB business under the Belt and Road Initiative. The Chairman enquired about the Administration's priority and timetable in establishing contacts with countries along the Belt and Road, and the financial services to be promoted to these countries. Given the large number of Muslim countries along the Belt and Road, the Chairman asked if the Administration had plans to further develop Islamic finance in Hong Kong with a view to attracting funds from the Muslim community. She also suggested that the Administration should encourage civil servants and provide scholarship to students to learn the Arabian language and Muslim culture, which would be beneficial to the long-term development of Islamic finance in Hong Kong.

19. PS(FS) responded that the Administration would capitalize on the opportunities arising from the Belt and Road Initiative to consolidate and enhance Hong Kong's position as a major platform for capital formation and financing for the Mainland and economies along the Belt and Road as well as a global hub for offshore RMB business. He added that as mentioned in the 2016 Policy Address, the Administration would set up a steering committee for the Belt and Road to be chaired by the Chief Executive, and a Belt and Road Office to formulate related strategies and plans for Hong Kong to participate in the Initiative. FSB would work with the Belt and Road Office and step up its efforts in promoting Hong Kong's financial services to the Belt and Road economies, particularly the South-East Asian countries along the route given their relatively closer socio-economic ties with Hong Kong. In particular, Hong Kong was best positioned to cater for capital financing needs for the projects under the Belt and Road. The Administration had also been actively participating in the preparatory work for setting up the Asia Infrastructure Investment Bank ("AIIB"), which was an integral part of the Belt and Road Initiative, and would continue to explore with the Central Government the specific arrangements for Hong Kong to join AIIB. In response to the Chairman's further enquiry about the timetable in relation to Hong Kong's participation in AIIB, PS(FS) said that the Administration had indicated to the Central Government its intention to join AIIB. It was necessary to keep in view the consideration of AIIB on an appropriate arrangement for Hong Kong to join as a non-sovereign territory.

20. Regarding the development of Islamic finance, PS(FS) advised that legislative amendments were made a few years ago to facilitate issuance of Islamic bonds in Hong Kong and two tranches of Islamic bonds had been launched so far which had demonstrated Hong Kong's robust financial infrastructure for the development of Islamic finance. He added that HKMA

had been maintaining close liaison with Muslim countries, like Malaysia and Dubai, in pursuing initiatives to further develop Islamic finance. The Administration would encourage universities and their students to conduct more Islamic studies to strengthen their understanding of the Muslim countries along the Belt and the Road and their culture.

21. Mr NG Leung-sing expressed support for the proposal. He expressed concern that Hong Kong might be marginalized in the long run with more free trade zones established in the Mainland, and asked how the Administration would seize the opportunities arising from the development of Mainland free trade zones for the Hong Kong financial services industry.

22. PS(FS) said that the Administration would continue to monitor the development of free trade zones in the Mainland and maintain close liaison with relevant Mainland authorities. Communication platforms had been established for the Administration to exchange views and reflect industry stakeholders' concerns to the relevant authorities in Shanghai and Guangdong. In addition, the Administration had signed a Memorandum of Understanding with Shanghai for strengthening mutual co-operation and enhancing development for the financial services sectors of both places. In response to Mr NG Leung-sing's comment that the Administration should regularly update the Panel on Financial Affairs on the work in advancing Hong Kong's financial co-operation with the Mainland, PS(FS) said that the Administration took note of the views and would consider the appropriate means to follow up the matter.

23. Mr WU Chi-wai cast doubt on the need to create a directorate post for promoting Hong Kong's offshore RMB business. He enquired about the major tasks to be performed by the PAS(FS)(IMA) post, in particular those related to the development of RMB infrastructure and concrete plans for achieving the targets. He also requested the Administration to provide supplementary information on Hong Kong's strengths and weaknesses in developing offshore RMB business in comparison with other offshore RMB business centres, such as Singapore and London.

24. PS(FS) explained that offshore RMB business covered not only traditional depository services but also RMB trade settlement and RMB financing. The PAS(FS)(IMA) post would continue to engage the Mainland authorities on the policy front to tap first-mover advantages, strengthen the market infrastructure and financing platforms, as well as enhance the range of RMB services for investors all over the world. For example, the extension of operating hours of the RMB clearing system in Hong Kong had further strengthened Hong Kong's position as a RMB trading and settlement centre. The implementation of Shanghai-Hong Kong Stock Connect and the mutual

recognition of funds between Hong Kong and the Mainland had facilitated circulation of RMB between Hong Kong and the Mainland, provided more investment channels, and diversified RMB financial products for investors.

*[Post-meeting note: The supplementary information submitted by the Administration was circulated to members on 23 February 2016, vide LC Paper No. ESC58/15-16(01).]*

25. Dr CHIANG Lai-wan expressed concern that many Hong Kong enterprises had encountered difficulties in transferring RMB out from the Mainland, and the amount of RMB that a person could bring into Hong Kong was subject to a limit of RMB 120,000. She called on the Administration to explore measures to help enterprises to transfer RMB out from the Mainland.

26. PS(FS) said that RMB was not yet a fully convertible currency and was subject to control pursuant to the relevant policies of the Central Government. He also clarified that as an anti-money laundering measure, the Administration was considering a proposal to require passengers entering into Hong Kong to declare to the Customs if they brought cash with value more than HK\$120,000.

#### Support measures for Hong Kong securities firms in accessing the Mainland market

27. Mr Christopher CHEUNG expressed support for the proposal. In view of the heavy workload involved, he asked whether the Administration had considered creating one directorate post dedicated to advancing financial co-operation with the Mainland, in particular to facilitate the securities industry in accessing the Mainland market.

28. PS(FS) advised that in addition to the team headed by the PAS(FS)(IMA) post, other teams in FSB were also involved in tasks relating to financial co-operation with the Mainland, such as mutual recognition of funds between Hong Kong and the Mainland. Besides promoting Hong Kong's role as a global offshore RMB business hub, the PAS(FS)(IMA) post would continue to co-ordinate financial co-operation with the Mainland under the Mainland and Hong Kong Closer Economic Partnership Arrangement ("CEPA"). In the past, FSB had organized meetings between the Mainland authorities and the Hong Kong securities industry and forums for industries of both sides to exchange views on issues, including facilitating the securities sector to enter the Mainland market.

29. In response to Mr Christopher CHEUNG's further enquiry regarding financial co-operation under CEPA, PS(FS) said that under Supplement X to CEPA, Hong Kong-funded financial institutions were allowed to set up one

full-licensed joint venture securities company each in Shanghai, Guangdong Province and Shenzhen with maximum aggregate shareholding of the company at 51%. Bank of East Asia and the Hong Kong and Shanghai Banking Corporation had each entered into an agreement with Shenzhen Qianhai Financial Holdings Co., Ltd. on the establishment of a full-licensed joint venture securities company in the Mainland. Hang Seng Bank had signed an agreement with Shenzhen Qianhai Financial Holdings Co., Ltd. on the establishment of one joint venture fund management company in the Mainland.

30. Mr Christopher CHEUNG and the Chairman expressed concern about the stringent requirements (such as capital requirement) for establishing joint venture securities companies in the Mainland under CEPA. They called on the Administration to assist small and medium-sized securities companies in Hong Kong to enter the Mainland market.

31. PS(FS) explained that Supplement X to CEPA was applicable to enterprises of various sectors and scales. The Administration would continue to discuss with the Mainland authorities for lowering the threshold to access the Mainland market, and providing Hong Kong enterprises with national treatment.

32. The Chairman put the item to vote. Members agreed that the Subcommittee should recommend the item to FC for approval.

33. The Chairman consulted members on whether the item would require separate voting at the relevant FC meeting. Mr Albert CHAN said that members would examine the supplementary information to be provided by the Administration before making the decision concerned.

*(At 9:46 am, the Chairman ordered that the meeting be suspended for 5 minutes. The meeting was resumed at 9:51am.)*

**EC(2015-16)14      Proposed retention of one supernumerary post of Principal Economist (D2) in the Economic Analysis Division of Economic Analysis and Business Facilitation Unit under the Financial Secretary's Office for three years with effect from 1 April 2016 or with immediate effect upon approval of the Finance Committee, whichever is the later, to strengthen support at the directorate level in enhancing the economic analytical and research capacity in the policy areas of population, poverty and welfare**

34.      The Chairman remarked that the Administration's proposal was to retain a supernumerary Principal Economist post (designated as Principal Economist 5 ("Pr Econ (5)")) in the Economic Analysis Division ("EAD") of the Economic Analysis and Business Facilitation Unit ("EABFU") under the Financial Secretary's Office ("FSO") for three years with effect from 1 April 2016 or with immediate effect upon approval of FC, whichever the later, to strengthen support at the directorate level in enhancing the economic analytical and research capacity in the policy areas of population, poverty and welfare. She said that the Panel on Public Service ("PS Panel") was consulted on the proposal on 18 January 2016.

35.      Mr POON Siu-ping, Chairman of PS Panel, reported that Panel members were supportive of the proposal in general.

#### Research conducted by the Economic Analysis Division

36.      Ms Emily LAU expressed support for the proposal. Given that EAD's research and economic analyses, which were conducted in a professional, independent and objective manner, were vital for the strategic and long-term economic development of Hong Kong, Ms Emily LAU and Mr Albert CHAN suggested that EAD should arrange regular briefings on its work and research results so as to update members of the public of the Hong Kong's economic situation and enhance their understanding of assessments on areas of population, poverty, welfare and retirement protection. Ms LAU also called on EAD to step up its efforts in cutting red tape, reducing compliance costs, and identifying support measures for the small and medium enterprises ("SMEs") in order to enhance Hong Kong's favourable business environment.

37.      The Government Economist ("G Econ") said that Pr Econ (5) would continue to provide dedicated support to the Committee on Poverty ("CoP") and the Steering Committee on Population Policy. EAD's research and analyses would be released through the two committees or FSO. Regarding

research on poverty, EAD would continue to conduct studies on the poverty situation in Hong Kong and submit annual report on Hong Kong's poverty situation to CoP, which would be presented at the annual CoP Summit. She added that EAD had arranged technical briefings and also attended the press conference when the first official poverty line was announced in 2013. Moreover, where necessary economists in EAD would attend seminars/briefings and LegCo meetings together with representatives of Government Bureaux and departments to explain their research work. Regarding business facilitation, G Econ said that the Business Facilitation Division would continue to assist Government bureaux and departments to identify measures to facilitate operation of the business sector and promote Hong Kong's economy. She added that 10 Business Liaison Groups had been set up for exchange of views with the business sector, in particular SMEs. Specifically, amongst the 1,087 issues discussed during the 181 liaison meetings and referred to relevant Government bureaux and departments for follow up, 1,086 were subsequently resolved.

38. Pointing out that Government bureaux and departments, and the Central Policy Unit ("CPU"), also had their own economists and would conduct economic studies and analyses from time to time (e.g. studies relating to the electricity market in Hong Kong), Mr Albert CHAN enquired about differences between such research work and that of EAD. He also requested the Administration to provide a list of economic assessments and studies conducted by the five sections in EAD, and by Government bureaux and departments, including CPU, the Commerce and Economic Development Bureau, the Environment Bureau and FSTB, in the past few years. If EAD had participated in the studies conducted by the above Government bureaux and departments or agencies, the Administration should also explain the division of work between EAD and the relevant parties.

39. G Econ explained that EAD's economic studies and assessments were analytical and quantitative in nature, and aimed to assist Government bureaux and departments in the policy deliberation and formulation process. The research conducted by CPU was primarily related to public opinions on Government policies, and was focussed more on social issues.

*[Post-meeting note: The supplementary information submitted by the Administration was circulated to members on 23 February 2016, vide LC Paper No. ESC58/15-16(02).]*

40. Mr WU Chi-Wai asked whether EAD's research work would include analyses of the subjects from various perspectives and with different assumptions, and whether EAD would provide the relevant information for reference of and consideration by Government bureaux and departments.

41. G Econ responded that when conducting research and analyses, EAD would take into account, amongst other factors, the competitiveness of Hong Kong's economy, in particular, the need to maintain simple and low tax regime and provision of level playing field for business operation. When conducting research and analyses in the areas of population, poverty, welfare and retirement protection, Pr Econ (5) would ensure that the welfare measures and the use of the public fund would be in line with the principle of cost-effectiveness.

#### Poverty and welfare issues

42. Ms Emily LAU noted that EAD had conducted a research on poverty of ethnic minorities, and asked whether it had plans to conduct similar studies for other less-privileged groups, such as people with disabilities, new arrivals, single parent families, low-income women and elderly.

43. G Econ advised that EAD had conducted numerous research relating to the poverty line framework, including the poverty situation of people with disabilities, new arrivals and single parent households. Research findings had been submitted to the relevant Task Force under CoP to support formulation of initiatives to address the needs of the underprivileged.

44. The Chairman was of the view that in tackling poverty in Hong Kong, the Government should help the poor "to get rid of poverty" (脫貧) instead of just "alleviating poverty" (扶貧) through measures, like setting the poverty line and introducing the Low-income Working Family Allowance. She asked if EAD would recommend measures to Government bureaux and departments for creating more jobs for the less-privileged group and help them adapt to the structural changes in Hong Kong's economy.

45. G Econ said that the post-intervention poverty rate in Hong Kong in 2014 was 14.3% in overall terms. The poverty rate of working households (i.e. 8.3%) was lower than the overall, and much lower than that of the unemployed. These figures indicated that the best strategy to combat poverty at source (防貧) was to foster economic development and inclusive growth, for enhancing Hong Kong's competitiveness with a view to creating more jobs for people living below the poverty line. EAD's efforts in this regard included monitoring the macroeconomic environment and various macro risks that might impact on labour market stability, supporting the Financial Secretary ("FS") in formulating strategies on economic development, devising measures to diversify Hong Kong's economy, and fostering the development of the Mainland-Hong Kong economic relations especially under the Five Year Plan and the Belt and Road Initiative.

46. Mr LEUNG Kwok-hung was of the view that to combat poverty at source, the Administration should formulate measures to address structural unemployment in Hong Kong. He enquired how the work of Pr Econ (5) could tackle problems arising from structural changes in Hong Kong's economy and downside risks in economic development, and formulating measures to assist the low-income group.

47. G Econ remarked that the Administration was aware of the downside risks faced by sectors, including the tourism and the retail industries which might pose pressure on the unemployment rate. In this regard, Section 1 of EAD would continue to monitor the macroeconomic environment and significant global and local developments, including the development of the tourism and retail industries as well as their potential implications on Hong Kong's economy. When working out the 2016 economic forecasts for Hong Kong, EAD would render analytical support to FS on the package of countercyclical measures to help the community and Hong Kong's economy to face the challenges ahead.

48. There being no other business, the meeting ended at 10:30 am.