

**立法會**  
**Legislative Council**

LC Paper No. ESC54/16-17  
(These minutes have been  
seen by the Administration)

Ref : CB1/F/3/2

**Establishment Subcommittee of the Finance Committee**

**Minutes of the 3<sup>rd</sup> meeting**  
**held in Conference Room 1 of Legislative Council Complex**  
**on Wednesday, 4 January 2017, at 8:30 am**

**Members present:**

Hon Mrs Regina IP LAU Suk-ye, GBS, JP (Chairman)  
Hon James TO Kun-sun  
Hon LEUNG Yiu-chung  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon WONG Ting-kwong, SBS, JP  
Hon Starry LEE Wai-king, SBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
Hon WONG Kwok-kin, SBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon LEUNG Kwok-hung  
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  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon IP Kin-yuen  
Hon Martin LIAO Cheung-kong, SBS, JP  
Hon POON Siu-ping, BBS, MH  
Dr Hon CHIANG Lai-wan, JP  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon CHU Hoi-dick

Hon HO Kai-ming  
Hon LAM Cheuk-ting  
Hon Holden CHOW Ho-ding  
Hon SHIU Ka-fai  
Hon SHIU Ka-chun  
Hon Wilson OR Chong-shing, MH  
Hon YUNG Hoi-yan  
Hon CHAN Chun-ying  
Hon Tanya CHAN  
Hon HUI Chi-fung  
Hon LUK Chung-hung  
Hon KWONG Chun-yu  
Hon Jeremy TAM Man-ho  
Hon Nathan LAW Kwun-chung  
Dr Hon YIU Chung-yim  
Dr Hon LAU Siu-lai

**Members absent:**

Hon Alvin YEUNG (Deputy Chairman)  
Hon Alice MAK Mei-kuen, BBS, JP  
Dr Hon Helena WONG Pik-wan  
Hon CHUNG Kwok-pan  
Hon Jimmy NG Wing-ka, JP  
Hon LAU Kwok-fan, MH

**Public Officers attending:**

Ms Carol YUEN Siu-wai, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Eddie MAK Tak-wai, JP	Deputy Secretary for the Civil Service 1
Mr James LAU, JP	Under Secretary for Financial Services and the Treasury
Mr Esmond LEE	Senior Advisor, Financial Services Development Council Secretariat
Mr Andrew WU	Head of Financial Services Development Council Secretariat

**Clerk in attendance:**

Ms Connie SZETO            Chief Council Secretary (1)4

**Staff in attendance:**

Mr Keith WONG	Council Secretary (1)4
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Miss Yannes HO	Legislative Assistant (1)6
Ms Haley CHEUNG	Legislative Assistant (1)9

---

Action

The Chairman drew members' attention to the two information papers provided by the Administration before the meeting. ECI(2016-17)11 set out the latest changes in the directorate establishment approved since 2002 and the changes to the directorate establishment in relation to the three items on the agenda. ECI(2016-17)10 provided an update on the overall directorate establishment position and forecast of possible proposals for creation and extension of directorate posts in the 2016-2017 legislative session. 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(2016-17)20      Proposed creation of one non-civil service position of Executive Director (Financial Services Development Council) equivalent to the rank of D2 in the Financial Services Branch of the Financial Services and the Treasury Bureau in 2017-18 for three years to lead the Secretariat of the Financial Services Development Council**

2. The Chairman remarked that the staffing proposal was to create one non-civil service position of Executive Director ("ED") (Financial Services Development Council) equivalent to the rank of D2 in the Financial Services Branch of the Financial Services and the Treasury Bureau in 2017-2018 for three years to lead the Secretariat of the Financial Services Development Council ("FSDC").

3. The Chairman remarked that the Administration had consulted the Panel on Financial Affairs on the staffing proposal on 15 November 2016. Panel members generally supported the proposal of creating an ED position in FSDC Secretariat. Some members opined that the Government should expedite the recruitment process, and asked if the Administration had any plan to review FSDC's arrangements on manpower, structure and resources

Action

having regard to its long-term development. Some members did not support the proposal and considered that the arrangement to second staff from the three regulators to work in FSDC Secretariat should continue unless there were changes in FSDC's institutional arrangement, work and positioning.

Justifications for creating the Executive Director position

Admin 4. Ms Tanya CHAN, Dr Fernando CHEUNG, Mr Jeremy TAM and Mr LEUNG Kwok-hung pointed out that advisory bodies set up by the Government generally did not have ED positions, and there were already secondments from various government departments and organizations to FSDC at present to handle the Secretariat's work. They queried why FSDC as an advisory body required an ED position. Mr Jeremy TAM requested the Administration to provide a list of statutory bodies or non-statutory advisory bodies which had created ED positions.

5. The Under Secretary for Financial Services and the Treasury ("USFST") advised that government departments in general provided administrative support to statutory bodies set up by the Government, while FSDC, unlike other advisory bodies, had its own secretariat. He supplemented that FSDC's main work was to conduct studies in relation to the development of the financial industry. The Government hoped that the creation of an ED position to be taken up by a person with sound knowledge and solid experience in the financial services industry could enhance FSDC's work in promoting the development of the industry.

6. Mr WU Chi-wai and Mr Jeremy TAM said that the paper provided by the Administration had vaguely described the responsibilities of the proposed position, including sharing the workload of FSDC Chairman and playing a coordinating role, and so on. They queried whether such work had to be taken up by an ED and requested the Administration to set out the specific work of the ED position.

7. Mr Martin LIAO commented that the arrangement that FSDC members had been engaged in research work on a pro bono or part-time basis in the four years since its establishment was unsatisfactory. He enquired why the Administration had not proposed adding an ED position until now. Mr LUK Chung-hung also enquired how the proposed position would promote the work of FSDC.

8. USFST explained that the creation of the proposed position could not only alleviate the workload of FSDC Chairman, but also, more importantly, steer the work of FSDC Secretariat. He added that most of

Action

the research work of FSDC in the past had been taken up by FSDC members. After review, the Government was of the view that FSDC could, through the addition of an ED position, conduct more studies in relation to the development of the industry in the future and enhance promotion of Hong Kong's financial services industry overseas, so as to alleviate the work burden of the Chairman and members. He stressed that the financial services industry looked forward to more studies relating to opportunities offered to the industry. It would be inadequate for FSDC Chairman alone to take the lead in the research work and promote research outcomes to the industry. The proposed position would be able to share the Chairman's workload in this regard.

Impact of the change of Government on the creation of the Executive Director position

9. Mr CHAN Chi-chuen and Mr James TO pointed out that FSDC was created by the incumbent Chief Executive ("CE") in 2013. However, as a new CE would be elected in March this year and there would be a change of the term of Government on 1 July, it remained uncertain as to whether the new-term Government would support FSDC continued to work. They enquired why it was not left to the new-term Government to decide on whether the proposed position should be created.

10. USFST advised that there was continuity in the work of the Government and policies would be formulated having regard to the actual needs of the community, so the relevant work would not be suspended by the change of the term of Government. He reiterated the importance of the work of FSDC Secretariat, and the achievements of its past work were obvious to all, winning the Government's recognition and the market's support. The Panel on Financial Affairs also supported the creation of the proposed position, and considered it appropriate to set the duration of ED at three years to lay a solid foundation for the future work of FSDC.

11. Mr CHU Hoi-dick expressed opposition to the creation of the proposed position. Mr CHU and Mr CHAN Chi-chuen were concerned about how the Administration would deal with the created position should the new CE decide to dissolve FSDC.

12. USFST said that FSDC was an advisory body and if necessary the new-term Government could review whether the work of FSDC should continue. The new-term Government could also redeploy the ED position or change the scope of its work.

Action

Effectiveness of the work of the Financial Services Development Council

13. Ms Tanya CHAN, Dr KWOK Ka-ki, Mr KWONG Chun-yu, Mr LEUNG Yiu-chung and Mr WU Chi-wai criticized the setting up of FSDC for being duplicative. They pointed out that the main work of FSDC was to conduct studies on financial development, but relevant policy bureaux and public organizations like the Hong Kong Monetary Authority and the Hong Kong Trade Development Council had also been engaged in studies on similar subjects. They were concerned that providing additional resources to FSDC would give rise to duplication of work and a waste of public money. They also enquired about the differences between the research work of FSDC and that of the aforesaid organizations.

14. USFST advised that while both the Hong Kong Monetary Authority and the Hong Kong Trade Development Council had statutory functions and work, FSDC was mainly engaged in studies on how to enhance Hong Kong's status as an international financial centre and develop the financial services industry, and promotion of Hong Kong's financial services industry in collaboration with the industry. He stressed that the research work of FSDC and that of the policy bureaux and public organizations did not overlap but were complementary to each other.

15. Dr YIU Chung-yim pointed out that the functions of FSDC included research and promotion work as well as introducing the work of financial services to university students. The nature of FSDC's work was similar to that of research and employment counselling in universities. He was of the view that the Administration should devote the resources earmarked for creating the ED position to universities for undertaking studies on financial development. He also enquired about the details of the existing mechanism for assessing and monitoring the standard of the research reports published by FSDC.

16. USFST said that while universities had been engaged in different studies on financial issues, those of FSDC were conducted from the perspective of financial market participants, and were of different nature from their university counterparts. As for FSDC's work in nurturing human capital in the industry, FSDC worked with universities at their request to make arrangements for persons in employment to share their working experience with university students, and to develop a website providing information relevant to financial services employment. He supplemented that in general no mechanism was in place to monitor the work of advisory bodies set up by the Government at present.

17. Mr LEUNG Yiu-chung and Mr WU Chi-wai enquired whether the 26 studies completed by FSDC included topics on cross-sectoral subjects,

Action

and whether the Government had accepted any recommendations of the reports and formulated relevant policies.

18. USFST remarked that FSDC had conducted cross-sectoral studies on human capital development for the financial industry in the past; the Government had accepted FSDC's recommendations in relevant studies on the development of Hong Kong's asset management industry, including those on open-ended funds and private equity funds. The Government had also amended relevant legislation to introduce corresponding policies and tax incentives.

19. Mr CHAN Chun-ying pointed out that given FSDC's long-standing shortage of resources, its current work relied on the assistance rendered by FSDC members and the industry. The creation of the ED position could effectively coordinate and implement the research outcomes. He enquired whether the Government would consider adding to the responsibilities of ED the duties of quantifying the effectiveness of FSDC's research reports and promoting adoption of the recommendations by the Government.

20. USFST reiterated that the Government attached importance to FSDC's research outcomes and would study the feasibility of the recommendations in detail and follow up their implementation. He added that some recommendations from FSDC studies had not been accepted by the Government immediately for various reasons. For instance, FSDC once recommended the Government to take the lead in issuing green bonds, but the recommendation was not taken forward by the Government as it had no need to raise fund. Instead, the Government encouraged public organizations to consider introducing green bonds.

Structure and staffing arrangement of the Financial Services Development Council

21. Mr Martin LIAO enquired whether the proposed ED position was subordinate to USFST. Mr CHU Hoi-dick enquired how the Administration determined the remuneration of the proposed position, and whether it had compared the remuneration level with that of similar posts in other public organizations.

22. USFST advised that his duties included supervising the operation of FSDC, so the proposed position would report to him. As for the remuneration level of the proposed position, he advised that the Government determined the remuneration of ED in the light of its scope of work and had not made any comparison with other organizations.

Action

23. Mr SHIU Ka-fai said that he supported creating the proposed position and converting FSDC into a statutory body. He opined that the creation of the position could help promote the development of Hong Kong's financial industry.

24. Mr LUK Chung-hung considered that, having considered the responsibilities of the proposed position in leading FSDC Secretariat, it was more appropriate to change its title to "Secretary General". He enquired about the differences between the existing Head of Secretariat post in FSDC and the proposed ED position.

25. In response, USFST pointed out that there was already a Head of Secretariat post in FSDC. As for the proposed ED position, the holder needed to possess professional expertise and solid experience in the financial market, and its function was different from that of Head of Secretariat. He said that the Government would consider converting FSDC into a statutory body.

26. Mr CHU Hoi-dick and Mr SHIU Ka-chun enquired when the term of office of current FSDC members would expire, and whether the Government was ready to appoint new-term members and preferred the continuous chairmanship of Mrs Laura CHA, the incumbent Chairman. Mr SHIU enquired about the Administration's plan to select ED.

27. USFST advised that the term of office of FSDC members would expire on 16 January 2017, and the Government was making arrangements for the appointment of new Chairman and members for a two-year term. More than 10 of the existing 56 members would retire from office, and the Government would appoint persons from different fields of the financial industry to fill the vacancies. As regards the arrangement for appointing the Chairman, he advised that the Government would reappoint the incumbent Chairman as Chairman having regard to her contribution. As for the recruitment of ED, the process would be highly transparent. The Government would conduct an open recruitment exercise for the position, specifying the working experience and academic qualification required; it would also aim at employing talents for the industry without practising cronyism. The Government had put in place a stringent procedure for recruitment as well as an internal procedure to examine the suitability of applicants. Generally speaking, he would be responsible for the selection work, and FSDC Chairman would not be involved.

28. Quoting the Administration's paper, Mr KWOK Ka-ki mentioned that the proposed ED would champion the interests of the financial services industry. He enquired how holder of the post would champion the



Action

interests of the industry. USFST said that the paper was referring to the fact that ED would promote the interests relevant to the development of the financial industry.

29. Mr Jeremy TAM advised that it was mentioned in the Administration's paper that since professional expertise from the financial services industry was not readily available within the civil service, there was a need to create the proposed non-civil service position. He enquired whether the possibility of a serving civil servant taking up the position would be ruled out. In response, USFST said that professional civil servants with financial expertise were readily available within the Financial Services and the Treasury Bureau, but the work of the proposed ED involved in-depth communication and liaison with the financial industry, so the Government considered it more appropriate to recruit someone in the trade to take up the position.

Meeting arrangement

30. At 9:56 am, the Chairman advised that she had received a proposed motion to be moved by Mr CHU Hoi-dick under paragraph 31A of the Establishment Subcommittee Procedure. She read out the content of the motion and said that she would deal with Mr CHU's motion after members' questions.

31. At 10:17 am, the Chairman enquired if members agreed to extend the meeting by 15 minutes to conclude the discussion of this agenda item and put it to vote. As some members indicated that they still had questions that required response from the Administration, the Chairman decided not to extend the meeting. The Chairman said that the Subcommittee would continue to discuss this item at the meeting on 18 January 2017.

*[Post-meeting note: Members were informed that the Administration had decided to withdraw this item from the agenda for the next meeting vide LC Paper No. ESC34/16-17 on 11 January 2017.]*

32. There being no other business, the meeting ended at 10:27 am.