

# Legislative Council

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**Paper for the House Committee meeting on 18 September 1998**

## **Monitoring of issues relating to the Overall Economic Development of Hong Kong**

### **Purpose**

This paper invites members to consider alternative ways of monitoring government policies and issues of public concern relating to the overall economic development of Hong Kong, which currently fall within the responsibilities of a number of Panels of the Legislative Council.

### **Background**

2 When the House Committee deliberated on the formation of Panels at its meeting on 6 July 1998, members noted that according to the delineation of responsibilities of the 17 Legislative Council Panels, issues relating to the overall economic development of Hong Kong came under a number of policy areas, including financial affairs, trade and industry, economic services and manpower, and would therefore be monitored by different Panels. Members therefore decided that a review should be conducted to ensure that the subject matters relating to the overall economy of Hong Kong could be monitored in a more co-ordinated manner and that Members be kept abreast of Government policies on long-term strategic development.

3 The delineation of responsibilities of Panels is determined according to the policy areas of the corresponding Secretaries of Bureaux or other principal officers. Hong Kong's overall economic development is the responsibility of the Financial Secretary, who in this respect oversees the work of the Economic Services Bureau, Finance Bureau, Financial Services Bureau, Trade and Industry Bureau, Works Bureau, the Hong Kong Monetary Authority and the Business and Services Promotion Unit. He also heads the Task Force on Employment which was set up in May 1998 to look into the problem of local employment and to explore ways and means of creating more jobs in the private sector. An organisation chart showing the responsibilities of the Financial Secretary is in Appendix I.

4 Also under the responsibility of the Financial Secretary is the Commission on Innovation and Technology which currently is serviced by the Trade and Industry Bureau, comprising 14 members including the Secretary for Trade and Industry and the Director-General of Industry. The work of the Commission, which is to advise on the measures needed to make Hong Kong an innovation centre, so as to add value to its commercial and industrial activities and to its economic hinterland, falls within the terms of reference of the Trade and Industry Panel.

5 As far as long-term strategic development is concerned, the Commission on Strategic Development headed by the Chief Executive and serviced by the Central Policy Unit was set up in January 1998. The Commission deals with matters relating to the long-term planning of Hong Kong and conducts studies on economic, social, environmental and other

relevant aspects, including Hong Kong's economy, human resources, education, housing, land supply, etc., over a planning period of 20-25 years. Its findings are referred to Policy Bureaux for follow-up and will therefore eventually come under the terms of reference of the individual Panels. To keep Members abreast of the Commission's work, the Central Policy Unit has indicated that consultation with Members will be carried out in the form of workshops or interviews on the various aspects of its studies. Briefings will also be conducted from time to time on the work of the Commission.

## **Present situation**

6 In monitoring Government's economic policies, individual Panels at present identify the areas of concern within their own scope of responsibilities and invite the Administration to speak on such issues. If required, a Panel may also invite non-Panel Members or members of other related Panels to its meetings. Non-Panel Members may speak at the meeting but have no right to vote. Economic issues are often raised at the Economic Services Panel, the Financial Affairs Panel and the Trade and Industry Panel. The policy areas of the three corresponding policy bureaux are in Appendix II to IV. On occasions when the economic situation has given rise to concern about employment matters, the subject is deliberated at the Manpower Panel. The terms of reference of the four Panels mentioned above are in Appendix V.

7 At the House Committee meeting on 6 July 1998, some members considered that there might be a need for members to monitor in a coordinated manner the Government's overall economic development strategy. The Secretariat was asked to develop some proposals for members' consideration.

8 The following options, including those raised by Members at the House Committee meeting, are for members' consideration:

### **a. Holding joint Panel meetings**

Under existing Rules of Procedure, joint meetings of Panels may be held when issues fall within the terms of reference of more than one Panel. This is a convenient way to allow members of the Panels concerned to consider matters of common concern. However, at present it is up to each Panel to consider, as and when major issues arise, whether joint meetings should be called. Meetings are therefore held on an ad hoc basis and the emphasis is different each time, depending on the subject matter. In holding joint meetings, the question of quorum has to be considered. Under House Rule 22 (n), the quorum is one-third of the membership of the joint meeting. A Member who is member of more than one Panel at a joint meeting will only be counted once in terms of membership and quorum. The quorum for a joint meeting of, for example, the three economy-related Panels in the 1998-99 session is 12 members.

### **b. Establishing a "Super" Panel**

This option provides for the establishment of a Panel which oversees the work of all economy-related Panels. The benefit of having a "Super" Panel is the availability of a means to maintain an overview of general matters of the economy and establish a direct link with the Financial Secretary. However, the adding of a new tier of committee(s) above the existing Panels will make the committee structure rather complicated and may give rise to problems such as overlapping of subject areas with those of existing Panels, difficulty in having a quorum if the "Super" Panel becomes too big, and conflicting viewpoints from different Panels as each Panel, in theory, is independent in conducting its own business.

### **c. Broadening the responsibilities of one of the existing Panels to undertake the**

## co-ordinating role

This option aims at expanding the terms of reference of one of the existing economy-related Panels to undertake the co-ordinating role. The Panel will also look at general issues relating to the economy, such as economic infrastructure, business environment, market competitiveness, GDP, etc., in addition to its current scope of work. By appointing a Panel having a prominent interest in the subject matter to deal with the issues concerned, it would not be necessary to form a new Panel or Committee. Consideration should be given to which of the existing Panels should have a prominent interest in the subject matter and whether membership of the Panel concerned should be reopened to all Members. Having regard to the current terms of reference of the various Panels, it appears that the Financial Affairs Panel is the most appropriate Panel to undertake this role in addition to its present duties on financial and finance matters. In performing the co-ordinating role, the Panel may invite the Financial Secretary to brief members on macro economic issues on a regular basis or as and when required. All other Members should be informed of such briefings and may attend the meetings if interested. Non-Panel Members however have no right to vote.

## Forming a subcommittee of a standing nature under the House Committee

Subcommittees are formed from time to time to undertake tasks assigned by the House Committee. Examples are the subcommittees to study specific subsidiary legislation, to study the redress system, to deal with parliamentary liaison, etc. However, this arrangement is similar to that of having a "Super" Panel as proposed in (b) above, with the inherent drawbacks. Furthermore, House Rule 20(j) states that the House Committee may appoint subcommittees to assist in the consideration of specific subsidiary legislation and issues of public concern which fall outside the purview of Panels. The formation of a subcommittee to deal with matters of common interest to a number of Panels does not seem to strictly conform to the House Rule. If it is considered that a subcommittee of the House Committee should be formed to undertake the task, the relevant House Rule may have to be modified.

### d. Conducting Ad hoc briefings

Since the early 90s, the Financial Secretary used to brief Members of the former Legislative Council on an ad hoc basis on matters related to the economy of Hong Kong. Such briefings were held in camera and were convened by the Chairman of the House Committee. Since the 1994-95 session, this type of briefings have been open to the public but are only focused on the Budget and specific subjects of major concern. As the subjects usually relate to the seeking of approval for funds from the Finance Committee, briefings of this nature are now chaired by the Chairman of the Finance Committee. These briefings are not protected under the Legislative Council (Powers and Privileges) Ordinance.

### e. Expanding the functions of the Finance Committee to undertake the co-ordinating role

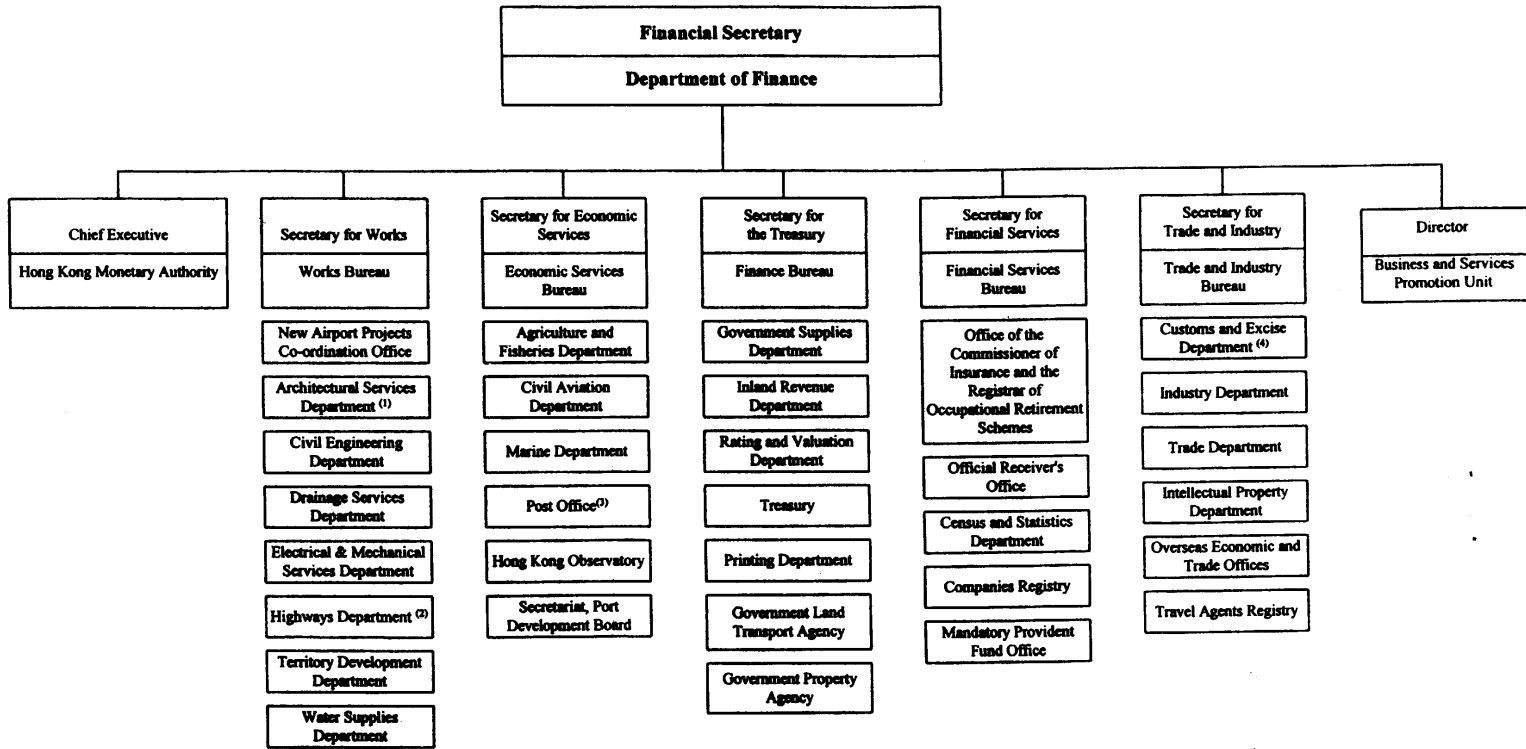
The functions of the Finance Committee are those conferred upon the Committee by the Public Finance Ordinance (Chapter 2), any other law and the Rules of Procedure of the Council. Its functions are therefore well-defined and include the examination of the Estimates of Expenditure and approving proposals to change the approved Estimates. Monitoring of the overall economic development of Hong Kong departs from the conventional functions of the Committee and a change of this nature requires careful consideration, particularly of its relationship with Panels.

**Advice sought**

9 Members are invited to give views on the options in paragraph 8.

Legislative Council Secretariat  
15 September 1998

**GOVERNMENT SECRETARIAT  
Organization Chart - Financial Secretary**



- Note :
- (1) The Director of Architectural Services is also responsible to the Secretary for the Treasury for maintenance and repair of government buildings and facilities.
  - (2) The Director of Highways is responsible to Secretary for Transport for transport policy and the highways development programme and to Secretary for Works for works policy and standards, contract procedures and co-ordination of the Public Works Programme.
  - (3) The Postmaster General is also responsible to the Secretary for Home Affairs for stamp design.
  - (4) The Commissioner of Customs and Excise is also responsible to both the Secretary for Security and Secretary for the Treasury.

## ECONOMIC SERVICES BUREAU

Secretary for Economic Services	Head of the Economic Services Bureau
Deputy Secretary (Economic Services) 1	Overall management of the Bureau  All policy matters relating to energy, agriculture and fisheries, postal services, monitoring of electricity and towngas companies, tourism and meteorological services  Resource allocation
Deputy Secretary (Economic Services) 2	Policy matters relating to the new airport, aviation, negotiation of air services agreements and arrangements
Deputy Secretary (Economic Services) 3/ Secretary, Port Development Board	Head of the Port Development Board Secretariat  Secretary to the Port Development Board to advise the Board of all necessary background, technical and policy matters as may appertain to its terms of reference  Determining and monitoring issues that may affect the port and its regional position  Marine (including international merchant shipping operation of cargo handling facilities, merchant shipping support services and legislation)

## FINANCIAL SERVICES BUREAU

Secretary for Financial Services	Head of the Financial Services Bureau
Deputy Secretary (Financial Services)	Overall policy and legislation on banking, insurance, occupational retirement schemes, companies, insolvency, bankruptcy, trust companies, trustee investment, securities and futures trading Policy on trade in financial services Housekeeping matters of the Office of the Commissioner of Insurance and the Registrar of Occupational Retirement Schemes, the Companies Registry and Official Receiver's Office
Government Economist	Economic analysis Advice on economic implications of policy proposals

## Finance Bureau

Secretary for the Treasury	Head of the Finance Bureau
Deputy Secretary for the Treasury (1)	Vetting and clearing the financial aspects of policies and proposals initiated by bureaux and departments (other than the Airport Core Programme, revenue and loans and investments) and, in this role, acting as Finance Bureau representative on the relevant policy groups of the Chief Secretary for Administration's Committee Vetting the provision and use of resources for all departmental heads of expenditure and recurrent and capital subventions. This includes ensuring value-for-money and the vetting of in-year changes to the Estimates Clearing the Administration's submissions to the Establishment Subcommittee and Finance Committee, serving as the Administration's standing representative on these committees and helping to steer proposals through them Clearing the Administration's response to

the Public Accounts Committee (PAC) via the Government Minute and overseeing the preparation of progress report on outstanding PAC matters

Financial management policies, procedures and practices, including, in particular, the continued development of programme and resource management by policy bureaux and departments and the development of a Target-based Management Process to better relate resources to output and outcome

Support for the attendance at Star Chamber and the Star Chamber Action Group

Co-ordinating the annual Resource Allocation Exercise and central forecasting and budgeting

Co-ordinating the preparation of the Estimates

Finance Bureau's Personal Date Controlling Officer

Policy responsibility for -

- financial arrangements for the Airport Core Programme and the Railway Development Strategy
- major government investment and loan portfolios
- trading funds
- revenue and taxation
- fees and charges
- government utilities
- fiscal reserve

Representing Government's interest as shareholder in statutory bodies

Attendance at Board and Committee meetings of the Mass Transit Railway Corporation, Kowloon Canton Railway Corporation, Airport Authority, Housing Authority and Industrial Estates Corporation

Vetting of private sector infrastructural proposals insofar as they impinge on the financial position of the Government

Coordinating the preparation of revenue, Capital Investment Fund and Loan Fund estimates

Deputy Secretary for  
the Treasury (2)



Deputy Secretary for  
the Treasury (3)

Resource management for the Inland Revenue Department and Rating and Valuation Department and revenue and taxation programmes of Customs and Excise Department and Civil Aviation Department

Vetting the provision for and use of resources from the Capital Works Reserve Fund for expenditure on works, land and infrastructural development, computerisation, major systems and equipment. This includes ensuring value-for-money and vetting in-year changes to the Estimates

Clearing the Administration's submissions to the Public Works Subcommittee, serving as the Administration's standing representative on this committee and helping to steer proposals through it

Policy responsibility for -

- government procurement and tenders, including attendance at the Central Tender Board and the Central Consultants Selection Board
- intra-governmental services provided by the S for Tsy's group of departments (except Inland Revenue Department and Rating & Valuation Department), including chairing the Accommodation Strategy Group

Resource management for S for Tsy's policy areas and group of departments (except Inland Revenue Department and Rating & Valuation Department)

House-keeping responsibilities for Treasury and Audit Commission

Attendance at Star Chamber for the capital works RAE

## TRADE AND INDUSTRY BUREAU

Secretary for Trade and Industry	<p>Head of the Trade and Industry Bureau</p> <p>External trade and Industry policy</p> <p>Policy on intellectual property</p> <p>Overall policy on consumer protection</p> <p>Housekeeping responsibility for the Customs and Excise Department</p> <p>Policy and housekeeping responsibility for the overseas Hong Kong Economic &amp; Trade Offices</p> <p>Chairman of Tradelink</p>
Deputy Secretary (Trade and Industry) 1	<p>Policy matters relating to trade issues, including multilateral issues under the World Trade Organization and bilateral issues involving Hong Kong's major trading partners, for example USA and China regarding MFN, regional arrangements, notably Asia-Pacific Economic Cooperation (APEC), and dialogue with OECD. Policy matters relating to trade control systems</p> <p>Housekeeping matters relating to the Trade Department, the Export Credit Insurance Corporation, the Trade Development Council</p> <p>Resource management initiatives, including implementing Public Sector Reform initiatives and overall administration of the resources allocated under STI's portfolio</p> <p>Administration of the ten overseas Hong Kong Economic and Trade Offices</p>
Deputy Secretary (Trade and Industry) 2	<p>Policy matters on Hong Kong's industrial development, and related issues such as technology transfer and inward investment</p> <p>Policy matters relating to intellectual property protection including future arrangements</p> <p>Policy matters relating to consumer protection and competition</p> <p>Regulatory regime governing the outbound travel industry to enhance consumer rights</p> <p>Co-ordination and implementation of the Government trade-related Electronic Data Interchange service</p>

Housekeeping matters relating to the Industry Department, Customs and Excise Department, Intellectual Property Department, Consumer Council, the Hong Kong Industrial Estates Corporation, the Hong Kong Industrial Technology Centre and the Hong Kong Productivity Centre

## Terms of reference

Panel	Terms of Reference	Corresponding Policy Bureaux
Economic Services Panel	To monitor and examine Government policies and issues of public concern relating to economic matters	Economic Services Bureau
Financial Affairs Panel	To monitor and examine Government policies and issues of public concern relating to financial and finance matters	Financial Services Bureau Finance Bureau Hong Kong Monetary Authority
Trade and Industry Panel	To monitor and examine Government policies and issues of public concern relating to trade and industry matters	Trade and Industry Bureau Business and Services Promotion Unit
Manpower Panel	To monitor and examine Government policies and issues of public concern relating to labour and manpower planning matters	Education and Manpower Bureau

Legislative Council Secretariat  
15 September 1998