

**Presentation by
Secretary for Financial Services and the Treasury
at the Special Meeting of the Finance Committee
on 24 March 2003**

Mr. Chairman,

First of all, I am grateful to you and Members for holding special meetings to examine the Estimates of Expenditure of the 2003-04 Budget. Details on the expenditure estimates of the Financial Services and the Treasury Bureau (FSTB) and the departments under its purview have already been published under the relevant heads of expenditure in the Estimates. The operating expenditure of the FSTB for 2003-04 is \$6.689 billion in total. I will focus in this session to discuss the expenditure of the Financial Services Branch and its departments, and leave the expenditure of the Treasury Branch and its departments to the next session.

2. A provision of \$737 million will be allocated out of my operating expenditure envelope to the Financial Services Branch and its departments. Out of this, \$159 million will be provided under Head 148 Financial Services Branch, \$139 million under Head 116 Official Receiver's Office, \$400 million under Head 26 Census and Statistics Department, and \$39 million under the relevant subheads of Head 106. Please refer to the 2003-04 Estimates for details. I would like to take this opportunity to brief Members on our work in the area of financial services in the coming year.

3. Hong Kong has all along been the international financial centre with leading status in the banking, securities and insurance sectors in the Asia Pacific region. In the face of acute global competition in the financial services sector, Hong Kong needs to keep on developing and innovating in order to maintain its advantages. Our key initiatives in the coming year are to improve the quality of the markets, promote the development of the financial markets, improve the financial infrastructure, expand our co-operation with the Mainland and maintain the stability of the financial markets to protect investors.

4. I wish to point out in particular that, in improving market quality, we would, in the coming year, implement the Corporate Governance Action Plan announced in January to enhance corporate governance standards. The Government would also follow up the recommendations made by the three-member Expert Group to improve the regulatory framework and operation in respect of the listing in the securities market.

5. In promoting the development of the financial markets, to encourage the issuance of bonds and other financial products, the Securities and Futures Commission has issued guidelines and amended the subsidiary legislation to simplify the procedures for public issuance of bonds. A bill amending the Companies Ordinance will be introduced to the Legislative Council in due course. We would also put forward several proposals on tax concessions to foster the development of the bond and fund markets.

6. Mr. Chairman, the development of the financial markets is crucial to the future of Hong Kong's economy. In the coming year, we will continue to strengthen co-operation with the relevant regulatory bodies and government departments to promote market development, facilitate and support the enhancement of the financial sector's competitiveness, and consolidate the advantages of Hong Kong as an international financial centre. We also hope to obtain Members' support when the relevant bills or funding applications are introduced to the Legislative Council. Now, my colleagues and I are pleased to answer Members' questions. Thank you.

Financial Services Branch
Financial Services and The Treasury Bureau
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