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Establishment Subcommittee of the Finance Committee

Minutes of the 9th meeting
held in Conference Room 1 of Legislative Council Complex
on Wednesday, 5 March 2014, at 8:30 am

Members present:

Hon Mrs Regina IP LAU Suk-ye, GBS, JP (Chairman)
Hon WONG Kwok-kin, BBS
Hon LEUNG Kwok-hung
Hon YIU Si-wing
Dr Hon KWOK Ka-ki
Hon SIN Chung-kai, SBS, JP
Hon IP Kin-yuen
Hon POON Siu-ping, BBS, MH
Hon CHUNG Kwok-pan

Members absent:

Hon Kenneth LEUNG (Deputy Chairman)
Hon Emily LAU Wai-hing, JP
Hon WONG Ting-kwong, SBS, JP
Hon Starry LEE Wai-king, JP
Hon Steven HO Chun-yin
Hon KWOK Wai-keung
Hon Christopher CHEUNG Wah-fung, JP
Hon Martin LIAO Cheung-kwong, JP
Hon TANG Ka-piu

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)
Mr Eddie CHEUNG	Deputy Secretary for Financial Services and the Treasury (Financial Services)
Miss Nancy CHIEN	Assistant Commissioner of Insurance (Enforcement), Financial Services and the Treasury Bureau
Mr Duncan Warren PESCOD, JP	Permanent Secretary for Transport and Housing (Housing)
Ms Ada FUNG, JP	Deputy Director of Housing, (Development and Construction)
Mr Jonathan MCKINLEY, JP	Deputy Secretary for Home Affairs
Miss Petty LAI	Principal Assistant Secretary for Home Affairs (Recreation and Sport)

Clerk in attendance:

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

Mr Andy LAU	Assistant Secretary General 1
Mr Hugo CHIU	Council Secretary (1)4
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Ms Clara LO	Legislative Assistant (1)9

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The Chairman drew members' attention to the information paper ECI(2013-14)15 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) of the Legislative Council (LegCo), they should disclose the nature of any direct or indirect pecuniary interests relating to the funding proposals under discussion at the meeting before they spoke on the item. She also drew members' attention to Rule 84 of RoP on voting or withdrawal in case of direct pecuniary interest.

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EC(2013-14)24 Proposed retention of one supernumerary post of Assistant Commissioner of Insurance (D2) in the Office of the Commissioner of Insurance of the Financial Services and the Treasury Bureau (Financial Services Branch) from 25 May 2014 to 31 October 2015 to continue performing the tasks of new regulatory functions stipulated in the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance implemented since 1 April 2012 and the Mandatory Provident Fund Schemes (Amendment) Ordinance 2012 implemented since 1 November 2012

2. The Chairman said that the Administration's proposal was to retain one supernumerary post of Assistant Commissioner of Insurance (D2) in the Office of the Commissioner of Insurance (OCI) (i.e. ACI(Enforcement)(ACI(E)) of the Financial Services and the Treasury Bureau (Financial Services Branch) (FSTB) from 25 May 2014 to 31 October 2015 to continue performing the tasks of new regulatory functions stipulated in the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (AMLO) implemented since 1 April 2012 and the Mandatory Provident Fund Schemes (Amendment) Ordinance 2012 (MPFS(A)O) implemented since 1 November 2012.

3. The Chairman advised that the Panel on Financial Affairs had been consulted on the proposal at its meeting on 6 January 2014. Panel members had no objection to the Administration submitting the proposal for consideration by the Subcommittee. During the discussion, Panel members had enquired about whether the proposed retention period of the ACI(E) post would tie in with the set up of the independent Insurance Authority (IIA), and the division of work between the post and the corresponding position in the IIA. Panel members also discussed the division of work between the proposed post and the Joint Financial Intelligence Unit (JFIU) with regard to anti-money laundering (AML) regulatory functions, the criteria for insurance institutions to report suspicious transactions and the number of complaints received by OCI against the Mandatory Provident Fund (MPF) intermediaries, in particular cases which involved non-compliance with the relevant conduct requirements.

Justifications for retaining the ACI(E) post and the proposed extension period

4. While expressing support for the proposal, Mr YIU Si-wing said that when the Administration proposed to create the supernumerary ACI(E) post in 2012, it should have anticipated that the proposed two-year period

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would be adequate for completing the tasks concerned. He sought justifications for retaining the post for 17 months and asked if the Administration would consider extending the post further when it lapsed in October 2015.

5. Deputy Secretary for Financial Services and the Treasury (Financial Services) (DSFS(FS)) responded that as the target date for the establishment of the IIA had been deferred, it was necessary to retain the ACI(E) post to perform the regulatory functions arising from implementation of the AMLO and the MPFS(A)O. He added that the Administration planned to introduce the relevant amendment bill for establishing the IIA into LegCo in the second quarter of 2014, with a view to passing the bill within 2015. Hence, the proposed retention period for the ACI(E) post would tie in with the establishment of the IIA. On the need for retaining the post beyond October 2015, DSFS(FS) said that this would depend on the progress of scrutiny of the relevant bill by LegCo. The Administration would monitor the progress and review the matter before expiry of the retention period.

6. Mr YIU Si-wing enquired about the reasons for the delay in establishing the IIA and whether the Administration considered that any party should be responsible for the delay. He also asked whether holder of the ACI(E) post would be transferred to the future IIA and continue to take up the regulatory functions of the AMLO and the MPFS(A)O.

7. DSFS(FS) said that the Administration conducted a public consultation on the proposed establishment of the IIA in mid-2010. In response to the industry's request, the Administration launched a further consultation on the key legislative proposals in 2012. The consultation conclusions on the key legislative proposals were published in 2013. While the Administration aimed to establish the IIA as early as possible, it was important to ensure sufficient consultation with the stakeholders. As the two consultation exercises had taken longer than originally expected, introduction of the relevant bill into LegCo was deferred. As regards the transfer of the work of ACI(E) post to the IIA, DSFS(FS) remarked that upon its establishment, the IIA would take over the existing regulatory functions of OCI, and take up new functions, for instance, in relation to those associated with the statutory licensing regime for insurance intermediaries which would replace the current self-regulatory regime administered by the three Self-Regulatory Organizations. Therefore, there might be reshuffling of duties under IIA's structure.

8. Mr SIN Chung-kai indicated support for the proposal. Referring to the establishment of the Mandatory Provident Fund Schemes Authority (MPFA) which involved complex issues and required enactment of the

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principal ordinance and relevant subsidiary legislation, Mr SIN pointed out that the Administration's current timetable for setting up the IIA was over optimistic. He opined that a further extension for the ACI(E) post would be inevitable.

9. DSFS(FS) said that the legislative exercise was to amend the Insurance Companies Ordinance (Cap. 41) to provide for the establishment of the IIA. There would not be amendments to the current provisions on the prudential regulation of insurers. As compared with the legislative exercise for the establishment of a completely new regulatory regime, the relevant amendment bill would involve less complex issues. The Administration envisaged that the most complicated issue would be the introduction of the new statutory licensing regime for insurance intermediaries.

Duties of the ACI(E) post

10. Noting the regulatory functions arising from AMLO and MPFS(A)O were of different nature, Mr CHUNG Kwok-pan enquired about details of the tasks that the holder of the ACI(E) post would be responsible for.

11. Assistant Commissioner of Insurance (Enforcement), Financial Services and the Treasury Bureau (ACI(E)) responded that AMLO and MPFS(A)O, which came into operation on 1 April 2012 and 1 November 2012 respectively, had stipulated different supervisory functions for the IA. AMLO stipulated the customer due diligence (CDD) measures and record-keeping requirements to be undertaken by financial institutions in line with the relevant standards promulgated by the Financial Action Task Force (FATF), which was the standard setting body for the international AML/counter-terrorist financing (CTF) standards. To implement the AML regulatory regime, the IA had to carry out inspections on insurers and insurance intermediaries, i.e. insurance brokers and insurance agents. Under MPFS(A)O, the IA assumed the statutory role as the frontline regulator responsible for the supervision of registered MPF intermediaries whose main line of business was in the insurance sector. The IA would help ensure compliance by MPF intermediaries from the insurance sector with the conduct requirements on regulated activities specified in MPFS(A)O. While IA would investigate into cases of suspected non-compliance under both regulatory regimes, it was also empowered to impose disciplinary sanctions against insurance institutions and make prosecutions under AMLO. For MPF intermediaries from the insurance sector, the investigation findings would be forwarded to MPFA for consideration of disciplinary sanctions or prosecutions according to provisions in MPFS Ordinance.

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Money laundering activities in the local insurance industry

12. Mr CHUNG Kwok-pan and the Chairman enquired about the situations of money laundering activities in the local insurance industry after AMLO came into operation.

13. ACI(E) said that Hong Kong, being a member of FATF, was obliged to implement FATF's requirements and was subject to its mutual evaluation exercise. FATF's mutual evaluation on Hong Kong in 2007-2008 pointed out that main reliance on non-statutory guidelines was the weakness of the local regime in implementing the AML/CTF standards. Thus, AMLO was enacted to strengthen Hong Kong's AML/CTF regime, and together with other measures, the enhanced regime had met FATF's standards, with Hong Kong's removal from FATF's follow up process in late 2012. ACI(E) added that money laundering activities in the insurance sector could take the form of layering through taking out large amount of single premium insurance policies with subsequent cancellation, or policy top-ups or advance premium payments with subsequent withdrawals, thereby turning the money into legitimate funds. Insurance institutions were required under AMLO to conduct CDD measures on their clients, on-going monitoring of their clients' transactions, and meet the relevant record-keeping requirements. In cases of suspicious transactions, they were required to report them to JFIU which would analyze them and conduct further investigation as necessary.

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

15. The Chairman enquired whether it was necessary for the item to be voted on separately at FC meeting to be held on 2 May 2014. No member requested for the arrangement.

EC(2013-14)25 Proposed creation of three permanent posts of one Chief Architect (D1), one Chief Structural Engineer (D1) and one Chief Engineer (D1) in the Housing Department to cope with the increase in workload arising from the new public housing production targets and the administration and implementation of housing-related infrastructural projects under Capital Works Reserve Fund Head 711

16. The Chairman said that the Administration's proposal was to create three permanent posts of one Chief Architect (D1), one Chief Structural Engineer (D1) and one Chief Engineer (D1) in the Housing Department (HD)

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to cope with the increase in workload arising from the new public housing production targets and the administration and implementation of housing-related infrastructural projects under the Capital Works Reserve Fund Head 711.

17. The Chairman advised that that the Panel on Housing had been consulted on the proposal at its meeting on 6 January 2014. Panel members did not oppose to the Administration submitting the proposal for consideration by the Subcommittee. Some Panel members noted that a total of eight directorate posts had been created in HD's Development and Construction Division (DCD) to cope with the additional workload since July 2012 and asked whether consideration would be given to reducing the number of proposed directorate posts under the current proposal. The Administration had explained that there was a net deletion of 15 directorate posts arising from the amalgamation of the then Housing Branch and HD. Due to the substantial increase in the public rental housing (PRH) production target and the resumption of Home Ownership Scheme (HOS), HD needed to increase its directorate establishment in the professional disciplines to ensure timely delivery of the enhanced targets. Given that each of the professional disciplines had their distinct roles to play, it would be infeasible to merge the proposed posts.

Staff recruitment and its impacts on the construction industry

18. Mr CHUNG Kwok-pan noted that apart from the proposed three directorate posts, 140 non-directorate civil service posts would be created in HD. He enquired about whether approval had been sought for the non-directorate posts and the proportion of such posts to be filled by internal promotion and external recruitment.

19. Permanent Secretary for Transport and Housing (Housing) (PSTH(H)) responded that HD had been delegated with the authority to create the 140 non-directorate civil service posts and was conducting recruitment exercises for the posts through established procedures. Subject to the ranks of the posts concerned, they would either be filled by internal promotion or external recruitment. It was envisaged that around 30% of the posts would be recruited from outside HD, including from other Government departments, the private sector, and public agencies like Mass Transit Railway Corporation Limited (MTRCL), Urban Renewal Authority and Hong Kong Housing Society.

20. Noting that a number of the non-directorate civil service posts would be recruited from the market, Mr CHUNG Kwok-pan was concerned about further aggravation of the acute manpower shortage problem in the

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construction industry and enquired about measures the Administration would take to tackle the problem. While expressing support for giving priority to local workers in employment, he opined that the Administration should consider whether to import foreign labour given that housing construction projects and associated infrastructural projects under implementation and in the pipeline required a large number of construction workers.

21. PSTH(H) said that the Administration was aware of the stringent manpower position in the construction industry. However, as senior posts proposed to be created had to be filled by experienced personnel, it would be inevitable that HD had to compete for talents in the construction industry. This was among the challenges HD needed to deal with in meeting the enhanced housing production targets. He said that the Development Bureau, the Construction Industry Council and other relevant agencies were taking concerted efforts to tackle the manpower shortage problem in the construction industry through various measures, including strengthening training for local workers to enhance their quality and competencies and attracting the younger generation to join the industry. While the Administration was aware of the debate on the importation of foreign labour in some subsectors of the construction industry, PSTH(H) stressed that it remained the Administration's policy to accord priority to local workers in employment.

Delivery of the proposed public housing production target and manpower resources of Housing Department

22. Dr KWOK Ka-ki said that he was not opposed to the proposal. As regards importation of foreign labour, he said that he would not support the suggestion because it was not the suitable solution to tackle the manpower shortage problem in the construction industry. Dr KWOK expressed grave concern about the manpower resources of HD for delivery of the new public housing production target of an yearly average of 28 000 units (i.e. 20 000 PRH units and 8 000 HOS units) as indicated in the 2014 Policy Address, in particular the current staffing proposal had been worked out before announcement of this new target. He also enquired whether HD had assessed the manpower resources required for the redevelopment of old PRH estates.

23. PSTH(H) responded that the delivery of the proposed public housing production target hinged on three factors, namely land supply, financial resources and manpower supply. The current staffing proposal would provide the manpower resources for the delivery of an annual average of 25 000 units of public housing (i.e. 20 000 PRH units and 5 000 HOS units) as included in the 2013 Policy Address. HD was currently studying the required resources and means for achieving the additional target of 3 000 HOS units per year as announced in the 2014 Policy Address. One of the options

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was to outsource the production work to the private sector, and this was in line with the recommendations set out in the report of the Long Term Housing Strategy Steering Committee.

24. Dr KWOK Ka-ki cautioned that HD had to be careful with outsourcing the additional housing target to the private sector, especially having regard to the financial implications and the resultant selling price of the units. He also enquired about the financial resources of the Housing Authority (HA) for delivering the proposed public housing target. He considered that the Administration should provide sufficient resources for HA in meeting the target.

25. PSTH(H) responded that HA had sufficient funding for meeting the public housing production target in the coming five years. HD was currently discussing with FSTB on the future funding requirements for achieving the production targets afterwards. A number of factors would be taken into account, including the selling price of HOS units which would affect the funding requirements. PSTH(H) added that in outsourcing the production of public housing units, HD would maintain the quality and standards of the units, as well as ensure their timely delivery and availability in affordable prices.

26. Mr POON Siu-ping said that he did not oppose the proposal to cope with the substantial increase in workload arising from the new public housing productions targets. Pointing out that the directorate establishment of HD had undergone significant changes since the amalgamation of the then Housing Bureau and HD, Mr POON enquired whether HD would conduct a holistic review on its overall establishment and manpower requirements for the coming ten years.

27. PSTH(H) responded that HD had embarked a review on its manpower requirements and commissioned a consultancy to assist in the task. The review would be taken in phases with the first stage focused on the structure of DCD to be followed by other divisions of HD like the Independent Checking Unit (ICU). PSTH(H) said that it was envisaged that it would take about four months for the consultant to complete its work, on which HD would discuss with the relevant parties, including the Civil Service Bureau, FSTB and HA. The first stage of the review was expected to complete in about six to eight months' time.

Quality assurance and management of public housing flats

28. Mr POON Siu-ping remarked that management of PRH flats was an important task and HD should not outsource it to the private sector. PSTH(H) said that HD aimed at maintaining an appropriate balance between in-house

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and outsourcing the management of PRH flats; and currently, there was a 40-60 split between two modes. While HD considered that the current ratio was about right, it would monitor the situation and review whether the ratio could meet the new requirements in future.

29. Mr SIN Chung-kai enquired about quality assurance of public housing flats, in particular, whether flats built by HA were regulated by the Buildings Department (BD). PSTH(H) said that HA flats were required to comply with the structural and building safety requirements under the Buildings Ordinance (Cap. 123) (BO). ICU was established in HD to ensure compliance of public housing units with requirements in BO, and directly reported to the Permanent Secretary for Transport and Housing (Housing). ICU had the delegated authority of BD to clear building plans and examine applications for modification of plans. ICU worked closely with BD, and new guidelines and standards promulgated by BD would automatically apply to PRH and HOS units. ICU also had an independent audit unit to carry out internal audit on HD's activities.

30. Noting from paragraph 4 of EC(2013-14)25 that two posts temporarily redeployed to ICU had been returned to DCD in 2013, Mr SIN Chung-kai was concerned about the manpower resources of ICU in discharging its duties. He enquired whether the establishment of ICU would be strengthened in view of the substantial increase in the public housing target.

31. PSTH(H) responded that the posts temporarily redeployed to ICU were returned to DCD after the creation of relevant posts in ICU which was approved by FC in March 2013 vide EC(2012-13)21. The current manpower resources of ICU were sufficient to cope with its duties including those arising from the annual public housing production target of 25 000 units. HD would review the need to increase the establishment of ICU in relation to the additional target of 3 000 HOS units per year. HD had discussed with BD on ICU's staffing requirements and BD considered that the existing arrangement of ICU was acceptable for enforcing BO regulations on HA's constructed flats.

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

33. The Chairman enquired whether it was necessary for the item to be voted on separately at FC meeting to be held on 2 May 2014. Mr CHUNG Kwok-pan requested separate voting for the item.

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EC(2013-14)26 Proposed creation of one supernumerary post of Administrative Officer Staff Grade C (D2) in the Home Affairs Bureau for a period of two years to provide support for the detailed planning of the Kai Tak Multi-purpose Sports Complex and the comprehensive policy review on Private Recreational Leases

34. The Chairman said that the Administration's proposal was to create one supernumerary post of Administrative Officer Staff Grade C (D2) (AOSGC) in the Home Affairs Bureau (HAB) for a period of two years to provide support for the detailed planning of the Kai Tak Multi-purpose Sports Complex (MPSC) project and the comprehensive policy review on Private Recreational Leases (PRLs).

35. The Chairman advised that that the Panel on Home Affairs had been consulted on the proposal at its meetings on 10 January and 17 February 2014. While Panel members supported the proposal in general, some members suggested that the Administration should consider reshuffling the duties of the existing AOSGC posts in HAB so that a dedicated directorate officer would be deployed for the development of sports policy and steering the MPSC project. The Administration had responded that the Recreation and Sport (R&S) Branch of HAB, which was headed by an Administrative Officer Staff Grade B and underpinned by an AOSGC officer, was in charge of policy matters pertaining to sports development. The Administration had examined whether the other seven AOSGCs in HAB could absorb duties of the proposed post. As these officers were working on a wide range of policy issues, the Administration considered it operationally not feasible for them to take up the tasks of the proposed post without adversely affecting the performance of their own duties.

36. The Chairman declared that she was a member of two private sports clubs. To avoid possible conflict of interests, she said that she would not speak or vote on the item.

Development of Kai Tak Multi-purpose Sports Complex

37. Referring to item 2 of the main duties of the proposed post in Enclosure 2 to EC(2013-14)26 that the post holder would be responsible for identifying potential obstacles of the MPSC project, Mr CHUNG Kwok-pan asked about the major "potential obstacles" the Administration considered the MPSC project might encounter.

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38. Deputy Secretary for Home Affairs (DS(HA)) said that potential obstacles to the MPSC project included: the need to review procurement strategies; deciding on the technical specifications for the construction and long-term operation of the MPSC which would adopt a Design-Build-Operate approach involving private sector management; and the need to manage the interface with other major infrastructure projects under development at the Kai Tak Development, such as the Central Kowloon Route, MTRCL's Sha Tin-Central Link and the environmentally friendly transport linkage system. He stressed that it was important for potential obstacles to be identified at an early stage so that they could be tackled in a timely manner. Given the scope and complexity of the tasks involved, it would require intensive steering and input from a dedicated D2 officer.

39. Referring to the recent incident whereby no team doctor had accompanied the Hong Kong delegation to the 2014 Winter Olympics whilst the necessary funding was provided, Mr CHUNG Kwok-pan enquired whether holder of the proposed post, who would review policy pertaining to sports development, would monitor the use of funding by sports-related organizations.

40. DS(HA) responded that with creation of the proposed post, which would focus on the development of the Kai Tak MPSC and PRLs, the existing officers in HAB would have more time to formulate measures to support athletes and sports development as a whole.

41. In view of the large size and extensive scope of the MPSC project, Mr YIU Si-wing was concerned whether the two-year duration for the proposed post would be sufficient for completing the various tasks, and whether the Administration would consider extending the duration for the post.

42. DS(HA) said that according to the current projected timetable for the MPSC project, construction would begin in 2016. For the two-year period, there was clear need for additional directorate support to the Bureau to work on the detailed planning and operating specifications for the project. The officer in question would be supported by a team, including senior architectural and engineering support from within the Government, and consultants might be engaged to help drawing up operating specifications, and provide technical advice to the Architectural Services Department. Extra policy input at the Bureau level was needed to ensure that the operating specifications would fully reflect the needs of the sports community and the wider public; to coordinate the preparation of tenders and contract procurement issues; and to supervise public consultation and awareness raising about the project. The Administration would review the continued need for the post towards the end of the two-year period.

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43. In this regard, Mr YIU Si-wing remarked that should the Administration decided to extend the post, it should critically review the appropriate duration taking into account the need to ensure continuity of the work concerned and commitment from the post holder.

Policy review on Private Recreational Leases

44. In response to Mr CHUNG Kwok-pan's enquiry about when the policy review on PRLs would complete, DS for HA remarked that the review was underway. Given the complexity of the task, it was envisaged that the Administration would put forward preliminary recommendations by the end of 2014.

45. While raising no objection to the staffing proposal, Mr SIN Chung-kai expressed concern about timely completion of renewal of the 51 expired PRLs and the comprehensive review on the policy on PRLs within the proposed two-year period of the supernumerary post. He pointed out that it would be no easy task in taking forward the review exercise. On the one hand, members of private sports clubs would feel aggrieved if facilities in the clubs were to be opened up to outside eligible bodies because they had paid considerable amount of membership fees. On the other hand, there was grave public concern about the Administration leasing land to private sports clubs at nil or nominal premium. He stressed the need for the Administration to take heed of the recommendations of the Ombudsman and the Public Accounts Committee (PAC) of LegCo in undertaking the policy review. Moreover, given that the review exercise involved complicated legal and operational issues, he was concerned whether HAB had sufficient resources to handle litigations that might be initiated by some private sports clubs concerned. The Chairman pointed out that litigations arising from the renewal of PRLs would be handled by the Department of Justice.

46. DS(HA) explained that the proposed post was necessary to ensure that the Administration could undertake a timely review of the policy on PRLs in the light of recommendations made by the Ombudsman and PAC. Whilst the results might not necessarily lead to a complete overhaul of the policy, directorate supervision would be necessary to help ensure that the review could be done in a fair and thorough manner. He further assured members that the Administration would refer to the recommendations of the Ombudsman and PAC in taking forward the review.

47. In response to Mr YIU Si-wing's enquiry about the follow-up work for the review on policy of PRLs, DS(HA) remarked that holder of the proposed post was mainly responsible for conducting the policy review, which

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would be time consuming. When the review was completed, the regulatory work involved in overseeing the leases would be taken up by existing staff in the Bureau and staff in the team supporting the post holder who had the expertise and relevant experience.

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

49. The Chairman enquired whether it was necessary for the item to be voted on separately at FC meeting to be held on 2 May 2014. No members required for the arrangement.

Asia-Pacific Economic Cooperation Finance Ministers' Meeting 2014

50. In relation to the two financial proposals relating to the hosting of the Finance Ministers' Meeting of the Asia-Pacific Economic Cooperation (FMM) in Hong Kong in September 2014 (i.e. item EC(2013-14)6 endorsed by the Subcommittee on 13 November 2013 and incorporated under FCR(2013-14)35, and FCR(2013-14)36) which were approved by FC at its meeting on 6 December 2013, the Chairman and Mr YIU Si-wing enquired about the arrangements for the manpower concerned and the approved provision as a result of the decision of the Central People's Government to change the location of FMM to Beijing.

51. Deputy Secretary for Financial Services and the Treasury (Treasury)1 said that the provision had been included in the Estimates of Expenditure 2014-15. As the FMM would no longer be held in Hong Kong, no further expenditure would be incurred against the provision. Deputy Secretary for the Civil Service (1) supplemented that the two supernumerary directorate posts created in the Event Coordination Team in relation to the hosting of FMM would be allowed to lapse.

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52. At the Chairman's request, the Administration undertook to provide supplementary information on: (a) the arrangements for the manpower and financial resources allocated for hosting FMM; and (b) expenditure relating to the hosting of FMM that had already been incurred, if any, e.g. for reserving meeting venues; and the arrangements for such expenditure.

53. There being no other business, the meeting ended at 9:34 am.