

立法會
Legislative Council

LC Paper No. ESC131/15-16
(These minutes have been
seen by the Administration)

Ref : CB1/F/3/2

Establishment Subcommittee of the Finance Committee

Minutes of the 17th meeting
held at Conference Room 1 of the Legislative Council Complex
on Wednesday, 8 June 2016, at 8:30 am

Members present:

Hon Mrs Regina IP LAU Suk-ye, GBS, JP (Chairman)
Hon WONG Kwok-kin, SBS (Deputy Chairman)
Hon Albert HO Chun-yan
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, 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 Starry LEE Wai-king, 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
Dr Hon Kenneth CHAN Ka-lok

Hon LEUNG Che-cheung, BBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
Hon IP Kin-yuen
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu, JP
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Christopher CHUNG Shu-kun, BBS, MH, JP

Members absent:

Hon LEUNG Yiu-chung
Hon Emily LAU Wai-hing, JP
Hon CHAN Han-pan, JP
Hon Kenneth LEUNG
Hon KWOK Wai-keung
Dr Hon Helena WONG Pik-wan
Dr Hon Elizabeth QUAT, JP
Hon Alvin YEUNG Ngok-kiu

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)
Miss Annie TAM	Permanent Secretary for Labour and Welfare
Mr Donald TONG	Commissioner for Labour
Ms Queenie WONG	Assistant Commissioner for Labour (Policy Support)
Mr Andrew WONG	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Mr Paul WONG	Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)6

Mr HON Chi-keung	Permanent Secretary for Development (Works)
Mr CHAN Chi-ming	Deputy Secretary for Development (Works)2
Mr Daniel CHUNG	Director of Civil Engineering and Development
Mr LAM Sai-hung	Project Manager (Hong Kong Island and Islands) Civil Engineering and Development Department
Miss Winnie LAU	Chief Town Planner of Planning (Strategic Planning) Planning Department

Clerk in attendance:

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

Mr Jason KONG	Council Secretary (1)4
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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The Chairman 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 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)9 Proposed creation of one supernumerary post of Chief Labour Officer (D1) in the Labour Department up to 31 March 2021 with immediate effect upon approval of Finance Committee to support the remaining work of the Standard Working Hours Committee and follow up on the working hours policy directions and the related work

2. The Chairman remarked that today's meeting continued discussion of the item that was carried over from the meeting on 6 June 2016.

Rationale for re-creating the proposed post for a period of five years

3. Mr CHAN Chi-chuen pointed out that in the absence of any clear direction on the policy on standard working hours, he did not support the proposal to re-create the proposed post for a period of five years at the current stage. Instead, he opined that the Administration should create the post for a period of two years, and then conduct a review regarding whether to extend the duration of the post. Mr WU Chi-wai was of the view that given that the tenure of the Standard Working Hours Committee ("SWHC") would be extended to 30 November this year for it to complete the remaining work, whereas the proposed post was to give support to SWHC, it followed that the tenure of the proposed post and that of SWHC should lapse at the same time. Mr CHAN Chi-chuen and Mr WU Chi-wai suggested that before consideration would be given to extend the duration of the proposed post, the Administration should work out the follow up actions to be taken with reference to the recommendations made in the SWHC report on the direction on working hours policy to be submitted to the Administration after SWHC had concluded its second-stage consultation exercise. Mr WU asked about the specific follow-up actions to be taken by the Administration subsequent to the release of the SWHC report.

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4. Mr CHAN Chi-chuen requested the Administration to provide supplementary information on the number and details of supernumerary posts created for three years and then retained for five more years in the Labour and Welfare Bureau ("LWB") and its departments.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members on 21 June 2016 vide LC Paper No. ESC126/15-16(01).]

5. Ir Dr LO Wai-ki and Mr WONG Kwok-hing expressed support for the establishment proposal. Ir Dr LO considered that the five-year

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extension of the proposed supernumerary post had demonstrated the commitment and resolution of the Administration in formulating a regime on working hours and protecting the benefits of workers. Mr WONG Kwok-hing opined that as the proposed post would be responsible for tasks that were so complex and complicated, it would be reasonable if the post was to be established on a permanent basis. He remarked that the Hong Kong Federation of Trade Unions ("HKFTU") strongly urged the Administration to legislate on standard working hours, and that HKFTU refused to accept the use of contractual working hours in any policy direction.

6. Permanent Secretary for Labour and Welfare ("PSLW") responded that it was important for the Working Hours Policy Division ("WHPD") of LD to give an all out support to the second-stage consultation exercise and the preparation of the SWHC report at a later stage. After submission of the SWHC report to the Government, WHPD would, under the leadership of the proposed post, take up a massive amount of work in following up the recommendations made in the report, including collection and analysis of information; as well as continued to communicate with stakeholders, in order to facilitate the Government in formulating a working hours policy and an implementation timetable. At present, while SWHC was conducting a consultation exercise, the Government would not rule out any possibilities in respect of working hour policies, such as introducing legislation in this respect. She stressed that, irrespective of the recommendations to be put forth by SWHC, it would not be possible for WHPD to complete all the follow-up initiatives in two to three years. In view of the various major tasks to be carried out by WHPD on an ongoing basis, the Government considered it an appropriate arrangement to re-create a supernumerary post of Chief Labour Officer for a period of approximately five years up to 31 March 2021 to lead WHPD.

Motion proposed pursuant to paragraph 31A of the Establishment Subcommittee Procedure

7. At 8:43 am, Mr CHAN Chi-chuen moved a [motion](#) pursuant to paragraph 31A of the Establishment Subcommittee Procedure. The Chairman considered that the motion was directly related to the agenda item, and put to vote the question that the proposed motion be proceeded forthwith. At the request of Mr Chan Chi-chuen, the Chairman ordered a division and the division bell rang for five minutes. With the concurrence of the Chairman, Mr CHAN Chi-chuen read out the motion he proposed to move while the division bell was ringing. Six members voted for and 13 voted against the question. The Chairman declared that the question was negatived.

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Voting on the item

8. At 8:57 am, the Chairman put item EC(2016-17)9 to vote. At the request of Mr Chan Chi-chuen, the Chairman ordered a division and the division bell rang for five minutes. Twelve members voted for and 7 voted against the item. The Chairman declared that the Subcommittee agreed to recommend the item to the Finance Committee ("FC") for approval. The votes of individual members were as follows –

For

Mr CHAN Kam-lam	Mr TAM Yiu-chung
Mr WONG Ting-kwong	Ms Starry LEE
Mr IP Kwok-him	Mr NG Leung-sing
Mr YIU Si-wing	Mr MA Fung-kwok
Mr LEUNG Che-cheung	Mr Christopher CHEUNG
Ir Dr LO Wai-kwok	Mr Christopher CHUNG
(12 members)	

Against

Mr LEUNG Kwok-hung	Mr Albert CHAN
Mr WU Chi-wai	Mr CHAN Chi-chuen
Dr Kenneth CHAN	Mr SIN Chung-kai
Mr TANG Ka-piu	
(7 members)	

Mr CHAN Chi-chuen requested separate voting for the item at the relevant FC meeting.

EC(2016-17)10 Proposed retention of two supernumerary posts of one Administrative Officer Staff Grade B (D3) and one Administrative Officer Staff Grade C (D2) in the Financial Services Branch of the Financial Services and the Treasury Bureau for two years with effect from 1 January 2017 to take forward legislative initiatives on auditor regulatory reform, introduction of a new statutory corporate rescue procedure, review of the Companies Ordinance (Cap. 622), as well as other policy matters concerning financial intermediaries for money lending, etc.

9. The Chairman remarked that the establishment proposal was to retain two supernumerary posts (one D3 post and one D2 post) in the Financial

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Services and the Treasury Bureau ("FSTB") to take forward legislative initiatives on auditor regulatory reform, introduction of a new statutory corporate rescue procedure, review of the Companies Ordinance, as well as policy matters concerning financial intermediaries for money lending.

10. At the invitation of the Chairman, Mr NG Leung-sing, Chairman of the Panel on Financial Affairs, briefed the Subcommittee on the discussions of the Panel. He remarked that the Administration consulted the Panel on this proposal on 22 March 2016, and members agreed that the proposal be submitted to the Subcommittee for consideration. Members were concerned about the capabilities of holders of the two supernumerary directorate posts in promoting the development of financial technology ("Fintech") in Hong Kong, and enquired about the division of work between the post holders. Some members opined that given the reduced workload of FSTB after the establishment of the Independent Insurance Authority ("IIA"), consideration should be given to an arrangement where some of the duties would be shared out to another permanent directorate officer, instead of retaining a supernumerary directorate post at Administrative Officer Staff Grade B as proposed. Other members opined that consideration could be given to turning the two posts permanent, given the ongoing nature of many of the duties to be taken up by the two posts.

11. Mr NG Leung-sing expressed support for this establishment proposal.

Retention period of the proposed posts

12. Given the heavy workload of the two proposed posts, Mr WU Chi-wai and Miss Alice MAK were concerned about whether the proposed retention period of two years was adequate. Miss MAK was particularly concerned about the resolution of the Administration in handling policy matters concerning financial intermediaries for money lending, and whether the two post holders would be able to complete their work in respect of the review of the Money Lenders Ordinance (Cap. 163) within the proposed period. In her view, the retention period of two proposed posts should be extended. Mr WU asked about the expected timeframe for completion of the tasks to be entrusted to the two post holders.

13. In response, Permanent Secretary for Financial Services and the Treasury (Financial Services) ("PS(FS)) said that the Administration's plan was to submit the bill on reform of the regulatory regime for listed entity auditors in the first half of 2017. The Administration had completed the consultation exercise on statutory corporate rescue procedure and planned to introduce the relevant bill into LegCo in 2017-2018. With regard to policy matters

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concerning financial intermediaries for money lending, the Administration intended to apply to the Licensing Court for introduction of more stringent licensing conditions on money lenders licences. Subject to the approval of the Licensing Court, it was anticipated that the new licensing conditions could be introduced by end of 2016. He remarked that, where appropriate, the Administration would review the human resources need at the directorate level from time to time, and would put forward relevant establishment proposals as appropriate.

Policy matters concerning financial intermediaries for money lending

Problems arising from malpractices by financial intermediaries

14. Mr TANG Ka-piu expressed support for this establishment proposal. He expressed concern about the social problems arising from the lack of oversight on financial intermediaries for money lending ("financial intermediaries"). Malpractices by financial intermediaries included improper disclosure and transfer of personal information and unscrupulous sales practices. He was of the view that, in addition to collaborated efforts in combating malpractices by financial intermediaries by the Police and the Money Lenders Registry, the Administration should also step up cooperation with the Office of the Privacy Commissioner for Personal Data ("POCPD") and the Hong Kong Monetary Authority ("HKMA") in combating illegal money lending activities as well as improper disclosure and use of personal information.

15. PS(FS) pointed out that HKMA had issued guidelines to banks to remind practitioners of the importance to exercise prudence when handling customers' information. Where appropriate, the Administration would also step up cooperation with POCPD to prevent improper use of personal information.

16. Miss Alice MAK and Mr WONG Kwok-hing urged the Administration to regulate the financial intermediaries through a licensing regime. Miss MAK was particularly concerned about the malpractice of financial intermediaries whereby members of the public were induced to taking out loans using their properties as collaterals. Mr WONG opined that there were loopholes in the Money Lenders Ordinance which left financial intermediaries unregulated by the Administration.

17. PS(FS) responded that introduction of a licensing regime for financial intermediaries would take time, given the legislative process involved. In order to combat the activities of unscrupulous money lenders as soon as possible, the Administration intended to impose a number of more stringent

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licensing conditions on money lenders, with particular emphasis on enhancing transparency in the relationship between the money lenders and the financial intermediaries. Such requirements included: any financial intermediaries involved in a loan granted to a borrower by a money lender must be appointed by the money lender concerned, so that the financial intermediaries would not be allowed to charge the borrower any fee in accordance with existing legislation; the money lender must ask the prospective borrower whether he had entered into any agreement with a third party in relation to matters relating to the loan and ask him for a copy of the agreement concerned and attach it to the loan agreement; the money lender must provide information of the appointed financial intermediary to the authorities, whereas in using any personal information provided by a third party for business purposes, adequate safeguard measures must be taken by the money lender to ensure that the information concerned was obtained by legal means; the Administration would also upload the information of such financial intermediaries to the web site of the Money Lenders Registry for public perusal. The Administration believed that if approval was given by the Licensing Court on the imposition of the above-mentioned additional licensing conditions, the provisions of the Money Lenders Ordinance which prohibited the relevant parties to charge borrowers fee could be enforced more effectively. The Administration envisaged that the new licensing conditions could be introduced by end of 2016.

18. Mr Albert CHAN and Mr WU Chi-wai expressed concern about the malpractices of debt collection agencies in collecting default payment. They asked if consideration would be given to legislate for the regulation of such debt collection agencies.

19. PS(FS) remarked that the Administration was very concerned about the practice adopted by debt collection agencies. HKMA had issued guidelines on engagement of debt collection agencies to the banks, whereas existing licensing conditions for money lenders licences had also prescribed practices of which money lenders were not allowed to take in debt collection. The Administration would continue to work with the Police in reviewing the effectiveness of the relevant licensing conditions.

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20. Mr WU requested the Administration to provide a copy of the relevant guideline issued by HKMA to banks on engagement of debt collection agencies, and the relevant licensing conditions imposed on money lenders.

[Post-meeting note: The supplementary information provided by the Administration was circulated to members on 22 June 2016 vide LC Paper No. ESC127/15-16(01).]

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21. Miss Alice MAK remarked that it had come to her knowledge that some unscrupulous money lending institutions and financial intermediaries would ask the borrowers to sign additional papers in order to circumvent the proposed new licensing conditions and to exonerate themselves from criminal responsibilities. She queried the effectiveness of the additional licensing conditions and guidelines.

22. PS(FS) remarked that the Administration was consulting the money lending business on the proposed new licensing conditions. After the conclusion of the consultation exercise, the Administration would apply to the Licensing Court for imposition of those new licensing conditions. Subject to the approval of the Licensing Court, it was hoped that the new licensing conditions would be introduced by end of 2016. That being the case, the new conditions had yet been implemented.

Review on the Money Lenders Ordinance

23. Mr TANG Ka-piu, Mr WONG Kwok-hing, Mr SIN Chung-kai, Mr LEUNG Kwok-hung, Mr CHAN Chi-chuen, Miss Alice MAK and Mr WU Chi-wai urged the Administration to review and amend the Money Lenders Ordinance with a view to stopping unscrupulous activities of the financial intermediaries. Mr SIN opined that imposition of more stringent licensing conditions on money lenders was only a short-term measure, and amending the Money Lenders Ordinance to plug the existing loopholes was a more fundamental way of addressing the problem. Mr LEUNG Kwok-hung opined that any administrative measures would only have limited effect, unless legislative amendments were introduced to tackle the problems arising from money lending business.

24. PS(FS) reiterated that, at present, the Administration intended to regulate financial intermediaries and combat activities of the unscrupulous financial intermediaries through multi-pronged measures: imposition of more stringent additional licensing conditions on money lenders licences, enhanced publicity and enforcement, and provision of debt management advisory services. Depending on the effectiveness of these measures, the Administration would review whether further measures would be necessary.

Enhancing publicity and public education

25. Mr CHAN Chi-chuen opined that the many fraudulent mortgage cases involving unscrupulous financial intermediaries in recent years were attributable to inadequate public education on the part of the Administration. Mr CHAN opined that FSTB should collaborate with the Police to produce

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videos about such cases for publicity purposes to remind the public to remain vigilant. He enquired the details about the advisory services to be provided to the public as outlined in paragraph 12 of the paper provided by the Administration.

26. PS(FS) responded that the Administration intended to combat unscrupulous financial intermediaries in four major areas. In terms of enforcement actions, the Police would investigate cases involving the use of forged documents and step up enforcement efforts. In terms of publicity, promotional pamphlets had been made to remind the public to be aware of the activities of unscrupulous financial intermediaries. Television Announcements of Public Interest (APIs) would be released soon to remind the general public on areas to watch out for when using services provided by financial intermediaries. He also noted that the Police had produced APIs about the malpractices employed by financial intermediaries and reminded the public to remain vigilant. On the introduction of more stringent regulatory measures, approval would be sought from the Licensing Court for imposing more stringent licensing conditions on money lenders licences. On obtaining the approval, the Administration would step up promotion activities and remind the public of the requirement that no fee should be charged by financial intermediaries appointed by money lenders for the services they provided. On enhancing the advisory services provided to the public, resources had been earmarked to support two non-government organizations in providing assistance to persons with financial difficulties through two newly established dedicated hotlines.

27. Ms Starry LEE remarked that the Democratic Alliance for the Betterment and Progress of Hong Kong supported the establishment proposal. She pointed out that some current advertisements on money lending were misleading in that the public were led to believe that borrowing money was easy and was without consequences. She called on the Administration to regulate the contents of such advertisements and remind the public about the risks associated with taking loans. Ms LEE and Mr WU expressed concern about the practices of telesales in selling loans, which were also misleading in many different ways. They asked how the Administration would regulate such practices.

28. PS(FS) responded that more stringent licensing conditions would be imposed, and money lenders would be asked to include warnings in their advertisements. The Administration would also step up publicity to convey such messages.

Reform of the regulatory regime for listed entity auditors

29. Ms Starry LEE remarked that the accounting profession, in particular the small and medium accounting firms, were very concerned about the proposed penalty for listed entity auditors and the arrangements regarding disciplinary hearings. She called on the Administration to duly consider and respond to the views and concerns of the accounting profession. She asked about the duties of the proposed posts in this respect.

30. PS(FS) responded that during the public consultation exercise conducted on the reform of the regulatory regime for listed entity auditors, respondents in general supported the direction of the reform proposed by the Administration. The Administration noted the concerns of the industry regarding the level of penalties and details about disciplinary hearings. In drafting the bill, the Administration would maintain close contact with relevant stakeholders, and would consider whether it was appropriate to allow individuals who were independent of Financial Reporting Council to take part in the Council's disciplinary mechanism, considering the fact that the Council was vested with direct disciplinary powers, and that the disciplinary mechanism was independent of the audit profession.

Development of Hong Kong into a financial technology hub

31. Mr Martin LIAO noted that the proposed retained post of Principal Assistant Secretary (Financial Services)⁶ ("PAS(FS)⁶") was responsible for supporting the internal coordination group set up under the relevant policy bureaux and parties to monitor the implementation of initiatives related to Fintech. He asked whether enhancement of related legislation was among the Administration's initiatives for the development of Fintech, and how the Administration would strike a reasonable balance between promoting the development of Fintech and protecting consumers' interests. He relayed the concerns of the industry that the current legislation was not up to date, which was hindering the development of Fintech in Hong Kong.

32. PS(FS) explained that in the 2016-2017 Budget, the Administration announced a series of initiatives to promote the development of Fintech, including establishment of a dedicated team under Invest Hong Kong to assist start-ups, investors and R&D institutions to establish their presence in Hong Kong, setting aside space at Cyberport to provide support to Fintech start-ups, and introduction of various incubation programmes for the training of Fintech talents etc.. The Administration would also collaborate with financial regulators to consult the industry with a view to gaining a better understanding on the views and aspirations of the industry on matters relating to legislative

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amendments. He stressed that if the Administration considered it necessary to introduce legislative amendments for promoting the development of Fintech, it would be important to strike a balance with the protection of consumers' and investors' interests.

Voting on EC(2016-17)10

33. The Chairman put the item to vote. The Chairman declared that the Subcommittee agreed to recommend the item to FC for approval.

34. Miss Alice MAK requested separate voting for the item at the relevant FC meeting.

EC(2016-17)11 Proposed creation of four supernumerary posts of one Principal Government Engineer (D3), one Government Town Planner (D2) and two Chief Engineers (D1) in the Civil Engineering and Development Department (CEDD) to lead a new Lantau Development Office (LDO) up to 31 March 2021; and redeployment of three D3, five D2 and 13 D1 directorate posts within CEDD arising from the establishment of LDO and re-organisation of the existing Development Offices in CEDD with immediate effect upon approval by the Finance Committee

35. The Chairman remarked that the establishment proposal was to create four supernumerary posts of one Principal Government Engineer (D3), one Government Town Planner (D2) and two Chief Engineers (D1) following the establishment of a Lantau Development Office ("LDO") in the Civil Engineering and Development Department ("CEDD") to lead the new LDO; and to redeploy some directorate posts within CEDD arising from the establishment of LDO.

36. The Chairman said that the Administration consulted the Panel on Development on this establishment proposal on 23 February 2016. At that time, the proposal was not supported by a majority of the members present. The Administration subsequently provided supplementary information papers to the Panel. At the Panel meeting on 26 April, members agreed to reopen discussion on this proposal where a majority of the members present supported the Administration submitting the proposal to the Establishment Subcommittee for consideration. Given the lack of consensus among the public on the

proposed development strategies for Lantau as suggested by the Lantau Development Advisory Committee ("LanDAC"), whereas the proposed strategies also lacked detailed proposals in relation to nature conservation, some members opined that the Administration should not decide on the establishment of LDO at the present stage. Some members opined that the Administration should create new directorate posts for stepping up efforts to study the proposed developments and conduct public engagement exercise. Individual members considered that the Administration should identify candidates with professional knowledge and relevant experience in nature conservation to join the proposed LDO and to take charge in matters relating to nature conservation of Lantau. The Administration had addressed these issues at the Panel meeting.

Concerns of the residents of Lantau

37. Miss Alice MAK supported the establishment proposal. She pointed out that residents of Lantau were very concerned about serious shortage of ancillary transport facilities and environmental issues in various districts. In addition to implementing the Lantau development programme, she enquired whether the proposed LDO would deal with the transport and environmental issues in various districts. Miss MAK urged the Administration to communicate with residents living in various districts and relevant stakeholders about the projects covered by the development programme following the establishment of LDO, and to address their concerns and requests.

38. In reply, Permanent Secretary for Development (Works) said that the Administration noted the aspirations of residents of Lantau regarding improvement in transport and sewage treatment in rural areas, and CEDD was following up the relevant matters. LDO would continue to follow up these issues and listen to the residents' views on the developments as well.

39. Mr Albert CHAN declared that he was a resident of Lantau. He was concerned that the development of Lantau would seriously harm Lantau's distinctiveness and damage the ecology of the southern part of the island. He criticized that the construction works carried out in Mui Wo by the Administration had significantly reduced the habitat area of buffaloes in Pui O. In addition, he was greatly dissatisfied that the Administration should have displayed a deliverable model of the development projects under the Lantau development programme to Mr ZHANG Dejiang, Chairman of the Standing Committee of the National People's Congress ("NPCSC") before Town Planning Board granted approval to the development programme.

40. Permanent Secretary for Development (Works) responded that LanDAC had suggested enhancing conservation in the southern part of Lantau,

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which was in line with the Administration's development direction of focusing on the development of the northern part of Lantau while preserving the southern part of Lantau for conservation, leisure, culture and green tourism. LDO would also work along this direction. He advised that the Administration was planning to put forward a blueprint for developing Lantau at the end of 2016, which would duly reflect the views and suggestions of the public on conservation. He added that the same information was shown in the model displayed by the Administration to Chairman of NPCSC as that contained in the Public Engagement Digest on Lantau Development, which had been made public by the Administration earlier.

41. Mr Alan LEONG said that the Civic Party did not object to the development of Lantau, but was against over-development. He called on the Administration to take the public pulse and be open and transparent during the planning and development process.

Work of the proposed Lantau Development Office

42. Miss Alice MAK enquired about the division of work between the newly established LDO and other policy bureaux and departments participating in the Lantau development programme.

43. Permanent Secretary for Development (Works) advised that the various tasks under the Lantau development programme were currently undertaken by different policy bureaux and departments, with the Development Bureau ("DEVB"), CEDD and the Planning Department ("PlanD") sharing out the secretariat work of LanDAC and its subcommittees. PlanD was responsible for conducting planning-related studies; whereas CEDD was responsible for conducting technical feasibility studies and improvement works in various districts. It was an undesirable arrangement that the manpower resources and workload were scattered among the policy bureaux and departments. The Administration opined that, with the establishment of LDO, staff members from various disciplines would be centralized under a multi-disciplinary office dedicated for implementing the development of Lantau. As such, communication among staff members could be enhanced, and cooperation and coordination work facilitated, for prompt and effective implementation of various tasks.

Benefits of creating the proposed post

44. Mr Martin LIAO asked the Administration for information on how the projects under the Lantau development programme could contribute to a

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more diversified economic development for Hong Kong and increased employment opportunities.

45. Permanent Secretary for Development (Works) pointed out that the Lantau development programme would be advantageous in a number of areas. On economic development, the completion and commissioning of the Hong Kong-Zhuhai-Macao Bridge ("HZMB") and the Three-Runway System of the Hong Kong International Airport would present Hong Kong with more development opportunities, as the above two infrastructures would further enhance the connection between Hong Kong and the Western Pearl River Delta as well as other cities in the world, making Lantau a strategic "double-gateway" of Hong Kong. Furthermore, given the availability of a large plot of land in both Hong Kong Boundary Crossing Facilities ("HKBCF") Island of HZMB and the north of the Airport Island, CEDD and PlanD were studying the topside development of HKBCF Island for commercial and other economic activities; meanwhile, they would tie in with the development of the North Commercial District on the Airport Island under the planning of the Airport Authority. It was expected that more job opportunities would be created as a result of enhanced economic activities relating to commerce, high value-added logistics services and tourism.

46. The Chairman advised that the Subcommittee would continue discussion of the item at the meeting to be held on 14 June 2016.

47. The meeting ended at 10:30 am.