

The opinion on the proper use of the fiscal reserve.
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The Hong Kong SAR government is holding over 400 billion dollars of fiscal reserve. According to the guideline set by the financial secretary, the fiscal reserve should be sufficient to cover 12 months' government expenditure plus the M1 money supply, allowing for a margin of 25%. As it stands, the fiscal reserve that the government holding now is within the range under this guideline, which implies there may not be money left to be earmarked for funds to improve the livelihood of the people of Hong Kong under the economic plight.

I do support the prudent approach of government in handling the reserve. I believe that the reserve cannot be easily used at the expense of the future generation. My opinions are as follows:

If the reserve is at or below the level under the guideline, it should be used only when Hong Kong is under catastrophic circumstances, such as wars, natural disasters, widespread epidemics, which hinder the production of the territory. We should not eat up our reserves simply for the improvement of the living standard of our people who are already living well above the subsistence level.

If the reserve is above the maximum level under the guideline. I would suggest the government to set up a Relief Fund. The interest income that generated by this fund is to grant or to lend to people whose income is below a pre-defined subsistence level, such as 50 Hong Kong dollars per day. Using the interest income will not downsize the fiscal reserve. It will only make it growing slower. This arrangement will relieve the daily pains of the extreme poor on one hand, and maintain the level of fiscal reserve on the other.