

Panel on Financial Affairs

List of outstanding items for discussion

(Position as at 29 October 2004)

Proposed timing for discussion at Panel meeting

1. Overall economic development of Hong Kong

The Panel has invited FS to brief the Panel and all other LegCo Members on macro economic issues on a periodic basis since mid-1999. The briefings are normally held in June and December each year.

6 December 2004
June 2005

In line with this practice, the next briefing will be held in December 2004.

2. Briefing on the draft Industrial and Commercial Bank of China (Asia) Limited (Merger) Bill

Dr Hon David LI proposes to brief members on the draft Industrial and Commercial Bank of China (ICBC) (Asia) Limited (Merger) Bill which aims to achieve the merger of the Hong Kong business of ICBC (Asia) and Belgian Bank. Dr LI plans to introduce the Bill into LegCo in early 2005.

Mid-December 2004

3. Briefing on the draft Banking (Amendment) Bill 2005

The Administration proposes to brief members on the major provisions of the draft Banking (Amendment) Bill 2005. The Bill aims to implement the New Basel Capital Accord in Hong Kong.

6 December 2004

The Administration plans to introduce the Bill into LegCo in early 2005.

Proposed timing for discussion at Panel meeting

4. Proposal for contribution to the 8th replenishment of the Asian Development Fund

The Administration proposes to consult members on the proposal for contribution to the 8th replenishment of the Asian Development Fund.

6 December 2004

The Administration plans to submit the proposal to the Finance Committee in January 2005.

5. Proposed creation and deletion of one permanent Chief Systems Manager post

The Administration proposes to create one permanent Chief Systems Manager (CSM) (D1) post in Inland Revenue Department (IRD) with effect from 1 April 2005 to be offset by the deletion of one permanent CSM post in the Office of the Government Chief Information Officer on the same date to provide long term and dedicated support at the directorate level to lead IRD's Information Technology Management Unit.

6 December 2004

The Administration plans to submit the proposal to the Establishment Subcommittee on 19 January 2005.

6. Progress of public consultation on proposed measures to address risks arising from securities margin financing

The Administration proposes to report on the progress of the public consultation on proposed measures to address risks arising from securities margin financing.

December 2004

7. Outcome of review of the levies of the Investor Compensation Fund

The Administration proposes to report on the outcome of the review of the Investor Compensation Fund, including the introduction of a levy adjustment mechanism.

December 2004

Proposed timing for discussion at Panel meeting

8. Management of Government investment incomes

At the Panel meeting held on 14 March 2002 when the research report entitled “Practices of Overseas Jurisdictions in Building up or Maintaining Their Fiscal Reserves” published by the Research and Library Services Division (RLSD) was presented, Members noted that detailed information on Government investment incomes was not readily available in the public domain. It would therefore be difficult to monitor how far investment incomes of the Government were ploughed back to the General Revenue Account for financing specific social services or contingent relief measures.

To be confirmed

On 16 May 2002, the then Secretary for the Treasury provided information on the sources of Government investment incomes and investment returns for the period 1996-97 to 2000-01 to Members (LC Paper No. CB(1)1772/01-02(01)). However, detailed information on the Government’s investments on equity holdings with respect to financial arrangements, corporate governance and reporting arrangements to the Government and LegCo remained not available.

At the meeting held in July 2002, members of the then “Subcommittee on matters relating to the implementation of railway development projects” (the Subcommittee) considered the draft Penny’s Bay Rail Link Project Agreement. They expressed concern about the scope and extent of powers of FS in relation to the management of dividends and other forms of income generated from the Government’s investments in public and private companies. Members were also concerned about whether proper mechanisms were in place to ensure that the exercise of such powers was properly accounted for by the executive authorities to LegCo. The Subcommittee requested that the above policy issues be further discussed by the Panel.

Similar concerns were raised in the discussion on the appropriate mechanism for financing the West Kowloon Cultural District Development project and the role of LegCo in monitoring the development of this project.

Proposed timing for discussion at Panel meeting

To address Members' concerns on the management of Government investment incomes, RLSD proposed to conduct in-depth research on this subject to assist Members in analyzing the financial arrangements, corporate governance and reporting arrangements of selected statutory bodies in Hong Kong. The selected statutory bodies covered by the research are: Kowloon-Canton Railway Corporation, Airport Authority, Mass Transit Railway Corporation Limited, and Hong Kong Science and Technology Parks Corporation. The research outline (LC Paper No. CB(1)671/03-04(06)) was endorsed by the Panel at its meeting on 5 January 2004.

The draft research report was considered by members of the Panel at a working meeting on 15 July 2004. As agreed by members at the meeting, the Administration was invited to provide some background information on the issues set out in the draft research report and respond to their concerns raised. The information and responses would be incorporated into the draft research report to be followed up by the Panel in the new legislative term. RLSD are now analyzing the information and responses provided by the Administration in late September 2004 and will issue the revised draft research report to members in due course.

9. Comprehensive review of the Companies Ordinance

At the request of the Panel, the Administration briefed members at the Panel meeting on 5 July 2004 on the progress of the overall review of the Companies Ordinance and the timeframe for the rewrite exercise. Members noted that the Administration intended to commence work in 2005 and issue the White Bill for consultation in 2007. It was expected that the new legislation might be in place in 2010. Members agreed that the Panel should continue to monitor progress of the rewrite exercise.

To be confirmed

Proposed timing for discussion at Panel meeting

10. Proposal of granting tax relief to divorced persons paying maintenance to ex-spouses

This item was referred by the Panel on Administration of Justice and Legal Services (AJLS Panel) in November 2002. At the AJLS Panel meeting on 28 October 2002, that Panel discussed how the above proposal, which was the subject matter of an oral question raised at the Council meeting on 10 July 2002, should be followed up. That Panel considered that as tax relief for divorced persons should be a matter within the purview of the Financial Services and the Treasury Bureau, the matter should be referred to the Panel on Financial Affairs for consideration. The relevant details were circulated to members vide LC Paper No. CB(1)520/02-03(01) on 12 December 2002.

To be confirmed