

Panel on Financial Affairs

List of outstanding items for discussion

(as at 3 June 2010)

**Proposed timing
for discussion at
Panel meeting**

1. Proposed establishment of an independent Insurance Authority

The Administration proposes to consult the Panel on the proposal for establishing an independent Insurance Authority, including its functions and powers, governance structure, organization framework and funding mechanism.

July 2010

2. Legislative proposal to enhance the qualifying debt instrument (QDI) scheme

The Administration proposes to brief the Panel on the legislative proposal to amend the Inland Revenue Ordinance for enhancing the QDI scheme.

July 2010

3. Implementation of System Infrastructure Enhancement Project for the Inland Revenue Department (IRD)

The major hardware and software components of IRD's computer system have become obsolete. There is an imminent need to upgrade the Department's IT infrastructure.

July 2010

The IRD proposes to implement the System Infrastructure Enhancement Project by phases from 2012 onwards to update the computer systems so as to sustain the efficient and effective operations of the Department.

The project comprises three major components, namely, upgrading the file server and workstation infrastructure, upgrading the Document Management System, and migrating all the mainframe applications to midrange platform.

The Administration proposes to brief the Panel on the enhancement project before submitting the relevant funding proposal to the Finance Committee.

**Proposed timing
for discussion at
Panel meeting**

4. Review of corporate rescue procedure legislative proposals

The Administration launched a three month public consultation on corporate rescue procedure legislative proposals on 29 October 2009. The Panel discussed the subject on 7 December 2009. The Administration proposes to brief the Panel on the public feedback on the legislative proposals and the way forward.

November 2010
(previously
scheduled for July
2010, see Note)

Note: The Administration proposes to defer the item, as there are diverse views received on some aspects of the proposed corporate rescue procedure and the Administration needs more time to consult relevant stakeholders before drawing conclusions.

5. Proposed establishment of Policyholders' Protection Fund (PPF)

The Panel was briefed on the proposed framework for the establishment of PPF at the meeting on 6 July 2009. The Administration proposes to consult the Panel on detailed proposals of PPF, including the scope of coverage, the levy rates and the corresponding levels of compensation, compensation limits and the target fund size, the governance framework as well as other detailed operational arrangements.

4th quarter of 2010
(previously
scheduled for July
2010, see Note)

Note: The Administration proposes to defer the item, having regard to the complexity of the actuarial study. More time is needed for the consultant to draw up an overall scheme for the establishment and operation of PPF.

6. The roles and operation of the Hong Kong Mortgage Corporation Limited (HKMC)

The Panel discussed the roles and operation of HKMC at the meeting on 2 November 2009. After the meeting, Hon Mrs Regina IP raised further questions regarding the operation of HKMC (LC Paper No. CB(1)559/09-10 dated 2 December 2009), and HKMC provided a written response (LC Paper No. CB(1)687/09-10 dated 15 December 2009). At the Panel meeting on 4 January 2010, Mrs IP requested for further

To be confirmed

**Proposed timing
for discussion at
Panel meeting**

discussion of HKMC's operations. Members agreed that the item be put on this list, and if necessary, representatives from the banking sector be invited to give their views on HKMC's operations.

The Panel conducted a visit to HKMC on 8 February 2010. In response to Mrs Regina IP's request on 1 March 2010, HKMC provided information on HKMA's business projections for HKMC prior to HKMC's establishment and on the possibility of providing reverse mortgage service by HKMC (LC Paper No. CB(1)1462/09-10(02) dated 25 March 2010).

7. Policy response to the review of HKMA's work on banking stability

The Panel was briefed on the report on "Review of HKMA's work on banking stability" at the meeting on 5 January 2009. HKMA will brief the Panel on the policy response to the review report.

To be confirmed

8. Review of the "abscondee" regime under the Bankruptcy Ordinance (Cap.6) (BO)

In the course of deliberation, members of the Bills Committee on Statute Law (Miscellaneous Provisions) Bill 2007 were advised by the Administration of its plan to review the "abscondee" regime (i.e. bankrupts who left Hong Kong and could not be contacted) under BO. The Administration further advised that taking into account the policy content involved in the review, and the fact that more time would be needed to study the issue and conduct necessary research into relevant developments in other common law jurisdictions and consultations, it was not appropriate or possible to include legislative amendment proposals with respect to the "abscondee" regime as a whole in the Bill. Any proposed legislative amendments to the "abscondee" regime should be taken forward in a separate exercise.

To be confirmed

Members of the Bills Committee were concerned about the timeframe for introducing the proposed legislative amendments to the "abscondee" regime and whether public

**Proposed timing
for discussion at
Panel meeting**

consultation would be conducted. The Bills Committee agreed that the issues should be referred to the Panel for follow-up. The Administration subsequently advised that it was in the process of conducting a research on the "abscondee" regime. Depending on the results of the research in 2009, it will then be in a better position to assess the scope of necessary amendments to BO and the likely timing to pursue such amendments.

Council Business Division 1
Legislative Council Secretariat
3 June 2010