

立法會
Legislative Council

LC Paper No. CB(1)1586/02-03
(These minutes have been seen
by the Administration)

Ref : CB1/SS/6/02/2

**Subcommittee on the motion to amend the Resolution of the Land Fund under
section 29 of the Public Finance Ordinance (Cap.2)**

**Minutes of meeting
held on Wednesday, 16 April 2003, at 10:45 am
in Conference Room A of the Legislative Council Building**

- Members present** : Hon SIN Chung-kai (Chairman)
Dr Hon David CHU Yu-lin, JP
Hon Cyd HO Sau-lan
Hon Margaret NG
Hon CHAN Kam-lam, JP
Hon Miriam LAU Kin-ye, JP
Hon LEUNG Fu-wah, MH, JP
- Members absent** : Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon Andrew WONG Wang-fat, JP
Hon Emily LAU Wai-hing, JP
Hon Abraham SHEK Lai-him, JP
- Public officers attending** : Agenda Item II

Mr Martin GLASS, JP
Deputy Secretary for Financial Services and the
Treasury (Treasury)²

Mr Allen LEUNG
Principal Assistant Secretary for Financial
Services and the Treasury (Treasury) (MA)

Mr Charlix WONG
Senior Treasury Accountant (MA)²

Miss Shandy LIU
Senior Government Counsel

Clerk in attendance : Miss Polly YEUNG
Chief Assistant Secretary (1)3

Staff in attendance : Mr KAU Kin-wah
Assistant Legal Adviser 6

Ms Debbie YAU
Senior Assistant Secretary (1)1

I Election of Chairman

Dr David CHU, member of the Subcommittee who had the highest precedence among the members present, presided over the election of the Chairman of the Subcommittee and invited nominations for the chairmanship.

2. Mr SIN Chung-Kai was nominated by Ms Cyd HO and seconded by Mr CHAN Kam-lam and Mr LEUNG Fu-wah. Mr SIN accepted the nomination. There being no other nomination, Mr SIN Chung-kai was elected Chairman of the Subcommittee. Mr SIN then took over the chair.

II Meeting with the Administration

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| FIN CR8/2321/02 Pt.2 | -- Legislative Council Brief issued by the Financial Services and the Treasury Bureau |
| LC Paper CB(3)548/02-03
LC Paper CB(3)551/02-03 | -- Proposed resolution to be moved by the Secretary for Financial Services and the Treasury at the Council meeting of 30 April 2003 and the Secretary's draft speech |
| LC Paper No. LS93/02-03 | -- The report prepared by the Legal Services Division of the Legislative Council Secretariat |
| LC Paper No.CB(1)1343/02-03(07) | -- The Administration's paper for the Financial Affairs Panel meeting on 7 April 2003 |

- LC Paper No. CB(1)1405/02-03 -- The Administration's response to concerns raised by members at the Financial Affairs Panel meeting on 7 April 2003
- LC Paper No. CB(1)1443/02-03 -- Supplementary information from the Administration on the use of accumulated surplus of the Exchange Fund
- L.N. 398 of 1997 -- The Resolution of the Land Fund under section 29 of the Public Finance Ordinance (Cap.2)
- LC Paper No. CB(1)1458/02-03 -- Extract of the draft minutes of meeting of Panel on Financial Affairs held on 7 April 2003
(tabled at the meeting and issued to members on 17 April 2003)

3. The Subcommittee deliberated (Index of proceedings attached at Appendix)

List of issues requiring follow-up actions/consideration by the Administration

4. At the request of members, the Administration agreed:
- (a) to consider members' suggestion to stipulate in the motion to be moved the amount of funds (i.e. \$120 billion) proposed to be transferred from the Land Fund to the general revenue for meeting the cashflow requirements in the medium term;
 - (b) to examine and consult the Financial Affairs Panel on the way forward for the Land Fund in the longer run, including whether or not the Land Fund should be abolished and the fund balance be transferred to the general revenue; and
 - (c) to provide information on the Government's cashflow positions in the past 12 months and in the future six or 12 months.

Date of next meeting

5. Members agreed that the next meeting of the Subcommittee would be held on Tuesday, 22 April 2003 at 10:45 am.

III Any other business

6. There being no other business, the meeting ended at 12:00 noon.

Appendix

**Proceedings of the meeting of the
Subcommittee on the motion to amend the Resolution of the Land Fund under
section 29 of the Public Finance Ordinance (Cap. 2)
on Wednesday, 16 April 2003, at 10:45 am
in Conference Room A of the Legislative Council Building**

Time Marker	Speaker	Subject(s)	Action Required
000000 - 000136	Dr David CHU Mr CHAN Kam-lam Mr LEUNG Fu-wah Ms Cyd HO Mr SIN Chung-kai	Election of Chairman.	
000137 - 000602	Chairman Administration	Briefing by the Administration on the proposed amendment to the Resolution of the Land Fund.	
000603- 001015	Mr CHAN Kam-lam Chairman Administration	<p>(1) Mr CHAN supported the transfer of funds from the Land Fund to the general revenue to meet cashflow requirements.</p> <p>(2) The way forward for the Land Fund.</p> <p>(3) Whether to abolish the Land Fund and transfer all balance in the Land Fund to the general revenue.</p> <p>(4) Urgency in passing the proposed amendment to the Resolution of the Land Fund to meet the cashflow requirements in May 2003.</p> <p>(5) The Administration to consider stipulating in the motion to be moved the amount of funds (i.e. \$120 billion) proposed to be transferred from the Land Fund to the general revenue for meeting the cashflow requirements in the medium term.</p>	The Administration to consider the views.

Time Marker	Speaker	Subject(s)	Action Required
001016-001309	Dr David CHU Chairman Administration	<p>(1) Dr CHU supported the transfer of funds from the Land Fund to the general revenue to meet cashflow requirements and suggested to abolish the Land Fund and transfer all balance in the Land Fund to the general revenue to send a clear message on the Government's determination in combating economic recession.</p> <p>(2) Whether there would be sufficient time to proceed with a proposed amendment to the Resolution to abolish Land Fund altogether.</p>	
001310 - 002642	Ms Cyd HO Chairman Administration	<p>(1) Need to reserve sufficient funds for financing the capital works programme and acquisition of land to facilitate infrastructural development and urban renewal.</p> <p>(2) Background of setting up of the Land Fund.</p> <p>(3) The proposed transfer of \$120 billion from the Land Fund to cope with the budget deficits from 2003-04 to 2005-06.</p> <p>(4) Information on Government's cashflow positions in the past 12 months and in the future six or 12 months.</p> <p>(5) The proposed amendment to the Resolution of the Land Fund was a minimalist approach to deal with cashflow problem.</p> <p>(6) The Government's commitment to spend an average of \$29 billion each year over the medium term on infrastructural projects.</p>	The Administration to provide information on cashflow positions in the past 12 months and in the future six or 12 months.

Time Marker	Speaker	Subject(s)	Action Required
002643 - 003913	Ms Margaret NG Chairman Administration Ms Miriam LAU	<p>(1) Agreed with the need to deal with the cashflow problem expeditiously, but to examine the way forward for the Land Fund at the next stage.</p> <p>(2) The members queried the need to confer such wide powers on the Financial Secretary (FS) to transfer funds from the Land Fund to the general revenue as and when needed.</p> <p>(3) Whether the accumulated surplus of the Exchange Fund could be used to meet Government's cashflow requirements.</p>	
003914- 004205	Mr LEUNG Fu-wah Chairman Administration	<p>(1) Mr LEUNG had no objection to the proposed amendment to the Resolution.</p> <p>(2) The transfer of funds from Land Fund to be included into the Estimates submitted to the Legislative Council each year and subject to Members' approval.</p> <p>(3) The general provision in the Resolution would facilitate the transfer of funds in the light of changes, if any, in the updating of the Medium Range Forecast.</p>	
004206- 005512	Ms Margaret NG Ms Miriam LAU Chairman Administration Ms Cyd HO	<p>(1) The three members urged for a prudent two-stage approach in dealing with the cashflow problem and the long-term use of the Land Fund.</p> <p>(2) The Administration had no objection to the two-stage approach and would consult the Panel on Financial Affairs (FA) in due course.</p>	The Administration to examine and consult the FA Panel on the way forward for the Land Fund in the longer run, including whether or not the Land Fund should be abolished and the fund balance be transferred to the general revenue.

Time Marker	Speaker	Subject(s)	Action Required
005513-005719	Mr LEUNG Fu-wah ALA6	<p>(1) General powers of FS to transfer funds from the Land Fund to the general revenue.</p> <p>(2) Expenditure from the General Revenue Account would have to be dealt with in accordance with provisions of the Public Finance Ordinance (Cap.2).</p>	
005720-010846	Ms Cyd HO Ms Margaret NG Administration Chairman ALA6 Ms Miriam LAU	<p>(1) Queried the need to confer on FS such wide powers.</p> <p>(2) Requested the Administration to stipulate the maximum amount of funds to be transferred from the Land Fund to the general revenue (i.e. \$120 billion) and reflect this in the proposed Resolution.</p> <p>(3) The Legislative Council President's ruling might be required for if Member would wish to propose amendment to the Administration's motion as public expenditure was involved.</p> <p>(4) The approval of the President would be required to waive the notice period if the Administration would submit a fresh motion to be moved on 30 April 2003.</p> <p>(5) Ms LAU expressed her reservation in supporting the currently proposed amendment. She said that she might not vote against the motion as currently worded if the Administration could convince her of the urgency and the need to adopt the existing version.</p>	The Administration to consider the request.

Time Marker	Speaker	Subject(s)	Action Required
010847- 011143	Chairman Administration Members	(1) Date of next meeting: Tuesday, 22 April 2003, at 10:45 am. (2) The Chairman said that Members of Democratic Party supported the abolition of Land Fund and the transfer of its funds to the general revenue.	

Council Business Division 1
Legislative Council Secretariat
5 May 2003