

Ms Connie Szeto  
Clerk to Financial Affairs Panel  
Legislative Council  
3/F Citibank Tower  
3 Garden Road  
Hong Kong

24 May 2004

Dear Ms Szeto,

Thank you for your letter of 4 May 2004. This response deals with both issues set out in your list of follow-up actions arising from the meeting of the LegCo Panel on Financial Affairs on 3 May 2004 because they both fall under the purview of the HKMA.

Land Fund

The assets of the Land Fund were merged into the Exchange Fund in 1998 and are now managed as part of the Government's fiscal reserves, which are placed with the Exchange Fund. The Land Fund Office was fully integrated into the HKMA in 1998/99, with all ex-Land Fund Office staff being offered conversion to permanent HKMA terms. These staff were placed in different departments to undertake investment management and other HKMA duties.

The proposal of dissolving the Land Fund and transferring its balance to the General Revenue Account will therefore have no staffing implications on the HKMA.

Exchange Fund Operating Expenses

The request of the Hon. Emily Lau will be forwarded to the Governance Sub-Committee of the Exchange Fund Advisory Committee for consideration at its

next meeting in June, and its recommendations will be considered by the Financial Secretary. We will revert on the deliberations once ready.

Yours sincerely,

(Philip Tse)  
for Chief Executive  
Hong Kong Monetary Authority