

**Panel on Financial Affairs**

**List of outstanding items for discussion**

(Position as at 3 November 2006)

**Proposed timing for discussion at Panel meeting**

**1. Briefing by the Financial Secretary on Hong Kong's latest overall economic situation**

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

December 2006  
June 2007

**2. Proposal for implementing a replacement computer system to replace the existing procurement computer system of the Government Logistics Department**

The existing Procurement Management System Upgrade (PMSU) for procurement administration and contract management in the Government Logistics Department (GSD) will be reaching the end of its serviceable life in 2009-10. The Administration proposes to brief the Panel in December 2006 on its proposal to replace the PMSU with up-to-date technology and features to support the operation of GSD and its procurement services to government departments, and then submit the financial proposal to the Finance Committee for its consideration at the meeting scheduled for 12 January 2007.

December 2006

**3. Impact of banks' branch closure and fee-charging on the public**

When the impact of banks' branch closure on the public was discussed at the Panel meeting on 3 July 2006, the Panel requested the Hong Kong Association of Banks (HKAB) and the Administration to explore, in collaboration with other parties concerned, feasible measures for provision of basic banking services to the public in various districts, taking into account the suggestions and views expressed by members at

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the meeting, and to update the Panel in writing on the progress made. HKAB was also requested to update the Panel in writing on the progress of the four recommendations proposed by its Task Force as set out in its reply dated 27 June 2006. To follow up the discussion of the subject, the Panel decided to invite HKAB, the Administration and the Consumer Council to attend its meeting to be held in December 2006. As agreed by members, the scope of discussion in December would cover not only the impact of banks' branch closure on the public, but also the impact of banks charging fees for inactive accounts and low-balance accounts on the public.

In its interim reply to the Panel on 25 October 2006, HKAB indicated that it would update the Panel in writing on the progress of the recommendations of the Task Force and provide the information about bank charges levied on inactive and low balance accounts by 24 November 2006. HKAB also indicated that it needed more time to handle the relevant issues and therefore requested the Panel to defer the meeting with HKAB (LC Paper No. CB(1)181/06-07(01)).

**4. Conflict of interest issue involved in and after the listing of The Link Real Estate Investment Trust (The Link REIT)**

To be confirmed

Pursuant to the decision of the House Committee on 9 December 2005, a special meeting of the Panel was arranged on 14 December 2005 to discuss the financial issues related to the listing of The Link REIT. In response to the Panel's invitation, Mr Paul CHENG, Chairman of the Board of Directors of The Link Management Limited, indicated in his written reply that due to short notice and prior commitment in China, he was unable to attend the meeting (LC Paper No. CB(1)514/05-06(03)).

At the Panel meeting on 5 January 2006, members agreed to Hon James TO's suggestion that the subject be scheduled for further discussion at the meeting on 3 April 2006 and that Mr Paul CHENG be invited to attend the meeting. Mr CHENG indicated in his reply that due to other commitments, he was unable to attend the meeting (LC Paper

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No. CB(1)1152/05-06(02)). Following the discussion of the subject at the meeting, members agreed that the Panel should follow up the subject by inviting Mr CHENG to provide written response to any further questions from members and that Mr CHENG's written response should then be issued to members for consideration on the need or otherwise for the Panel to have further discussion on the subject.

After studying the written responses from Mr Paul CHENG and the Administration (LC Paper Nos. CB(1)1627/05-06(03) to (05)), Hon James TO wrote to the Panel Chairman on 29 June 2006 (LC Paper Nos. CB(1)1900/05-06(03) and (04)), suggesting that Mr Paul CHENG and the Administration be invited again to attend a meeting of the Panel to discuss the relevant issues, and to provide written response to further questions raised by members. Members agreed to Mr TO's suggestion at the meeting on 3 July 2006. Written responses from Mr CHENG (LC Paper No. CB(1)2182/05-06(02)) and the Administration (LC Paper No. CB(1)2228/05-06(02)) were then issued to members on 11 September and 19 September 2006 respectively. Mr CHENG indicated in his response that since he had already provided detailed answers, he did not feel that his attendance to be necessary, and that he was declining the Panel's invitation as a matter of principle, and not out of being disrespectful.

Noting the written responses from Mr Paul CHENG and the Administration, Hon James TO wrote to the Chairman on 29 September 2006, suggesting the Panel to discuss at its second meeting in the 2006-07 session (6 November 2006) how the matter should be taken forward. Members agreed to Mr TO's suggestion at the first meeting on 12 October 2006.

**5. Consultation on reform to broaden the tax base**

When the Panel was briefed on the "Consultation on reform to broaden the tax base" at its special meeting on 18 July 2006, Members noted that the Administration embarked on a nine-month public consultation on the proposal to broaden the tax base on the same day, including

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the proposed framework for introduction of a Goods and Services Tax (GST). The views and concerns expressed by Members at the special meeting were forwarded to the Administration for consideration and written response. The Administration's written response was issued to members vide LC Paper No. CB(1)2319/05-06(02) on 9 October 2006. Moreover, the list of further questions put forward by Hon SIN Chung-kai on 23 August 2006 and the Administration's written response were issued to members vide LC Paper Nos. CB(1)29/06-07(01) and (02) respectively on 11 October 2006.

Given the complexity of the subject and the impact of GST on the public, some members suggested at the special meeting on 18 July 2006 that the subject be further discussed at meeting(s) of the Panel before the public consultation ended in March 2007.

**6. Consultancy study on the feasibility of establishing insurance Policyholders' Protection Funds in Hong Kong**

The Administration commissioned a consultancy study on the feasibility of establishing Policyholders' Protection Funds (PPFs) in Hong Kong in late 2002 and conducted a consultation exercise from December 2003 to March 2004 to invite public views on whether and how PPFs should be introduced in Hong Kong.

To be confirmed

At the Panel meeting on 1 March 2004, members were briefed on the findings of the consultancy study and proposed PPF options. The Administration undertook to consult the Panel on the way forward after the public consultation exercise.

According to the Administration's written reply dated 28 March 2006, the consultant was expected to submit its final report within the coming financial year. Upon receipt of the final report from the consultant, the Government would consider the way forward taking into account latest international regulatory development, implication for the work of the Insurance Authority and impact on the industry and community.

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**7. Consultancy study on the supervisory framework of the assets of long term insurers in Hong Kong**

In October 2003, the Administration commissioned the consultancy study to examine the effectiveness of the current supervisory framework and to assess the need for further enhancement of the current framework for the protection of policyholders in Hong Kong.

To be confirmed

As advised by the Administration on 24 November 2005, the consultant was undertaking a detailed study of various possible options for enhancing the asset safeguarding mechanism and asset valuation framework, and it was expected that the consultant could finalize a Third Report and start drafting a public consultation paper for consideration by the Commissioner of Insurance in the next few months. The Administration was keeping in view the progress of the consultancy study and would brief the Panel once it was ready to do so.

**8. Proposal to write off a judgement debt**

At the Panel meeting held on 6 June 2005, members were briefed on the Administration's proposal to write off the judgement debt owed to the Government by an auctioneer hired by the former Government Supplies Department to conduct commercial disposal of unserviceable or obsolete government stores and confiscated goods which was considered irrecoverable. Members expressed concerns about actions taken by the Administration to recover the outstanding payments from the auctioneer and details of the Administration's internal investigation on the case including the disciplinary proceedings taken against the involving civil servants. It was agreed that the Panel would further discuss the proposal in due course after the Administration had provided the supplementary information requested by members.

To be confirmed

The Administration plans to further consult the Panel on its proposal to write off the judgement debt in due course and

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then seek the approval of the Finance Committee on the proposal.

**9. Scheme for outsourcing summary bankruptcy cases**

The purpose of the Bankruptcy (Amendment) Bill 2004 is to empower the Official Receiver to outsource debtor-petition summary bankruptcy cases to private-sector insolvency practitioners. The Bills Committee on Bankruptcy (Amendment) Bill 2004 requested the Administration to review the outsourcing scheme after implementation of the scheme. The Secretary for Financial Services and the Treasury undertook in his speech during the resumption of the Second Reading debate on the Bill at the Council meeting on 6 July 2005 that the Administration would review the outsourcing scheme 24 months after implementation of the scheme and report the outcome of the review to the LegCo.

To be confirmed

The Administration was invited to report the outcome of the review to the Panel in due course.

**10. Briefing on the draft Companies (Amendment) Bill 2006**

The Companies (Amendment) Bill 2006 aims to enable the introduction of a scripless securities market allowing securities to be issued and transferred electronically. The Bill was included in the Legislative Programme 2005-06 provided by the Administration in October 2005.

To be confirmed

As advised by the Administration on 24 November 2005, the Securities and Futures Commission was considering the way forward and the corresponding legislative amendments, and would brief the Panel on the way forward in due course.

**11. Introduction of a new category of “travel insurance agents”**

At the Panel meeting held on 4 July 2005, members were briefed on the Administration’s proposal to introduce a new category of “travel insurance agents” to facilitate travel agents to be registered as insurance agents for the sale of travel insurance. Members expressed reservation on

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whether the proposal was the best option to achieve the policy objective of encouraging Hong Kong people to take out travel insurance before they travel. The Administration was requested to give further thought to the proposal and consider how the grave concern expressed by the insurance intermediaries could be addressed.

At the Panel meeting held on 5 December 2005, members were briefed on the progress of the proposal. Members noted that the insurance industry had accepted the proposal after further discussion with the Administration. The Administration was requested to report to the Panel on the implementation of the “travel insurance agents” registration system about one year after the implementation of the system, including information on the number and percentage of travel agents who have passed the “Travel Insurance Agents Examination” and registered under the system, and the Administration’s assessment of the effectiveness of the registration system and the impact of the system on the professional standards of insurance intermediaries.

**12. Proposal on sale and outsourcing of the funding and administration of loans made to students**

At the Panel meeting held on 5 January 2006, the Administration briefed Members on its plan to sell off the portfolio and outsource the funding and administration of non means-tested student loans to the private sector. Given the possible impact of the proposal on the students having loans under the two non-means tested loan schemes concerned, Members urged the Administration to consult the Panel on Education (Education Panel) and relevant student bodies on the proposal before reverting to the Panel.

To be confirmed

When the subject was discussed at the special meeting of the Education Panel held on 26 January 2006, the following motion was passed:

“本委員會反對政府將免入息審查學生貸款出售和外判予私營機構，並要求政府盡快完成檢討整個學生貸款計劃，以達至協助有需要之學生完成學業，而不至於畢業後長期負債。”

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(English translation)

“That this Panel opposes the sale of the Government’s non-means-tested student loan portfolio and the outsourcing of the funding and administration of these loan schemes to the private sector, and requests that the overall review of all student loan schemes be completed expeditiously for the purpose of providing assistance to the needy students to enable them to finish their studies without having to repay debts over a prolonged period of time after graduation.”

### **13. Review of the Personalized Vehicle Registration Marks Scheme**

At the request of the Bills Committee on Revenue (Personalized Vehicle Registration Marks) Bill 2005, the Administration undertook to conduct an overall review of the captioned Scheme one year after its implementation and report the outcome of the review to the relevant Panel. The Bills Committee has referred the issue to the Panel for follow-up action.

To be confirmed

The Administration was invited in February 2006 to report the outcome of the review to the Panel in due course. In its written reply dated 2 March 2006, the Administration advised that it would be able to report to the Panel in the first quarter of 2008. The Administration’s reply was circulated to members vide LC Paper No. CB(1)1138/05-06 on 22 March 2006.