

立法會
Legislative Council

LC Paper No. LS79/20-21

**Paper for the House Committee Meeting
on 11 June 2021**

**Legal Service Division Report on
Proposed Resolution under section 4 of the
Trading Funds Ordinance (Cap. 430)**

The Secretary for Commerce and Economic Development has given notice to move a motion under section 4 of the Trading Funds Ordinance (Cap. 430) at the Legislative Council ("LegCo") meeting of 23 June 2021. The motion seeks LegCo's approval to appropriate \$4,611.3 million in cash to the Post Office Trading Fund ("POTF") from the Capital Investment Fund ("CIF").

2. POTF was established on 1 August 1995 on the recommendation of the Financial Secretary ("FS") pursuant to a resolution made and passed by LegCo on 19 July 1995 (Cap. 430E) under sections 3, 4 and 6 of Cap. 430 to manage and account for the operation of the government service of the Post Office. Under section 4(1) of Cap. 430, LegCo may by resolution appropriate to the trading fund the assets and liabilities on the terms set out in the resolution. Section 4(2) of Cap. 430 provides that the net value of the assets appropriated to a trading fund is a government investment shown in CIF as loan or trading fund capital or partially of one and the balance of the other, on the terms set out in the LegCo resolution establishing the trading fund¹ and is to be represented in the accounts of the trading fund as the debt to, or trading fund capital, of the Government.

3. The proposed resolution seeks LegCo's approval to appropriate \$4,611.3 million in cash to POTF and to provide that the net value of the assets appropriated be shown in CIF as a contribution of trading fund capital.

4. In the 2018-19 Budget, FS announced that the Government would actively consider the redevelopment of the Air Mail Centre ("AMC") at the Hong Kong International Airport and \$5 billion has been set aside for the project. In the 2021-22 Budget, FS announced that the Government would submit a funding application to LegCo within this year to redevelop AMC. The Finance Committee ("FC") of LegCo approved at its meeting on 7 May 2021 a commitment of \$4,611.3 million as trading fund capital from CIF to

¹ Under section 2(2) of Cap. 430, a reference to the resolution establishing a trading fund includes a resolution that varies the resolution that establishes the trading fund.

POTF to finance the redevelopment of AMC of Hongkong Post ("HKP"). Details of the redevelopment project are set out at FCR(2021-22)9.

5. According to paragraph 5 of the LegCo Brief (File Ref: CITB CR 140/02/1) issued by the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau in June 2021, the proposed resolution seeks to give effect to FC's funding approval for the appropriation of funds to POTF. The Administration will commence the redevelopment in the latter half of 2021, with a view to completing the new AMC in 2027.

6. As advised by the Clerk to the Panel on Economic Development, before seeking FC's approval of the proposal, the Administration consulted the Panel at its meeting on 22 March 2021 on the redevelopment of AMC and the related financial and legislative arrangements. While most members supported the proposal, some members were concerned about the financial viability of the proposal and competitiveness of HKP over private logistics operators. Supplementary information provided by the Administration in response to members' concerns was issued to members vide LC Paper No. CB(4)779/20-21(01).

7. The proposed resolution, if passed, would come into operation on the day of publication in the Gazette.²

8. No difficulties in relation to the legal and drafting aspects of the proposed resolution have been identified.

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² If the proposed resolution is passed by LegCo on 23 June 2021, the Administration intends to publish it in the Gazette on 25 June 2021.