

**Panel on Financial Affairs**

**List of outstanding items for discussion**  
(Position as at 30 January 2004)

**Scheduled/Proposed  
timing for discussion**

**1. Review on the financial regulatory framework for securities dealers and securities margin financing providers**

The Administration will consult the Panel on proposals seeking to address the risks facing the practitioners and investors in the securities market. The working group convened by the Securities and Futures Commission has conducted the Review, and will propose a number of options to minimize such risks.

1 March 2004

**2. The Securities and Futures Commission Budget for the Financial Year 2004-05**

The Securities and Futures Commission Budget for the Financial Year 2004-05 will be submitted for the Panel's information.

1 March 2004

**3. Study on the feasibility of establishing an Insurance Policyholders Protection Fund**

With a view to enhancing the protection of policyholders, the Government has commissioned a consultancy study on the need for and feasibility of establishing policyholders' protection funds in Hong Kong. On the basis of findings of the study, the Government published a public consultation paper on 17 December 2003 to seek public views on the preliminary proposals on options of policyholders' protection funds. The consultation period will end on 31 March 2004.

1 March 2004

The Administration will brief the Panel and seek members' views on the proposal to establish insurance policyholders' protection funds in Hong Kong.

**Scheduled/Proposed  
timing for discussion**

**4. Briefing on the draft Wing Hang Bank Limited (Merger) Bill**

The captioned Bill is a Member's Bill sponsored by Dr Hon David LI. The Bill provides for the merger of Wing Hang Bank Limited with Chekiang First Bank, Limited. Dr LI and representatives of the merging entities will brief members on the Bill to be introduced into the Legislative Council (LegCo) in March 2004.

1 March 2004

**5. Regulation of the accounting profession**

With a view to enhancing the regulatory regime of the accounting profession and improving the quality of financial statements of companies, the Administration issued a consultation paper on 19 September 2003 to seek public views on proposals to set up an Independent Investigation Board and a Financial Reporting Review Panel. The consultation period ended on 31 October 2003. The Administration will report the outcome to the Panel and consult members on the way forward.

2 April 2004  
(tentative)

**6. Mandatory Provident Fund Schemes Authority (MPFA) Disclosure Project**

The Administration proposes to brief the Panel on MPFA's proposals to enhance the transparency regarding the fees and charges and investment performance for MPF funds.

2 April 2004  
(tentative)

**7. Regulation of listing**

At the special Panel meeting held on 13 June 2003 for discussion of the report by the Expert Group to Review the Operation of Securities and Futures Market Regulatory Structure (the Expert Group), Ms Emily LAU requested the Administration to update the Panel in September 2003 on its progress in following up the Expert Group's recommendation regarding listing matters. The Administration's written response was circulated to members vide LC Paper Nos. CB(1)2146/02-03(01) and 2172/02-03(01) in July 2003. The Administration undertook to update the Panel on the

2 April 2004  
(tentative)

**Scheduled/Proposed  
timing for discussion**

progress of the consultation exercise in due course.

The Administration issued a consultation paper on 3 October 2003 to seek public views on the recommendations of the Expert Group. The consultation period will end on 31 December 2003. The Administration will report the outcome to the Panel and consult members on the way forward.

**8. Briefing on the work of Hong Kong Monetary Authority**

The Chief Executive of the Hong Kong Monetary Authority (CE/HKMA) will continue to brief the Panel on the work of HKMA on a regular basis. The last briefing was held on 6 November 2003. The next briefing is scheduled for May 2004.

3 May 2004

**9. Overall economic development of Hong Kong**

The Panel has invited the Financial Secretary (FS) to brief the Panel and all other LegCo Members on macro economic issues on a periodic basis since mid-1999.

7 June 2004

The last briefing was held on 6 December 2003. In line with practice in previous sessions, the next briefing will be held in June 2004.

**10. Progress on the establishment of a commercial credit reference agency (CCRA) in Hong Kong**

HKMA will update the Panel on the latest progress of the establishment of a CCRA in Hong Kong.

7 June 2004  
(tentative)

**11. Campaign to re-launch Hong Kong's economy**

On 12 and 29 May 2003, the Panel was briefed on the overall approach to re-launch Hong Kong's economy after the outbreak of Severe Acute Respiratory Syndrome and the Administration's financial proposal of creating a new commitment of \$10 billion for implementing the Campaign to re-launch Hong Kong's economy (the Campaign). On

First special meeting held on 15 November 2003; second special meeting to be arranged

30 May 2003, the Finance Committee approved the financial proposal.

At the special meeting on 11 October 2003, the Panel was updated on the progress of the Campaign. Members expressed concern about the cost-effectiveness of the various activities under the Campaign, in particular, the Hong Kong Harbour Fest (the Festival).

To address the Panel's concern, FS agreed on 28 October 2003 that two special meetings be arranged for him to brief the Panel on the arrangements for the Festival. Members agreed that the first special meeting should be held as soon as possible and would focus on the preparatory arrangements, ticketing arrangements, publicity arrangements, financial arrangements and up-to-date budget for the Festival. The second meeting would be held later when the budget for the Festival has been finalized and audited.

On 5 November 2003, FS announced that a panel of inquiry to be appointed by the Chief Executive (CE) would conduct a thorough review of the Festival. On 12 December 2003, the CE appointed a two-member Independent Panel of Inquiry (the Independent Panel) to look into the Festival. The Independent Panel will submit its report to the CE by 31 March 2004.

## **12. Management of Government investment incomes**

At the Panel meeting held on 14 March 2002 when the research report entitled "Practices of Overseas Jurisdictions in Building up or Maintaining Their Fiscal Reserves" published by the Research and Library Services Division (RLSD) was presented, Members noted that detailed information on Government investment incomes was not readily available in the public domain. It would therefore be difficult to monitor how far investment incomes of the Government were ploughed back to the General Revenue Account for financing specific social services or contingent relief measures.

To be confirmed

On 16 May 2002, the then Secretary for the Treasury provided information on the sources of Government investment incomes and investment returns for the period 1996-97 to

**Scheduled/Proposed  
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2000-01 to Members (LC Paper No. CB(1)1772/01-02(01)). However, detailed information on the Government's investments on equity holdings with respect to financial arrangements, corporate governance and reporting arrangements to the Government and LegCo remained not available.

At the meeting held in July 2002, members of the then "Subcommittee on matters relating to the implementation of railway development projects" (Subcommittee) when considered the draft Penny's Bay Rail Link Project Agreement, expressed concern about the scope and extent of powers of FS in relation to the management of dividends and other forms of income generated from the Government's investments in public and private companies. Members were also concerned about whether proper mechanisms were in place to ensure that the exercise of such powers was properly accounted for by the executive authorities to LegCo. The Subcommittee requested that the above policy issues be further discussed by the Panel.

Similar concerns were raised recently in the discussion on the appropriate mechanism for financing the West Kowloon Cultural District Development project and the role of LegCo in monitoring the development of this project.

Since Members have on several occasions expressed concern regarding the management of Government investment incomes, RLSD has proposed to conduct an in-depth research on this subject to assist Members in analyzing the financial arrangements, corporate governance and reporting arrangements of selected statutory bodies/corporations in Hong Kong. Selected statutory bodies to be covered in the research include Kowloon-Canton Railway Corporation, Airport Authority, Mass Transit Railway Corporation Limited, and Hong Kong Science and Technology Parks Corporation. The research outline (LC Paper No. CB(1)671/03-04(06)) was endorsed by the Panel at its meeting on 5 January 2004. The preliminary draft research report will be available for members' internal deliberation in March 2004. Subject to members' further advice, the research report will be completed by April/May 2004.

**13. The granting of tax relief for divorced persons paying maintenance to ex-spouses**

This item was referred by the Panel on Administration of Justice and Legal Services (Panel on AJLS). An oral question on the item was raised at the Council meeting on 10 July 2002. The details on the item were circulated to members vide LC Paper No. CB(1)520/02-03(01) on 12 December 2002.

To be confirmed

**14. The way forward for the Land Fund**

The Panel was consulted at the meeting on 7 April 2003 on the Administration's proposal to amend the Resolution of the Land Fund to enable transfer of funds to the Government General Revenue Account for meeting anticipated shortfalls. The Subcommittee on the motion to amend the Resolution of the Land Fund under Section 29 of the Public Finance Ordinance (Cap. 2) (the Subcommittee) was subsequently formed to study the proposal.

To be confirmed

In the course of deliberation of the Subcommittee, members raised concern about the future of the Land Fund. The Administration has undertaken to examine the way forward for the Land Fund, including whether or not it should be abolished altogether, and consult the Panel in due course.

The Administration has advised that it is still examining the future of the Land Fund and will consult the Panel in due course.