

Panel on Financial Affairs

List of outstanding items for discussion
(Position as at 2 July 2004)

**Scheduled/Proposed
timing for discussion**

1. 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 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.

**Scheduled/Proposed
timing for discussion**

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 draft research report was circulated to members vide LC Paper No. CB(1)2289/03-04 on 2 July 2004. An informal meeting has been scheduled to be held on 15 July 2004 for the Panel to discuss the draft report.

2. 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. 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