

Press release

LCQ18: Government assets operating on commercial principles

Wednesday, January 23, 2008

Following is a question by the Hon Frederick Fung and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (January 23):

Question :

In his Policy Address delivered last year, the Chief Executive said that the Financial Secretary would "undertake a study to clarify the Government's role, and its level of participation as a shareholder, in the management of its assets operated on commercial principles". In this connection, will the Government inform this Council:

- (a) of the government assets covered in the study, as well as the details, objectives and timetable of the study;
- (b) whether the study will include public consultation; and
- (c) in order to support the Chief Executive's appeal in his Policy Address that enterprises should also shoulder social responsibility, whether the Government will consider taking the lead by incorporating the fulfilment of social responsibility in the operating principles of such government assets?

Reply :

Madam President,

(a) & (b) When investing in the development of large-scale infrastructure projects, the Government has set up some organisations operating on commercial principles, such as the railway corporations and the Airport Authority. We will review the Government's relationship with these organisations and consider how to achieve a higher return on our assets, strengthen corporate governance, and clarify the Government's role and its

level of participation as a shareholder. As the scope of the review is extensive and complex issues such as long-term policies on government asset management and legal issues are involved, the subject requires careful consideration. No decision has been made at this stage on the details of the study, including the timetable of the review and whether public consultation will be conducted.

(c) The purpose of the study is to clarify the Government's role and its level of participation as a shareholder with the aim of achieving higher returns and better governance. Corporate social responsibility will be examined in the context of overall governance.

Ends