

**Answers to written questions raised by Finance Committee Members in
examining the Draft Estimates of Expenditure 2001-02**

**[Bureau Secretary/Controlling Officer : Secretary for Financial Services]
[Session No. : 11]**

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Bureau Serial No.

FSB001

Question Serial No.

0085

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 111 Hire of services
Financial Services Bureau and professional
fees

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

There are great variations in the original approved estimate, the revised estimate and the actual expenditure for Subhead 111 Hire of services and professional fees in 1999-2000 and 2000-01. Please give a detailed explanation of this discrepancy.

Asked by : Hon Albert HO Chun-yan

Reply :

The provisions under Subhead 111 "Hiring of services and professional fees" are largely used for supporting the operation of the Insider Dealing Tribunal ("Tribunal"). The Tribunal handled 3 cases incurring \$6.67 million in 1999-2000, as compared with \$14.26 million for 7 cases in the approved estimates.

In the approved estimates for 2000-01, \$21.9 million was earmarked for the Tribunal which was expected to handle a maximum of 10 cases, including the cases for the Market Misconduct Tribunal to be established after the enactment of the Securities and Futures Bill. Should the number of actual cases be close to the estimates, a new division would need to be set up in addition to the two standing divisions under the Tribunal. We would then need to engage a Deputy Judge and outside counsel as a consequence and the expenses to be incurred under Subhead 111 "Hire of services and professional fees" would be higher.

The revised estimates for Subhead 111 for 2000-01 are \$9.07 million out of which \$7.68 million is to meet the expenses for the Tribunal. The revised estimates is lower than the approved estimates because the number of cases actually handled by the Tribunal is smaller than expected. The Tribunal handled a total of seven cases and finished the hearing on one during the year. For the other six cases, four are still in the preliminary stage of processing. The actual costs incurred in 2000-01 therefore are insignificant. Owing to the above, the revised estimate under Subhead 111“Hire of services and professional fees” is lower than the approved estimate.

Signature	_____
Name in block letters	_____ Stephen Ip _____
Post Title	_____ Secretary for Financial Services _____
Date	_____ 19.3.2001 _____

Bureau Serial No.

FSB002

Question Serial No.

0086

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 111 Hire of services
Financial Services Bureau and professional
fees

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

What are the anticipated and actual numbers of cases heard by the Insider Dealings Tribunal in 1999-2000 and 2000-01 respectively? How many cases are completed and being heard respectively? What are the penalties imposed? How many cases are there on the waiting list? What is the average waiting time? How many cases are expected to be handled in 2001-02?

Asked by : Hon Albert HO Chun-yan

Reply :

The statistics on cases handled by the Insider Dealing Tribunal ("Tribunal") are as follows:-

Year	No.of cases handled	No. of completed cases
1999-2000 (actual)	3 (including two appeal cases)	0
2000-01 (actual)	7 (including two appeal cases)	1
2001-02 (estimate)	10 (including 6 cases not yet completed in 2000-01 and 4 new cases)	4-5

According to past experience, upon referral of a new case for inquiry, the Tribunal would take about two months or more to make the necessary preparation before hearing starts. Depending on the complexity of the case, the hearing process may last for several months to a year or longer.

In 1999-2000, the Tribunal processed three cases but was unable to complete the hearings within the year. In 2000-01, the Tribunal processed seven cases with hearing on one already completed. In that case, the Tribunal determined three persons as insider dealers and ordered them :-

- (a) not to be director or a liquidator or a receiver or manager of the property of any listed company or in any way, whether directly or indirectly, be concerned, or to take part in the management of a listed company for a specified period (four years in the case of two insider dealers and three years in the case of one insider dealer) without leave of the Court;
- (b) to pay to the Government the respective amounts of HK\$ 17 million, HK\$ 8 million and HK\$ 10 million being the profit gained or loss avoided as a result of their insider dealings;
- (c) to pay to the Government penalties in the respective amounts of HK\$ 25 million, HK\$ 8 million and HK\$ 12 million;
- (d) to pay to the Government legal costs in the respective amounts of HK\$ 5.4 million, HK\$ 1.8 million and HK\$ 2.4 million.

As for the other six cases, the appeal on one case is ongoing. The appeal on another case lodged by an implicated party has been dismissed by the Court and the Tribunal would soon conduct hearing to award costs and penalties. Meanwhile, hearings on two cases have commenced while hearings on the other two are pending. These six cases would continue to be processed by the Tribunal in 2001-02. In addition, we expect that a few more new cases would be referred to the Tribunal for inquiry shortly.

Signature _____
Name in block letters Stephen Ip
Post Title Secretary for Financial Services
Date 19.3.2001

Bureau Serial No.

FSB003

Question Serial No.

0087

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) :
Financial Services Bureau

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

Would the Administration provide details on the project to “facilitate and encourage the distribution of listed companies’ documents through electronic means and streamlining documentation circulated to shareholders” as revealed in Matters Requiring Special Attention in 2001-02 and the anticipated completion date?

Asked by : Hon Albert HO Chun-yan

Reply :

We are implementing the following measures to facilitate and encourage the distribution of listed companies’ documents through electronic means and streamlining information circulated to shareholders:-

Prospectuses

- (a) We shall amend the relevant subsidiary legislation under the Companies Ordinance to exempt companies from the dual language requirement for initial public offering prospectuses and initial listing documents. With such exemption, the English and Chinese versions of such documents can be distributed separately instead of one combined copy. Our aim is to complete the legislative work in May 2001. In the meantime, the Securities and Futures Commission (“SFC”) would grant exemptions upon applications by companies on a case by case basis.
- (b) The Stock Exchange of Hong Kong (SEHK) will amend the listing rules to reduce the number of copies of prospectuses for delivery to SEHK which will cease to be distributed to their exchange participants. The SEHK aims to make the amendments in the second quarter of 2001.

- (c) The SFC is conducting a review on companies prospectuses with a view to making recommendations for updating and rationalizing the content requirement. The Commission aims to consult the market before the end of 2001.

Distribution of reports and notices by companies

- (d) We are working to amend the Companies Ordinance to facilitate electronic transactions and to allow listed companies to prepare summary financial statements for distribution to shareholders. We aim to introduce the proposed amendments to the Legislative Council within the current legislative session.
- (e) The SEHK announced that with effect from January 2001 listed issuers may apply for waiver from the requirement for sending out both English and Chinese versions of annual/interim reports to members and holders of their listed securities subject to compliance with certain conditions regarding ways to ascertaining preferences of members and securities holders. The SEHK is at the same time seeking to make changes to the listing rules in the second quarter of 2001 to allow electronic distribution of annual accounts (including financial statements, director's reports and auditor's reports) in CD ROM by companies to their shareholders.
- (f) The SEHK is seeking to amend the listing rules in the second quarter of 2001 to require mandatory submission of electronic copy of issuers' announcements for posting on its website in addition to paid advertisement on local newspapers as currently required by the listing rules. The operation of this new arrangement will then be reviewed with a view to removing the requirement for paid advertisements in newspapers in early 2002. The posting of announcements in SEHK's website will be free of charge.

Signature	_____
Name in block letters	Stephen Ip
Post Title	Secretary for Financial Services
Date	19.3.2001

Bureau Serial No.

FSB004

Question Serial No.

0088

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 700-General other
Financial Services Bureau non-recurrent

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

Would the Administration explain in detail Item 013 "Consultancy study on corporate governance in Hong Kong" : (1) What are the use and progress of the revised estimated expenditure for 2000-01; (2) When will the remaining balance of \$6 million of the commitment be put into use; and (3) When will the findings of the consultancy study be announced?

Asked by : Hon Albert HO Chun-yan

Reply :

We have earmarked \$7 million under Subhead 700 Item 013 "Consultancy study on corporate governance in Hong Kong" for appointing consultants to examine corporate governance topics. The Standing Committee on Company Law Reform, which has been tasked with reviewing corporate governance standards in Hong Kong, has identified these topics, which include institutional investors' perception of corporate governance standards in Hong Kong, the correlation between shareholders' profile and corporate performance and the latest developments in enhancing corporate governance standards in other regions.

- (a) We have put down \$1 million as the revised estimated expenditure for this item for 2000-01, having regard to the original intention to commission the study in early 2001. Since more time has been taken to make preparation for the tendering exercise, the study is expected to be commissioned in April 2001;
- (b) a large portion of the commitment for this item will be used in the year 2001-02 and the rest in the year 2002-03; and

(c) we expect that the study will be completed by the end of 2001. We hope to announce the results of the study in the first quarter of 2002.

Signature _____
Name in block letters Stephen Ip
Post Title Secretary for Financial Services
Date 17.3.2001

Bureau Serial No.

FSB005

Question Serial No.

0089

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) :
Financial Services Bureau

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

The Administration told this Council in September 1998 that it intended to conduct a study on legislation for the HKMA to clearly define the power and role, etc of the HKMA, but it was inappropriate to make amendment proposals to this Council before the financial turmoil came to an end. Now that the local economy has resumed a positive growth and the financial turmoil has been over for a long time, will the Administration inform this Council whether provision has been made for conducting the above study in the estimates of 2001-02? If yes, please provide the details. If not, please give the reasons and advise the Council when will the study be conducted.

Asked by : Hon Albert Ho Chun-yan

Reply :

It is important to ensure that the HKMA not only continues to be professional in its operation, but also has transparency and accountability and is not subject to political interference. We will look at the governance of the Monetary Authority to ensure that in its job of regulating the Hong Kong banking community, and in its job of protecting and looking after the reserves of Hong Kong, the Monetary Authority is able to discharge its job in a most professional, accountable and transparent manner.

This exercise is being conducted within the HKMA and the Government, and there is no need to set aside any special provision in the estimates of 2001-02.

Signature _____

Name in block letters _____

Stephen Ip

Post Title _____

Secretary for Financial Services

Date _____

17.3.2001

Bureau Serial No.

FSB006

Question Serial No.

0090

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 700 General other
Financial Services Bureau non-recurrent

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

Please give details of the spending of the estimated expenditure of \$1.83 million in respect of Item 017 "Investigation into the Oxford Properties and Finance Limited" in 2000-01.

Asked by : Hon Albert HO Chun-yan

Reply :

In April 2000, the Financial Secretary appointed an inspector under section 33 of the Securities (Disclosure of Interests) Ordinance to conduct an investigation into the shareholders of Oxford Properties and Finance Limited in order to determine whether they are the beneficial owners of their shares. The investigation was initiated upon the application of a group of minority shareholders of the company pursuant to the above provision. The inspector is required to submit a report to the Financial Secretary following the investigation. It is estimated that the investigation would cost a total of \$2.2 million, the breakdown of which is as follows:-

Items	Cost (HK\$)
Appointment of an inspector and supporting staff	850,000
Legal services	800,000
Hiring of other services such as verbatim reporting services and press advertisements for relevant announcements	300,000

Miscellaneous document fees and administrative expenses	90,000
Contingency	160,000
Total:	About 2,200,000

The investigation has been completed. The inspector is preparing the report, which is expected to be finalized by end April. It is expected that \$1,830,000 out of the above total expenses will be paid within 2000-01, while the remaining \$370,000 will be paid in 2001-02.

Signature	_____
Name in block letters	_____ Stephen Ip _____
Post Title	_____ Secretary for Financial Services _____
Date	_____ 19.3.2001 _____

Bureau Serial No.

FSB007

Question Serial No.

0091

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 700 General other
Financial Services Bureau non-recurrent

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

Please give details of the estimated expenditure of \$16.55m under Subhead 700 General other non-recurrent for 2001-02 by setting out the estimated expenditures and work schedule of items under subhead 700.

Asked by : Hon Albert Albert HO Chun-yan

Reply :

The draft estimate and work schedule of items under Subhead 700 General other non-recurrent for 2001-02 are as follows :

Item (Code)	Ambit	2001-02	
		Estimated Expenditure \$	Work Schedule
001	Undertaking economic research projects for the Asia-Pacific Economic Cooperation	500,000	A researcher has been appointed to assist in monitoring developments in the Asia-Pacific economies and to undertake research on some important economic topics.
004	Contracting out economic research project	741,000	It is planned to commission in the second half of 2001 a data collection agency to collect data for a comparative study on the cost of living for expatriates and cost of doing business for commercial banks.

Item (Code)	Ambit	2001-02	
		Estimated Expenditure \$	Work Schedule
013	Consultancy study on corporate governance in Hong Kong	5,000,000	It is intended to commission the study in April 2001.
014	Initiatives to co-ordinate the human resources development for the financial services sector	1,000,000	In the coming year, the Advisory Committee on Human Resources Development in the Financial Services Sector will organize relevant activities such as seminars and workshops. The provision is earmarked for activities and research studies to be conducted by the Advisory Committee.
015	Consultancy study to review the future role and functions of the Official Receiver's Office	6,500,000	The study was commissioned in March 2001.
016	Asia-Pacific Economic Cooperation 2001 Economic Outlook	820,000	Hong Kong, China has undertaken to co-ordinate and prepare a report on the 2001 APEC Economic Outlook. A team of consultants has been engaged to draft the report. A symposium will be held in June to solicit views from experts in the academia, various governments and international organisations on the two main themes of the report. Also a Taskforce meeting will be held immediately after the Symposium for representatives of the APEC member economies to discuss the interim report. The final report will be published in October.
017	Investigation into the Oxford Properties and Finance Limited	370,000	Investigation has been concluded. A report is expected to be completed by the end of April 2001.

Item (Code)	Ambit	2001-02	
		Estimated Expenditure \$	Work Schedule
018	Conducting researches and studies on the recommendations made in the report of the Standing Committee on Company Law Reform	920,000	It is intended to commission the study in early 2002.
664	Consultancy study on a comprehensive review and enhancement of the GDP forecasting framework	700,000	The study will be conducted in two stages : (a) Review the existing macro-econometric model used by the Government in economic forecasting; and (b) Examine ways of enhancing the forecasting framework.

Signature _____

Name in block letters _____ Stephen Ip _____

Post Title _____ Secretary for Financial Services _____

Date _____ 17.3.2001 _____

Bureau Serial No.

FSB008

Question Serial No.

0092

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 700 General other
Financial Services Bureau non-recurrent

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

Regarding the approved commitment of \$4.2m under item 004 "Contracting out economic research projects", would the government set out details of the expenses concerned for 1999-00 and 2000-01; as well as details of the estimated expenses for 2001-02 by including project titles, objectives, achievements, progress, expenditures and brief introduction of the researchers.

Asked by : Hon Albert Albert HO Chun-yan

Reply :

The actual expenditure of Item 004 Contracting out economic research projects for 1999-2000 and revised estimate for 2000-01 were \$994,200 and \$945,000 respectively. The details in respect of economic research projects contracted out during 1999-2000 and 2000-01 are as follows :

Project	Objective	Consultants	Actual expenditure 1999-2000	Revised estimate 2000-01	Status
Data collection for a comparative study on cost of living and cost of doing business	To collect data for comparing the cost of living of households and cost of doing business for import/export firms in Hong Kong with those in six selected cities.	ACNielsen (China) Ltd	\$399,200	0	Completed in January 2000

Project	Objective	Consultants	Actual expenditure 1999-2000	Revised estimate 2000-01	Status
Data collection for a comparative study on cost of doing business – banking industry	To collect data for comparing the cost of doing business for commercial banks in Hong Kong with those in six selected cities.	ACNielsen (China) Ltd	\$245,000	\$245,000	Completed in January 2000
Data collection for a comparative study on cost of living for expatriates	To collect data for comparing the cost of living for expatriates in Hong Kong with those in six selected cities.	ACNielsen (China) Ltd	\$350,000	\$350,000	Completed in January 2000
Data collection for a comparative study on cost of living for expatriates and cost of doing business (banking industry)	To collect data for updating the comparisons of the cost of living for expatriates and cost of doing business of commercial banks across selected cities.	ACNielsen (China) Ltd	0	\$350,000	Completed in November 2000

The expenditure of this Item in 2001-02 is estimated at \$741,000, which will be used for carrying out data collection work for updating the comparative studies on the cost of living for expatriates and cost of doing business for commercial banks across Hong Kong and other selected cities. The studies will give us a better understanding of the relative cost competitiveness of Hong Kong against the cities concerned.

Signature _____
Name in block letters Stephen Ip
Post Title Secretary for Financial Services
Date 15.3.2001

Bureau Serial No.

FSB009

Question Serial No.

0093

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 700 General other
Financial Services Bureau non-recurrent

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

For the approved commitment of \$2,420,000 under Item 664 "Consultancy study on a comprehensive review and enhancement of the GDP forecasting framework", only \$36,000 has been used over the past six years. Please advise on :

- (a) When was the commitment for this item first made?
- (b) What was the use of the \$36,000 spent in 1999-2000? What has been achieved with the expenditure?
- (c) Has the government commissioned the consultancy study? If yes, please advise us of the progress and the date of releasing the results. If no, please account for the slow progress and state the schedule of commissioning the consultancy study.

Asked by : Hon Albert HO Chun-yan

Reply :

- (a) The commitment for this item was first made in 1994-95.
- (b) The \$36,000 spending in 1999-2000 was used for meeting the expenses of four UK Treasury experts invited to come to Hong Kong for a study visit. Through the series of meetings with the relevant Government Bureaux, Departments, academics and private sector organisations during the visit, the experts were able to obtain a more in-depth understanding of the Hong Kong economy and the related forecasting work. They had then rendered detailed and useful technical advice on the operation and review of the HKSAR Government's present macro-econometric model. Based on their advice, the Economic Analysis Division within the Government had proceeded with a series of testing on the macro-econometric model, with a view to enhancing its forecasting function.

(c) We are now in the process of engaging a consultant to continue with the study on the macro-econometric model. Since the project is a specialized task requiring highly professional expertise, it had taken us considerable time in looking for a suitable consultant. As a result, the progress of work had been slower than expected. Nevertheless, towards the end of last year we had identified a suitable consultant, who has also expressed interest in the project, and is in the process of drafting a detailed project proposal for the study. We expect the consultancy study to start by the middle of this year.

Signature _____
Name in block letters Stephen Ip
Post Title Secretary for Financial Services
Date 15.3.2001

Bureau Serial No.

FSB010

Question Serial No.

0296

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 110 Honoraria for
Financial Services Bureau members of committees and 111 Hire of
services and professional fees

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

- (1) The estimate under Subhead 110 Honoraria for members of committees represents an increase of 78.9% over the revised estimate for 2000-01, mainly due to the anticipated increase in appeal cases in 2001-02. Please give an account of the estimated number of cases to be handled by the three appeal boards respectively and the anticipated increases in these appeal cases. On what basis are the anticipated increases made?
- (2) The provision under Subhead 111 Hire of services and professional fees represents an increase of 201.1% over the revised estimates for 2000-01, mainly due to the increase in expenditure on payments arising from hearings. Please give a detailed account of the causes for the anticipated increase in expenditure.

Asked by : Hon NG Leung-sing

Reply :

- (a) The estimated expenditure under Subhead 110 Honoraria for members of committees for 2001-02 is about 79% higher than the revised estimate for 2000-01. It is mainly because the number of appeal cases received in 2000-01 was less than that expected. As the number of appeal cases varies from year to year, we have adopted a prudent approach in preparing the Estimates for 2001-02 by making provision for the same number of expected cases, to ensure that there are sufficient resources to process all the appeal cases.

The estimated number of cases to be processed by the three appeal bodies in 2001-02 is as follows:

	<u>Estimated number of cases</u>
Occupational Retirement Schemes Appeal Board	9
Mandatory Provident Fund Schemes Appeal Board	25
Securities and Futures Appeals Panel	9

- (b) The estimated expenditure for Subhead 111 "Hire of services and professional fees" in 2001-02 amounts to \$27.4 million. A large portion of the provision (\$21.7 million) is earmarked to support the operation of the Insider Dealing Tribunal (Tribunal) and the Market Misconduct Tribunal which will be set up after the enactment of the Securities and Futures Bill. The remaining provision is for supporting the operation of the Securities and Futures Appeals Tribunal, which will be set up after the enactment of the above new legislation, and to meet expenses for other services such as computer systems and financial data supporting services. In preparing the estimates for 2001-02, we assume that the Tribunal will handle 10 cases during the year. Details of the relevant costs are as follows:-

Items (for one case)	Costs (HK \$)
Appointment of two lay members	330,000
Witness fees	600,000
Engagement of outside counsels	700,000
Verbatim reporter and Interpreter fees	400,000
Office equipment and administrative costs	100,000
Total:	2,130,000

The total costs of processing 10 cases amount to \$ 21.3 million. Taking into account the provision for the appointment of a Deputy Judge when necessary, the estimated expenditure for 2001-02 is \$21.7 million.

The revised estimates for 2000-01 is \$9.07 million, of which \$7.68 million is incurred by the Tribunal. The estimates for 2001-02 is higher than the 2000-01 revised estimates mainly because:-

- (1) we estimate that the Tribunal would need to handle 10 cases within 2001-02. Eventually 7 cases were processed in 2000-01, with hearing on one case completed within the year. Out of the other 6 cases, 4 new cases are still at the preliminary stage of processing in the Tribunal. The actual costs

incurred are therefore minimal;

- (2) in estimating the number of cases, we have taken into consideration the fact that insider dealing cases have become more complicated than before because of the fast development of the securities market and the increasing diversification of financial products in recent years. The decisions of the Tribunal may be subject to judicial review and appeal by the implicated parties, thus prolonging the hearing process and incurring additional costs. We have therefore reserved sufficient provision in the Estimates to ensure that there are sufficient resources to handle all insider dealing cases that may emerge;
- (3) we have also taken into consideration the setting up of a Market Misconduct Tribunal to replace the existing Tribunal after enactment of the Securities and Futures Ordinance. Apart from hearing insider dealings cases, the new Tribunal would also look into cases in relation to five other kinds of market misconduct. As a result, more cases may need to be handled than before. It is therefore necessary to make provisions to cope with these new cases; and
- (4) there are currently two divisions under the Tribunal. If the actual number of insider dealing cases is close to the estimates in 2001-02, a third division would need to be set up. Under such circumstances, it would be necessary to engage a former Judge and outside counsel if no Judge is available to chair the new division. Under this scenario, the expenditure to be incurred under Subhead 111 "Hirings of services and professional fees" would generally be higher.

Owing to the above reasons, the estimate for 2001-02 has increased considerably as compared with the revised estimate for 2000-01.

Signature	_____
Name in block letters	_____ Stephen Ip _____
Post Title	_____ Secretary for Financial Services _____
Date	_____ 19.3.2001 _____

Bureau Serial No.

FSB011

Question Serial No.

0297

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 700 General other
Financial Services Bureau non-recurrent

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

- (a) Please give a detailed account of the programme, timetable and resources required for the setting up of the Advisory Committee on Human Resources Development in the Financial Services Sector and explain how the purpose of co-ordinating the human resources development needs of the financial services sector can be achieved through the Committee.
- (b) For item 017 under subhead 700, please account for the progress, breakdown of the expenditure incurred and the expected date of completion in regard to the investigation into the Oxford Properties and Finance Limited.

Asked by : Hon NG Leung-sing

Reply :

- (a) The Advisory Committee on Human Resources Development in the Financial Services Sector has recently completed a survey on 49 multinational and local companies to ascertain the employers' human resources requirements. The Advisory Committee will organize relevant activities such as seminars and workshops in the coming year. The \$1million provision earmarked under Subhead 700 Item 014 will be used for activities and research studies to be conducted by the Advisory Committee. These activities would facilitate better exchange of views between the industry and the relevant training providers enabling the latter to develop training programmes which suit the industry's requirements, and would also provide existing and prospective practitioners with information on employers' requirements and relevant courses available. The Advisory Committee will continue to advise the Government on the strategic development of human resources in the financial services sector and relevant measures for improvement.

- (b) In April 2000, the Financial Secretary appointed an inspector under section 33 of the Securities (Disclosure of Interests) Ordinance to conduct an investigation into the shareholders of Oxford Properties and Finance Limited in order to determine whether they are the beneficial owners of their shares. The investigation was initiated upon the application of a group of minority shareholders of the company pursuant to the above provision. The inspector is required to submit a report to the Financial Secretary following the investigation. It is estimated that the investigation would cost a total of \$2.2 million, the breakdown of which is as follows:-

Items	Cost (HK\$)
Appointment of an inspector and supporting staff	850,000
Legal services	800,000
Hiring of other services such as verbatim reporting services and press advertisements for relevant announcements	300,000
Miscellaneous document fees and administrative expenses	90,000
Contingency	160,000
Total:	About 2,200,000

The investigation was completed. The inspector is preparing the report, which is expected to be finalized by the end of April 2001. It is expected that \$1,830,000 out of the above total expenses will be paid within 2000-01, while the remaining \$370,000 will be paid in 2001-02.

Signature _____
Name in block letters Stephen Ip
Post Title Secretary for Financial Services
Date 19.3.2001

Bureau Serial No.

FSB012

Question Serial No.

0530

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) :
Financial Services Bureau

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

With respect to the implementation of the Mandatory Provident Fund system, are there any new measures to strengthen supervision and to ensure the smooth operation of the system? If there are, what is the additional provision required?

Asked by : Hon CHAN Kam-lam

Reply :

In the course of preparing for the implementation of the Mandatory Provident Fund (MPF) System, we have identified a number of areas for improvement in the MPF legislation. We will introduce a bill into the Legislative Council in the current session to amend the MPF legislation so as to facilitate the operation of the System and to better protect the interests of scheme members. We have also taken the opportunity to review the functions of the Mandatory Provident Fund Schemes Authority (MPFA) to ensure that it regulates the MPF schemes effectively.

We will continue to closely monitor the implementation and operation of the MPF System and consider areas for improvement.

At the policy level, the Financial Services Bureau will use its existing resources to review the relevant legislation, and to propose legislative amendments as necessary. If the proposed amendments are enacted, the MPFA will be responsible for carrying out the relevant measures. No extra expenditure will be incurred by the Government.

Signature	_____
Name in block letters	<u>Stephen Ip</u>
Post Title	<u>Secretary for Financial Services</u>
Date	<u>15.3.2001</u>

Bureau Serial No.

FSB013

Question Serial No.

0531

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 700 General other
Financial Services Bureau non-recurrent

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

It is mentioned in the Estimates of expenditure that the role of Government in insolvency administration will be reviewed critically by commissioning a consultancy study. Please provide details on the cost, content and time table of the study.

Asked by : Hon CHAN Kam-lam

Reply :

We have selected, through a tender exercise, a consultancy firm to conduct a critical review of the Government's role in insolvency administration. As the tender price of the selected consultancy firm is higher than the original approved commitment for the consultancy study (i.e. \$8 million), the approved commitment has been increased to \$9.2 million under delegated authority. We expect the expenditure on the consultancy study to be within this approved commitment. The consultancy study aims to –

- (a) review the Official Receiver's existing role in the provision of insolvency administration services and to identify what future role the Official Receiver should play;
- (b) recommend how the contracting out schemes of the Official Receiver's Office should be improved;
- (c) recommend what changes need to be made to the present modus operandi of the Official Receiver's Office against the future role of the Official Receiver; and
- (d) formulate implementation plans for the proposed changes.

The consultancy study will be carried out in two stages, with a public consultation exercise in between the two stages. We expect the consultancy study to take about 14 months to complete.

Signature _____
Name in block letters Stephen Ip
Post Title Secretary for Financial Services
Date 15.3.2001

The increased cashflow requirement of the above items does not involve filling of vacancies.

Signature _____
Name in block letters Stephen Ip
Post Title Secretary for Financial Services
Date 17.3.2001

Bureau Serial No.

FSB015

Question Serial No.

0673

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 700 General other
Financial Services Bureau non-recurrent

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

Provision for 2001-02 is \$28.1m higher than the revised estimate for 2000-01 and this is mainly due to increase in cashflow requirement of capital account items. Please provide details on the increased or reduced amount of cashflow requirement of the various capital account items.

Asked by : Hon Eric LI Ka-cheung

Reply :

The estimated expenditure of Financial Services Bureau for 2001-02 is \$28.1m higher than the revised estimate for 2000-01, of which about \$10m is attributable to an estimated increase in cashflow requirement for capital account items. The increased or reduced amount for each item is listed below:

Sub-head (Code)	Item (Code)	Description	Revised estimate 2000-01	Estimated cashflow requirement 2001-02	Difference
			\$	\$	\$
661		Replacement of Spectrum 40KVA UPS System in the Office of the Commissioner of Insurance	0	550,000	+550,000
700		General other non-recurrent			
	001	Undertaking economic research projects for the Asia-Pacific Economic Cooperation	90,000	500,000	+410,000

Sub-head (Code)	Item (Code)	Description	Revised estimate 2000-01	Estimated cashflow requirement 2001-02	Difference
			\$	\$	\$
	004	Contracting out economic research projects	945,000	741,000	-204,000
	013	Consultancy study on corporate governance in Hong Kong	1,000,000	5,000,000	+4,000,000
	015	Consultancy study to review the future role and functions of the Official Receiver's Office	1,500,000	6,500,000	+5,000,000
	016	Asia-Pacific Economic Cooperation 2001 Economic Outlook	680,000	820,000	+140,000
	017	Investigation into the Oxford Properties and Finance Limited	1,830,000	370,000	-1,460,000
	018	Conducting researches and studies on the recommendations made in the report of the Standing Committee on Company Law Reform	0	920,000	+920,000
	664	Consultancy study on a comprehensive review and enhancement of the GDP forecasting framework	0	700,000	+700,000
			----- 6,045,000 =====	----- 16,101,000 =====	----- +10,056,000 =====

Signature _____

Name in block letters _____

Stephen Ip

Post Title _____

Secretary for Financial Services

Date _____

17.3.2001

Bureau Serial No.

FSB016

Question Serial No.

0764

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 700 General other
Financial Services Bureau non-recurrent

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

Please provide further details on the following matters requiring special attention in 2001-02 :

- (a) What are the major areas under review with regard to the role of Government in insolvency administration?
- (b) What is the progress of the review of the corporate governance regime? What specific measures and resources have been arranged for the review by the Administration in the coming year?
- (c) The Advisory Committee on Human Resources Development in the Financial Services Sector is planned to include representatives from the financial sector, human resources training institutions and education sector. Will these professionals be appointed on salaried or no-allowance basis? If they are remunerated, will the reserved \$2 million be sufficient? Also, please provide details on the committee structure and the role of Government in the committee.

Asked by : Hon Jasper TSANG Yok-sing

Reply :

- (a) We have selected, through a tender exercise, a consultancy firm to conduct a critical review of the Government's role in insolvency administration. The consultancy study aims to –
 - (i) review the Official Receiver's statutory role in the provision of insolvency administration services and to identify what future role the Official Receiver should play;
 - (ii) recommend how the contracting out schemes of the Official Receiver's Office should be improved;

- (iii) recommend what changes need to be made to the present modus operandi of the Official Receiver's Office against the newly defined role of the Official Receiver; and
 - (iv) formulate implementation plans for the proposed changes.
- (b) The review of Hong Kong's corporate governance standards by the Standing Committee on Company Law Reform (SCCLR) is making good progress. We expect that the SCCLR will make recommendations on such matters as directors' duties and responsibilities, shareholders' rights and the disclosure of corporate information this year. We will consult the public on these recommendations. We have earmarked \$7 million for appointing consultants to examine other topics such as institutional investors' perception of corporate governance standards in Hong Kong, the correlation between shareholders' profile and corporate performance and the latest developments in enhancing corporate governance standards in other regions.
- (c) Members of the Advisory Committee on Human Resources Development in the Financial Services Sector are appointed on a voluntary basis. No remuneration is payable to them. The Advisory Committee comprises 22 representatives (including the Chairman and Deputy Chairman) from the industry, relevant training institutions, financial regulators and government bureaux. The Government representatives on the Advisory Committee serve to enhance the exchange of views with relevant parties and understanding of the industry's human resources requirements, and reflect the Advisory Committee's recommended strategies and improvement measures to the Government.

Signature	_____
Name in block letters	_____ Stephen Ip _____
Post Title	_____ Secretary for Financial Services _____
Date	_____ 17.3.2001 _____

Bureau Serial No.

FSB017

Question Serial No.

0780

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 700 General other
Financial Services Bureau non-recurrent
Heads : 26, 106 and 116

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

Regarding consultancy studies for policy making and assessment commissioned by the departments/services under your Bureau,

- (1) Was there any financial provision allocated for commissioning consultancy studies in 2000-01? If yes, please reply with the following details :

Names of consultants (if available)	Consultancy fees	Status of consultancy studies (in plan/in progress/finished)

- (2) Will there be any financial provision allocated for commissioning consultancy studies in 2001-02? If yes, please reply with the following details :

Names of consultants (if available)	Consultancy fees	Status of consultancy studies (in plan/in progress/finished)

Asked by : Hon Cyd HO Sau-lan

Reply :

- (1) There was no financial provision allocated for commissioning consultancy studies for policy making and assessment in 2000-01.
- (2) The estimated expenditure on the consultancy studies to be commissioned in 2001-02 for the relevant purpose is set out below :

Names of consultants (if available)	Consultancy fees	Status of consultancy studies (in plan/in progress/finished)
To be engaged	\$5m	In plan (we intend to commission the study in April 2001).
Consultancy study to review the future role and functions of the Official Receiver's Office / Arthur Andersen & Co.	\$6.5m	In progress (the study was commissioned earlier this month).
To be engaged	\$920,000	In plan (we aim to commission the studies in early 2002).

Signature _____

Name in block letters Stephen Ip

Post Title Secretary for Financial Services

Date 17.3.2001

Bureau Serial No.

FSB018

Question Serial No.

0808

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 700 General other
Financial Services Bureau non-recurrent

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

The revised estimated expenditure of item 001 "undertaking economic research projects for the Asia-Pacific Economic Cooperation" for 2000-01 is only \$90,000. Please explain how the expense concerned was used.

Asked by : Hon Henry WU King-cheong

Reply :

The expenditure incurred under Subhead 700 Item 001 Undertaking economic research projects for the Asia-Pacific Economic Cooperation in 2000-01 is the remuneration payable to a contract researcher, who is employed to undertake research on some important economic topics and to assist in monitoring developments in the Asia-Pacific economies.

Signature _____

Name in block letters _____

Stephen Ip

Post Title _____

Secretary for Financial Services

Date _____

15.3.2001

Bureau Serial No.

FSB019

Question Serial No.

0809

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 700 General other
Financial Services Bureau non-recurrent

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

The revised estimated expenditure of item 017 "Investigation into the Oxford Properties and Finance Limited" for 2000-01 is \$1,830,000, representing 83% of the approved commitment of \$2,200,000. Is the investigation completed? If yes, will the investigation report be published?

Asked by : Hon Henry WU King-cheong

Reply :

In April 2000, the Financial Secretary appointed an inspector under section 33 of the Securities (Disclosure of Interests) Ordinance to conduct an investigation into the shareholders of Oxford Properties and Finance Limited in order to determine whether they are the beneficial owners of their shares. The investigation was instigated upon the application of a group of minority shareholders of the company pursuant to the above provision. The inspector is required to submit a report to the Financial Secretary following the investigation.

The investigation has already been completed. The inspector is preparing a report, which is expected to be finalised by the end of April. As the report is still under preparation, we have yet to consider whether the report should be published.

Signature _____

Name in block letters _____

Stephen Ip

Post Title _____

Secretary for Financial Services

Date _____

19.3.2001

Bureau Serial No.

FSB020

Question Serial No.

0810

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 700 General other
Financial Services Bureau non-recurrent

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

One of the matters requiring special attention in 2001-02 is that the administration will establish the "Advisory Committee on Human Resources Development in the Financial Services Sector", so as to enhance the co-ordination of human resources development needs of the financial services sector. Please provide the following details -

- (a) When will the committee be established? Will it include representatives from the industry? Has the membership list been finalized? If yes, please provide the list.
- (b) What is the expenditure involved in the establishment of the committee?
- (c) Will the committee members be remunerated? If yes, what is the level of the remuneration?

Asked by : Hon Henry WU King-cheong

Reply :

- (a) The Advisory Committee on Human Resources Development in the Financial Services Sector was set up in June 2000. The Advisory Committee comprises 22 representatives (including the Chairman and Deputy Chairman) from the industry, relevant training institutions, financial regulators and government bureaux. Membership is as follows -

Mr Peter Clarke (Chairman)	Mr C F Choy	Mr Paul Tan
Mr Roger Luk (Deputy Chairman)	Mr Mark Dickens	Mr Benjamin Tang
Mr Kevin Chan	Mr Tim Freshwater	Mr Simon Topping
Mr T C Chan	Dr Bill Kwok	Mr Alan Wong
Prof Chan Yuk-shee	Mr K C Kwong	Deputy Secretary for Financial Services (2)
Prof Eric Chang	Mr Edwin Lau	Deputy Secretary for Education and Manpower (2)
Mr Edward Chow	Dr Y Z Lian	
	Mr Andrew Lo	
	Dr Paul McGuinness	

- (b) Secretariat support and other administrative services to the Advisory Committee are provided by the Government. A provision of \$1 million has also been earmarked under Subhead 700 Item 014 in 2001-02 for activities and research studies to be conducted by the Advisory Committee in the coming year, such as organizing seminars and workshops.
- (c) Members of the Advisory Committee on Human Resources Development in the Financial Services Sector are appointed on a voluntary basis. No remuneration is payable to them.

Signature	_____
Name in block letters	<u>Stephen Ip</u>
Post Title	<u>Secretary for Financial Services</u>
Date	<u>15.3.2001</u>

Bureau Serial No.

FSB021

Question Serial No.

0811

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 111 Hire of services
Financial Services Bureau and professional
fees

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

As the number of cases processed in 2000-01 was less than that expected, the Administration expected an increase in the expenditure on payments in relation to hearings of Tribunal cases in 2001-02. However, the actual expenditure of this item in 1999-2000 was only \$8,734,000 and the revised estimate for 2000-01 was only \$9,079,000, reflecting no significant changes in the number of cases and relevant expenditure. So

- (a) For what reasons the Administration expected a significant increase in the number of cases to be processed in 2001-02, resulting in the surge of the relevant of provision by 201.9% to \$27,406,000?
- (b) Are there any other special reasons for the Administration to expect a sharp increase in the number of cases to be heard by the Tribunal?

Asked by : Hon Henry WU King-cheong

Reply :

The estimated expenditure for Subhead 111 "Hire of services and professional fees" in 2001-02 amounts to \$27.4 million. A large portion of the provision (\$21.7 million) is to support the operation of the Insider Dealing Tribunal (Tribunal) and the Market Misconduct Tribunal which will be set up after enactment of the Securities and Futures Bill. The remaining provision is to support the operation of the Securities and Futures Appeals Tribunal, which will be set up after enactment of the above said legislation, and to meet expenses for other services such as computer systems and financial data supporting services. In preparing the estimates for 2001-02, we assume that the Tribunal will handle 10 cases during the year. Details of the relevant costs are as follows:-

Items (for one case)	Costs (HK \$)
Appointment of two lay members	330,000
Witness fees	600,000
Engagement of outside counsel	700,000
Verbatim reporter and Interpreter fees	400,000
Office equipment and administrative costs	100,000
Total:	2,130,000

The total costs of processing 10 cases amount to \$ 21.3 million. Taking into account the provision for the appointment of a Deputy Judge when necessary, the estimated expenditure for 2001-02 is \$21.7 million.

The revised estimates for 2000-01 is \$9.07 million, of which \$7.68 million is incurred by the Tribunal. The estimates for 2001-02 is higher than the 2000-01 revised estimates mainly because:-

- (1) we estimate that the Tribunal would need to handle 10 cases within 2001-02. Eventually 7 cases were processed in 2000-01, with hearing on one case completed within the year. Out of the other 6 cases, 4 new cases are still at the preliminary stage of processing in the Tribunal. The actual costs incurred are therefore minimal;
- (2) in estimating the number of cases, we have taken into consideration the fact that insider dealing cases have become more complicated than before because of the fast development of the securities market and the increasing diversification of financial products in recent years. The decisions of the Tribunal may be subject to judicial review and appeal by the implicated parties, thus prolonging the hearing process and incurring additional costs. We have therefore reserved sufficient resources in the Estimates for handling all insider dealing cases that may emerge;
- (3) we have also taken into consideration the setting up of a Market Misconduct Tribunal to replace the existing Tribunal after enactment of the Securities and Futures Ordinance. Apart from hearing insider dealing cases, the new Tribunal would also look into cases in relation to five other kinds of market misconduct. As a result, more cases may need to be handled than before. It is therefore necessary to make provisions to cope with possible new cases; and

(4) there are currently two divisions under the Tribunal. If the actual number of insider dealing cases is close to the estimates in 2001-02, a third division would need to be set up. In this case, it would be necessary to engage a former Judge and outside counsel if no Judge is available to chair the new division. Under this scenario, the expenditure to be incurred under Subhead 111“Hire of services and professional fees” would generally be higher.

Owing to the above reasons, the estimate for 2001-02 has increased considerably as compared with the revised estimate for 2000-01.

Signature	_____
Name in block letters	Stephen Ip
Post Title	Secretary for Financial Services
Date	19.3.2001

Bureau Serial No.

FSB022

Question Serial No.

0847

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 700 General other
Financial Services Bureau non-recurrent

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

Under "Matters requiring Special Attention in 2001-02", the Authority pledges to co-ordinate the human resources development needs of the financial services sector. What are the terms of reference of the future Advisory Committee on Human Resources Development in the Financial Services Sector? Apart from establishing the Advisory Committee, what concrete measures will be taken to enhance the co-ordination and keep abreast of human resources development needs of the financial services sector? And what is the estimated expenditure involved?

Asked by : Hon Ambrose LAU Hon-chuen

Reply :

The terms of reference of the Advisory Committee on Human Resources Development in the Financial Services Sector, which was set up in June 2000, are -

- (a) To advise the Government on the strategic development of human resources in the financial services sector;
- (b) To serve as a forum for both financial services practitioners (users) and training providers (suppliers) to exchange views on the needs of human resources development programmes for the financial services sector;
- (c) To liaise with the training providers including academic institutions, vocational training bodies and other relevant organisations on the provision and development of training programmes to meet the needs of the financial services sector;
- (d) To co-ordinate training efforts in the financial services sector as far as possible to avoid duplication of resources;
- (e) To examine the immediate and future needs for human resources development in the financial services sector and to commission relevant researches, where appropriate and necessary;

- (f) To set up sub-committees, where necessary, to look into and reflect the detailed training needs in the financial services sector to cater for market and business developments; and
- (g) To consider and recommend measures to meet the demand for human resources development needs in the financial services sector.

In order to better co-ordinate and understand the human resources development needs of the industry, the Government has earmarked a provision of \$1 million under Subhead 700 Item 014 in 2001-02 for activities to be conducted by the Advisory Committee in the coming year, such as organizing seminars and workshops. We will also enhance our liaison with the industry and relevant organizations to ascertain human resources development needs and examine how best to coordinate supply and demand. Furthermore, the Vocational Training Council's Banking and Finance Industry Training Board will complete the Manpower Survey Report in this sector by mid-2001. The results of the survey will facilitate the training institutes to plan relevant courses and training programmes to meet the needs of the industry.

Signature	_____
Name in block letters	<u>Stephen Ip</u>
Post Title	<u>Secretary for Financial Services</u>
Date	<u>15.3.2001</u>

Bureau Serial No.

FSB023

Question Serial No.

0920

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) :
Financial Services Bureau

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

The provision for 2001-02 is 21.3% higher than that for last year. Please give detailed explanations for factors contributing to the increase in expenditure.

Asked by : Hon James TIEN Pei-chun

Reply :

The estimated expenditure of Financial Services Bureau for 2001-02 is about \$28m higher than the revised estimate for the previous year. This is mainly due to an increase of about \$18m under Subhead 111 Hire of services and professional fees, which is budgeted for anticipated increase in expenditure on payments arising from hearings, and an increase of about \$10m in provision for subheads of the capital account.

The estimated expenditure under Subhead 111 is higher than the revised estimate for the previous year, mainly because the number of cases processed last year was less than expected. It is anticipated that there may be an increase in the number of cases to be processed in the coming year by the Insider Dealings Tribunal, or the Market Misconduct Tribunal and the Securities and Futures Appeals Tribunal to be established after enactment of the Securities and Futures Bill. We have therefore reserved sufficient provision in the Estimates to ensure that there are enough resources to process all possible cases.

The changes in cashflow requirement of various capital account items are set forth below:

Sub-head (Code)	Item (Code)	Description	Cashflow increase/(decrease) (\$)
661		Replacement of Spectrum 40KVA UPS System in the Office of the Commissioner of Insurance	550,000
700		General other non-recurrent	
	001	Undertaking economic research projects for the Asia-Pacific Economic Cooperation	410,000
	004	Contracting out economic research projects	(204,000)
	013	Consultancy study on corporate governance in Hong Kong	4,000,000
	015	Consultancy study to review the future role and functions of the Official Receiver's Office	5,000,000
	016	Asia-Pacific Economic Cooperation 2001 Economic Outlook	140,000
	017	Investigation into the Oxford Properties and Finance Limited	(1,460,000)
	018	Conducting researches and studies on the recommendations made in the report of the Standing Committee on Company Law Reform	920,000
	664	Consultancy study on a comprehensive review and enhancement of the GDP forecasting framework	700,000
			----- 10,056,000 =====

Signature _____
Name in block letters Stephen Ip
Post Title Secretary for Financial Services
Date 17.3.2001

Bureau Serial No.

FSB024

Question Serial No.

1167

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 111 Hire of services and professional fees
Financial Services Bureau

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

Would the Government answer the following questions concerning Subhead 111?

- (a) Hire of services and professional fees in 2001-02 represents an increase of 201.9% over the revised estimates for 2000-01. Please give a detailed breakdown of the fees for various kinds of professionals, the number of such professionals and the increase in their number?
- (b) Please give a detailed breakdown of the number of cases already processed and to be processed by the Insider Dealing Tribunal, as well as the number of hearings already finished and the number of hearings in progress? What are the judgements and the punishments given? How many cases will the Tribunal estimate to process for 2001-02?

Asked by : Hon Eric LI Ka-cheung

Reply :

- (a) The estimated expenditure for Subhead 111 "Hire of services and professional fees" in 2001-02 amounts to \$27.4 million. A large portion of the provision (\$21.7 million) is to support the operation of the Insider Dealing Tribunal (Tribunal) and the Market Misconduct Tribunal which will be set up after enactment of the Securities and Futures Bill. The remaining provision is to support the operation of the Securities and Futures Appeals Tribunal, which will be set up after enactment of the above said legislation, and to meet expenses for other services such as computer systems and financial data supporting services. In preparing the estimates for 2001-02, we assume that the Tribunal will handle 10 cases during the year. Details of the relevant costs are as follows:-

Items (for one case)	Costs (HK \$)
Appointment of two lay members	330,000
Witness fees	600,000
Engagement of outside counsel	700,000
Verbatim reporter and Interpreter fees	400,000
Office equipment and administrative costs	100,000
Total:	2,130,000

The total costs of processing 10 cases amount to \$21.3 million. Taking into account the provision for the appointment of a Deputy Judge when necessary, the estimated expenditure for 2001-02 is \$21.7 million.

The revised estimates for 2000-01 is \$9.07 million, of which \$7.68 million is incurred by the Tribunal. The estimates for 2001-02 is higher than the 2000-01 revised estimates mainly because:-

- (1) we estimate that the Tribunal would need to handle 10 cases within 2001-02. Eventually seven cases were processed in 2000-01, with hearing on one case completed within the year. Out of the other six cases, four new cases are still at the preliminary stage of processing in the Tribunal. The actual costs incurred are therefore minimal;
- (2) in estimating the number of cases, we have taken into consideration the fact that insider dealing cases have become more complicated than before because of the fast development of the securities market and the increasing diversification of financial products in recent years. The decisions of the Tribunal may be subject to judicial review and appeal by the implicated parties, thus prolonging the hearing process and incurring additional costs. We have therefore reserved sufficient resources in the Estimates for handling all insider dealing cases that may emerge;
- (3) we have also taken into consideration the setting up of a Market Misconduct Tribunal to replace the existing Tribunal after enactment of the Securities and Futures Ordinance. Apart from hearing insider dealing cases, the new Tribunal would also look into cases in relation to five other kinds of market misconduct. As a result, more cases may need to be handled than before. It is therefore necessary to make provisions to cope with possible new cases; and

(4) there are currently two divisions under the Tribunal. If the actual number of insider dealing cases is close to the estimates in 2001-02, a third division would need to be set up. In this case, it would be necessary to engage a deputy Judge and outside counsel if no Judge is available to chair the new division. Under this scenario, the expenditure to be incurred under Subhead 111“Hire of services and professional fees” would generally be higher.

Owing to the above reasons, the estimate for 2001-02 has increased considerably as compared with the revised estimate for 2000-01.

(b) The statistics on cases handled by the Tribunal are as follows:-

Year	No.of cases handled	No. of completed cases
1999-2000 (actual)	3 (including two appeal cases)	0
2000-01 (actual)	7 (including two appeal cases)	1
2001-02 (estimate)	10 (including 6 cases not yet completed in 2000-01 and 4 new cases)	4-5

According to past experience, upon referral of a new case for inquiry, the Tribunal would take about two months or more to make the necessary preparation before hearing starts. Depending on the complexity of the case, the hearing process may last for several months to a year or longer.

In 1999-2000, the Tribunal processed three cases but was unable to complete the hearings within the year. In 2000-01, the Tribunal processed seven cases with hearing on one already completed. In that case, the Tribunal determined three persons as insider dealers and ordered them :-

- (a) not to be director or a liquidator or a receiver or manager of the property of any listed company or in any way, whether directly or indirectly, be concerned, or to take part in the management of a listed company for a specified period (four years in the case of two insider dealers and three years in the case of one insider dealer) without leave of the Court;
- (b) to pay to the Government the respective amounts of \$17 million, \$8 million and \$10 million being the profit gained or loss avoided as a result of their insider dealings;
- (c) to pay to the Government penalties in the respective amounts of \$25 million, \$8 million and \$12 million;

(d) to pay to the Government legal costs in the respective amounts of \$5.4 million, \$1.8 million and \$2.4 million.

As for the other six cases, the appeal on one case is ongoing. The appeal on another case lodged by an implicated party has been dismissed by the Court and the Tribunal would soon conduct hearing to award costs and penalties. Meanwhile, hearings on two cases have commenced while hearings on the other two are pending. These six cases would continue to be processed by the Tribunal in 2001-02. In addition, we expect that a few more new cases would be referred to the Tribunal for inquiry shortly.

Signature	_____
Name in block letters	_____ Stephen Ip _____
Post Title	_____ Secretary for Financial Services _____
Date	_____ 19.3.2001 _____

Bureau Serial No.

FSB025

Question Serial No.

1168

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 700 General other
Financial Services Bureau non-recurrent

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

Please give detailed figures for the contracting out of economic research projects in 2001-02 (including the completion dates of the projects, the expenditure required and the names of the consultancy firms)?

Asked by : Hon Eric LI Ka-cheung

Reply :

The estimated expenditure under Item 004 Contracting out economic research projects for 2001/02 is \$741,000. We plan to commission a data collection agency within the coming year to collect data for a comparative study on the cost of living for expatriates and cost of doing business for commercial banks. The project is expected to be completed by the end of 2001.

Signature _____

Name in block letters _____

Stephen Ip

Post Title _____

Secretary for Financial Services

Date _____

15.3.2001

Bureau Serial No.

FSB026

Question Serial No.

1336

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 148-Government Secretariat: Subhead(No. & title) : 700 General other
Financial Services Bureau non-recurrent

Programme : 14801: Financial Services

Controlling Officer : Secretary for Financial Services

Bureau Secretary : Secretary for Financial Services

Question :

What are the objective, study areas and time-table of Item 664 "Consultancy study on a comprehensive review and enhancement of the GDP forecasting framework" under sub-head 700? Why was there no expenditure on this item in 2000-01?

Asked by : Hon LAU Chin-shek

Reply :

The major objective of Item 664 is to review and enhance the macro-econometric model being used by the Government for short- and medium-term economic forecasts. The study is divided into two phases. The first phase of the study is to review the present macro-econometric model. Upon the completion of model review, the second phase of the study will commence to examine ways to enhance the forecasting framework, so as to strengthen economic assessment and analysis work. No expenditure on this item was incurred in 2000-01, as it had taken us considerable time to look for a suitable consultant to undertake the project, which is a specialised task requiring highly professional expertise. Nevertheless, towards the end of last year we had identified a suitable consultant, who has expressed interest in the project, and is in the process of drafting a detailed project proposal for the study. We expect the consultancy study to start by the middle of this year.

Signature _____

Name in block letters _____

Stephen Ip

Post Title _____

Secretary for Financial Services

Date _____

15.3.2001

Bureau Serial No.
FSB027
Question Serial No.
0130

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head: 26 Census & Statistics Department Subhead (No. & title) : 000 Operational expenses

Programme :

Controlling Officer : Commissioner for Census & Statistics

Bureau Secretary : Secretary for Financial Services

Question :

What accounts for the increase in sub-head 000 Operational expenses in 2001-02?

Asked by : Hon SIN Chung-kai

Reply :

The provision of \$825.7m for 2001-02 represents an increase of about \$226.7m (38%) over the revised estimates of 2000-01. The 2001 Population Census (01C) accounts for around 80% of this increase. Despite the fact that the 01C field operation will end by 27 March, arrangements for salary payments and other expenses can only be completed in early April, i.e. at the beginning of the next financial year. Other causes of the increase mainly include full-year provision for posts filled in 2000-01 and salary increments for existing staff.

Signature _____

Name in block FREDERICK W H HO

Post Title Commissioner for Census & Statistics

Date 17 March 2001

Bureau Serial No.

FSB028

Question Serial No.

0131

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 26 Census and Statistics Department Subhead (No. & title) :

Programme : Programme(4) General Statistical Services

Controlling Officer : Commissioner for Census and Statistics

Bureau Secretary : Secretary for Financial Services

Question :

In order to facilitate policy planning in the Government and understanding and discussion of public issues by the community, the Census and Statistics Department compiles statistics and is going to establish a system of internal quality assurance reviews on statistical services in 2001/02. What is the detailed plan? What criteria will be used for quality reviews? How could the above objects be attained?

Asked by : Hon SIN Chung-kai

Reply :

To ensure that the statistics produced are accurate and reliable, comprehensive and rigorous checking procedures have been established in all statistical systems of the Department.

As a continuing initiative to upgrade the work of the Department in the provision of quality statistical service and to respond to the increasing emphasis of the international statistical community on statistical quality management, the Department is going to establish a system of quality reviews.

The reviews will cover a broad scope of statistical quality aspects in addition to data accuracy, which include timeliness, relevance and user serviceability. The operation of the system will help foster quality consciousness.

In setting up the review system, the Department will consult international guidelines and practices of advanced economies. In fact, practical quality assurance frameworks are being further developed by international organisations such as the International Monetary Fund. Our work will synchronize with such development.

Signature	
Name in block letters	FREDERICK W H HO
Post Title	Commissioner for Census & Statistics
Date	17 March 2001

Bureau Serial No.

FSB029

Question Serial No.

0132

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 26 Census and Statistics Department Subhead (No. & title) :

Programme : Programme (4) General Statistics

Controlling Officer : Commissioner for Census and Statistics

Bureau Secretary : Secretary for Financial Services

Question :

Are there any concrete plans for dissemination of statistical data by electronic means? Will some of the raw data be disseminated by electronic means so as to facilitate analysis by the public?

Asked by : Hon SIN Chung-kai

Reply :

The Census and Statistics Department (C&SD) has been disseminating statistics for many years through such electronic means as CD-ROMs, diskettes and data tapes. The C&SD Website was set up in 1996 and has since disseminated statistics to the public electronically, in a timely manner with a user friendly interface.

There are plans to enhance the availability of statistics on the Website, in particular to increase the scope and lengthen the data series of frequently used statistics.

The feasibility of disseminating raw data (also known as micro-data) to the public is being studied and reference will be made to the experience of advanced economies in this subject.

There are a number of factors which must be carefully considered in the above study. Most important of all are the absolute safeguarding of confidentiality of data pertaining to individual firms, persons or households and the way people perceive C&SD's treatment of the data they have provided to the Department. Currently, data users can conveniently obtain customised statistics compiled from the raw data by ordering them from the Department at an affordable charge.

Signature _____

Name in block letters FREDERICK W H HO

Post Title Commissioner for Census and Statistics

Date 17 March 2001

Bureau Serial No.

FSB030

Question Serial No.

1009

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 26 Census and Statistics Department Subhead (No. & title) :

Programme : Programme (2) Social Statistics

Controlling Officer : Commissioner for Census and Statistics

Bureau Secretary : Secretary for Financial Services

Question :

What were the topics and their detailed contents covered in the thematic household surveys conducted in 2000-01? What topics are expected to be covered in the thematic household surveys in 2001-02 and what is the survey schedule for each of them?

Asked by : Hon LAU Chin-shek

Reply :

To meet government's needs for statistical data on specific social issues, the Census and Statistics Department (C&SD) started a series of Thematic Household Survey (THS) in 1999 such that several enquiries are packaged together to form a round of THS and contracted-out to a private survey firm. This arrangement arose out of the limited capacity of the special topic enquiry section of the General Household Survey, which has to be reserved mainly to labour-related themes.

The topics covered in THS in 2000-01 included the employment concerns and training needs of the labour force, understanding of the Basic Law, pattern and habit of cigarette smoking, households' preference in employing local versus foreign domestic helpers, households' behaviour in purchasing fresh food from supermarket versus wet market, health status of Hong Kong residents and pattern of doctor consultation.

For 2001-02, the topics covered in Q2 2001 would include the collection and enforcement of alimony, usage and penetration of information technology, and Hong Kong residents' aspirations and experience of taking up residence in the mainland of China. Topics for Q3 2001 and beyond are being deliberated.

Signature _____

Name in block letters FREDERICK W H HO

Post Title Commissioner for Census and Statistics

Date 17 March 2001

Bureau Serial No.

FSB031

Question Serial No.

0520

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 116-Official Receiver's Office Subhead(No. & title) :

Programme : Official Receiver's Office

Controlling Officer : Official Receiver

Bureau Secretary : Secretary for Financial Services

- Question :
- (a) It is anticipated that there would be an increase in expenditure after the contracting out of more summary and non-remunerative liquidation cases to private sector insolvency practitioners. What is the reason behind this? Also, what is the reason for the contracting out of cases?
 - (b) In regard to the item "contracting out of liquidation cases", would there be an increase/savings in Government expenditure and what is the ratio in relation to the overall expenditure after the contracting out of cases to private sector insolvency practitioners?
 - (c) Explain the statutory framework for individual bankruptcies according to the Bankruptcy Ordinance under review, the specific contents for the simplifying of procedures for bankruptcy cases, the schedule for implementation and its effect on financial expenditure after implementation.

Asked by : The Hon CHAN Kam-lam

- Reply :
- (a) For each summary and non-remunerative liquidation case contracted out to an insolvency practitioner in the private sector, the insolvency practitioner may receive a subsidy (subject to a cap) from the Official Receiver's Office (ORO) if he fails to realise sufficient assets to cover his costs. The expenditure in the form of such subsidies will increase when more cases are contracted out in 2001-02. The ORO has put in place the contracting out arrangements to cope with the continued increase in workload in recent years.

- (b) As explained in (a) above, the Government will incur expenditure in the form of subsidies as a result of contracting out summary and non-remunerative liquidation cases. We have earmarked \$21 million for such expenditure in 2001-02 (about 15% of the overall expenditure of the ORO). As regards non-summary liquidation cases with estimated realisable assets of more than \$200,000, no government subsidy is involved as the costs/fees charged by private sector insolvency practitioners are paid by the assets realised in the insolvent estate.
- (c) Our bankruptcy system is judicial-oriented, involving court procedures and certain legal requirements. The ORO has started a review of the system with a view to simplifying and streamlining it. A special task force has been set up to explore possible changes that can be implemented administratively or through legislation, having regard to overseas practices. The review is at its early stage, focusing mainly on data collection and scope setting, and it is too early for the ORO to prepare an implementation timetable for the changes and to assess the associated financial implications.

Signature	_____
Name in block letters	_____ E T O'Connell _____
Post Title	_____ Official Receiver _____
Date	_____ March 2001 _____

Bureau Serial No.

FSB032

Question Serial No.

0765

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 116-Official Receiver's Office Subhead(No. & title) :

Programme : Official Receiver's Office

Controlling Officer : Official Receiver

Bureau Secretary : Secretary for Financial Services

- Question :
- (a) How many summary and non-remunerative winding-up cases were contracted out last year? The ORO has planned to widen the scope of contracting out, to the extent that non-summary winding-up cases would be contracted out too, what would the expenditure amount if the ORO handled these cases? How long presently would it take to handle a winding-up case? Would the increase in contracting out cases in number and in kind really enhance efficiency?
 - (b) The ORO plans to revamp its management system and re-align its work procedure(s). What are the areas where major attention is directed? Would that lead to a dismissal of staff? Would there be plans to have other winding-up cases contracted out?
 - (c) At present, how many self-petition bankruptcies resort to individual voluntary arrangement? What concrete measures are there to encourage more debtors to make use of the said procedure? Is there a target set and what is the estimated amount of savings?

Asked by : The Hon TSANG Yok-sing

Reply :

- (a) A total of 280 summary and non-remunerative liquidation cases were contracted out to the private sector insolvency practitioners in 2000-01. For non-summary liquidation cases, it has been a practice since 1996 for the private sector insolvency practitioners to be the liquidators, whose fees and charges are recovered from the realised assets of the insolvent estate. Since the complexity of these cases varies very significantly, it would not be possible to estimate the costs if they were handled by the Official Receiver's Office (ORO). The time required also varies from case to case. The above arrangements have enabled the ORO to cope with the continued increase in workload in recent

years.

- (b) The ORO's revamp of its management system focuses on more effective supervision and monitoring arrangements with a view to delivering insolvency administration services more efficiently and at a high professional standard. Time targets will continue to be set for different stages in the administration of insolvency cases. An internal auditing arrangement is being developed so that senior professionals in the ORO will become quality managers and conduct random checks. The operational procedures are being reviewed to make the administration of insolvency cases more efficient and cost-effective. The use of computer technology to facilitate both effective management and supervision as well as efficient conduct of insolvency administration work is also being explored. At this stage, we do not envisage the need to make staff redundant. The arrangements for contracting out liquidation cases are explained in (a) above.
- (c) The individual voluntary arrangement (IVA) procedure was introduced in April 1998 as an alternative to bankruptcy. It involves a formal proposal made by a debtor to his creditors for repayment of his debts to avoid individual debt enforcement. Since the introduction of the IVA procedure, the ORO has conducted 300 interviews of the debtors but only 20 cases have been opened. Because of the strict demands of many creditors, only five proposals with the Official Receiver as the nominee have been approved. In addition, approval has been given to four cases with outside nominees. The ORO has been promoting the IVA procedure by issuing a guide and information leaflet free of charge to members of the public; putting the guide on the internet; and providing information and advice to debtors about the IVA procedure to encourage them to consider using the IVA procedure instead of the bankruptcy arrangement. The ORO has not set a target for this and does not expect that the IVA procedure will bring about any savings as compared to bankruptcy as the IVA procedure is intended to enable a debtor to avoid becoming bankrupt, instead of saving costs.

Signature _____

Name in block letters _____ E T O'Connell

Post Title _____ Official Receiver

Date _____ March 2001

Bureau Serial No.

FSB033

Question Serial No.

0766

Examination of draft Estimates of Expenditure 2001-02
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 116-Official Receiver's Office Subhead(No. & title) :

Programme : Official Receiver's Office

Controlling Officer : Official Receiver

Bureau Secretary : Secretary for Financial Services

Question : How many backlog cases are there pending handling to date? Would there be the continued need for the setting-up of the special task group in the coming year?

Asked by : The Hon Jasper TSANG Yok-sing

Reply : When an insolvency case is administered to its final stage, an application can be submitted to the Court for release of trustee/liquidator. A special task force was established in April 2000 to deal with the backlog of cases awaiting application for release. Up to February 2001, the Task Force has been able to process and obtain release orders for a total of 3,672 cases leaving at 28 February 2001 a total of 1,324 bankruptcy cases and 547 winding-up cases waiting for release applications. With the continued efforts of the special task force, it is expected that the outstanding cases can be cleared towards the end of 2001. Since application for release is an on-going procedure, the release team will continue to be in place but the special task force of temporary staff established to assist in clearing the backlog will be disbanded.

Signature _____

Name in block letters _____

E T O'Connell

Post Title _____

Official Receiver

Date _____

March 2001

