

**Replies to initial written questions raised by Finance Committee Members in
examining the Estimates of Expenditure 2009-10**

**Director of Bureau : Secretary for Financial Services and the Treasury
Session No. : 6**

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government officials of Hong Kong, Guangdong and Macau have met on 19 February in Hong Kong for the first time. The Liaison and Coordinating Meeting of Hong Kong, Guangdong and Macau in Jointly Taking Forward the Implementation of the Framework provided an opportunity for timely exchanges of views on cooperation issues and joint planning of the three places. In addition, a Hong Kong / Guangdong Co-ordinating Committee on Implementation of the Framework has been set up, as the major body for taking forward specific actions for implementing the Framework. The Co-ordinating Committee agreed to focus on the co-operation of four priority areas, including financial industry, service industry, infrastructural facilities and town planning, as well as innovation and technology. On financial industry, our discussion covers initiatives like developing RMB business in Hong Kong; introducing the use of RMB in settlement and clearing of trade transactions between Hong Kong and Guangdong; and encouraging enterprises in the Pearl River Delta Region to seek listing in Hong Kong.

We would make use of our existing resources for advancing financial co-operation with the Mainland.

Signature	_____
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)002

Question Serial No.

2822

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) : 000 Operational
expenses

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question

- (a) What are the Government's estimated expenditures for the Insider Dealing Tribunal, the Market Misconduct Tribunal, and the Securities and Futures Appeals Tribunal in 2009-10? How do the estimated expenditures compare with those of the previous year? Please provide a breakdown and explain the reasons.
- (b) How many cases are expected to be heard in the three Tribunals respectively with the above estimated expenditures? How do the numbers of cases compare with those of the previous year? Please provide a breakdown and explain the reasons.

Asked by : Hon. CHAN Kam-lam

Reply :

- (a) A provision of \$11.38 million is reserved for hiring the services of members, verbatim reporters, professional witnesses, ordinary witnesses and external counsel for hearings before the Insider Dealing Tribunal (IDT), Market Misconduct Tribunal (MMT) and Securities and Futures Appeals Tribunal (SFAT) in 2009-10. The provision is \$3.92 million higher than the revised estimate for 2008-09 (\$7.46 million). Reasons for the increase are set out in paragraph (c) below.
- (b) The revised estimate for 2008-09 and the provision for 2009-10 for IDT, MMT and SFAT and their respective caseload are set out below –

Tribunal	2008-09		2009-10	
	Caseload	Revised estimate	Anticipated caseload	Estimate
IDT	2	\$2.29 M	2	\$0.26 M

MMT	4	\$3.44 M	4	\$8.30 M
SFAT	25	\$1.73 M	16	\$2.82 M
Total	-	\$7.46 M	-	\$11.38 M

(c) The reasons for the increase or decrease in the provision sought for 2009-10, compared to the revised estimate for 2008-09 are set out below –

- (i) For IDT, its functions have been taken over by the MMT and hence will not handle new cases. The provision sought for 2009-10 is to meet the hearings on penalty and consequential orders of two cases.
- (ii) For MMT, the provision is \$4.86 million higher than the revised estimate for 2008-09 (\$3.44 million). In 2008-09, the expenditure for tribunal hearings was lower-than-planned as a result of judicial reviews taken out by the specified persons in two cases. MMT could only resume substantive hearings of these two cases in the second half of 2008-09. On the other hand, although the number of cases to be heard in 2009-10 is comparable to that of last year, some types of services such as real-time verbatim reporting and professional witnesses were not required in some hearings in 2008-09. However, for estimate purpose, it is necessary to include such provisions for all cases to finance these services when the need arises.
- (iii) For SFAT, although the projected caseload for 2009-10 is the same as last year, some cases handled in 2008-09 were withdrawn by the applicants, or with the consent of the applicants, heard by the Chairman of SFAT as a sole member and hence appointment of members for the hearing was not required. However, for estimates purpose, it would be prudent to budget on the basis that all cases will each be heard by the Chairman of SFAT and two members.

Signature _____
Name in block letters Miss AU King-chi
Post Title Permanent Secretary for Financial Services
and the Treasury (Financial Services)
Date 19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)003

Question Serial No.

2823

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) : 000 Operational
expenses

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

The Bureau intends to increase the provision for hire of professional services and for meeting the expenses on the hearing of tribunal cases on insider dealings and market misconduct in 2009-10. Please state the reasons for it and the details of the provision.

Asked by : Hon. CHAN Kam-lam

Reply :

Hire of professional services

The estimate for 2009-10 is \$8.02 million which is \$4.63 million higher than the revised estimates for 2008-09. The increase is to meet additional operational requirements. The professional services to be hired in 2009-10 mainly include seeking professional and legal advice for the review of the Trustee Ordinance, arranging publicity on anti-money laundering and counter financing of terrorism activities, hire of information technology and secretarial services, and provision of various data lines services, etc. In addition, a provision is reserved for hiring the services of members, verbatim reporters, professional witnesses, ordinary witnesses and external counsel for hearings before the Insider Dealing Tribunal (IDT), Market Misconduct Tribunal (MMT) and Securities and Futures Appeals Tribunal.

Expenditure for Tribunal Hearings

A provision of \$8.56 million has been reserved for supporting the operation of the IDT and MMT, assuming the tribunals will handle a total of six cases in 2009-10. The provision for 2009-10 is \$2.83 million higher than the revised estimate for 2008-09 (\$5.73 million) because of the lower-than-expected expenditure for tribunal hearings in 2008-09 as a result of judicial reviews taken out by the specified persons in two cases. MMT could only resume substantive hearings of these two cases in the second half of 2008-09. On the other

hand, while the estimated number of cases to be heard in 2009-10 is comparable to that of last year, certain services such as real-time verbatim reporting and professional witnesses were not required in some hearings in 2008-09. However, for estimate purpose, it is necessary to include such provisions for all cases in case the need arises.

Signature	_____
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

Signature	_____
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)005

Question Serial No.

2572

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) :

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

As mentioned under the Programme of Financial Services, the Administration will examine, in collaboration with the insurance industry, possible options on the development of a Policyholders' Protection Fund (PPF). Given that the insurance industry has already indicated its preference to establish the Fund as early as possible, will the Administration inform this Committee of the specific timetable for developing the PPF; and whether it has earmarked funding for injection into the Fund to facilitate its early establishment?

Asked by : Hon. CHAN Kin-por

Reply :

The Hong Kong Federation of Insurers (HKFI) has established a task force to examine possible options for the proposed framework of a Policyholders' Protection Fund (PPF). The Office of the Commissioner of Insurance has been maintaining close liaison with the HKFI in this connection. We shall make a progress report to the Legislative Council Panel on Financial Affairs within this legislative year.

Since the mode of operation and specific details in relation to the PPF are still being examined, the Government has not earmarked any funds for this item.

Signature	_____
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)006

Question Serial No.

2573

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) :

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

It is mentioned under the programme of Financial Services that the Branch will revisit proposals for introducing a corporate rescue procedure to help companies in financial difficulty. The related proposals were submitted to the Legislative Council in 2001 but were shelved because no consensus could be reached. Please advise how will the Government proceed with the review? When will the proposals be put forward for public consultation? What will be the expenditure involved?

Asked by : Hon. CHAN Kin-por

Reply :

We are revisiting the proposal to introduce a corporate rescue procedure for companies in financial difficulties. We plan to consult relevant stakeholders, including the labour and business sectors, banks and relevant professionals, as well as the public, on a proposed conceptual framework for the procedure. As a first step, we are seeking views from professionals experienced in corporate restructuring to ensure that any proposed framework is practicable. We are also drawing reference from overseas developments. We intend to commence public consultation later this year. We are meeting the workload and related expenses through internal redeployment and hence no additional cost is incurred at this stage.

Signature _____

Name in block letters _____

Miss AU King-chi

Post Title _____

Permanent Secretary for Financial Services
and the Treasury (Financial Services)

Date _____

19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)007

Question Serial No.

0115

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) : 000 Operational
expenses

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

According to the Bureau, it will in 2009-10, continue to take forward in phases the recommendations in the reports submitted by the Hong Kong Monetary Authority and the Securities and Futures Commission on the Lehman Brothers Minibonds incident. Can the Bureau advise us what concrete follow-up measures will be taken in 2009-10 and what are the details of the relevant work plan, timetable and the expenditure and manpower projections? Will conduct of a study on legislative amendments and other policy changes be covered?

Asked by : Hon. CHAN Tanya

Reply :

On 31 December 2008, the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) submitted to the Financial Secretary their respective reports on the Lehman Brothers Minibonds. Since then, the Financial Services Branch has formulated an Action Plan in consultation with HKMA and SFC for taking forward in phases the various recommendations set out in their reports to further improve our regulatory framework, especially with regard to certain problems of banks in conducting securities business, in order to enhance investor protection. We presented the Action Plan to the Legislative Council Panel on Financial Affairs on 2 February 2009. We are coordinating the efforts made by the two regulators and will review progress on a regular basis.

In the initial phase, we aim at early implementation of improvement measures in the following three areas –

- (a) the sale of investment products;
- (b) the business conduct of intermediaries; and
- (c) investor education.

Some of these improvement measures have been implemented immediately. Further measures will be implemented after HKMA and SFC have completed their consultations, which are tentatively scheduled for the third quarter of 2009.

In the next phase, we shall review the regulatory structure and regulatory arrangements, implementation of which would require the enactment of primary legislation. These include the proposed establishment of a financial services ombudsman and a cross-sector Investor Education Council; the two public offering regimes under the Companies Ordinance and the Securities and Futures Ordinance; and the regulatory framework for the securities business of banks. We are conducting preliminary research into relevant proposals to pave way for the next phase of work.

In conducting the review, we will listen to the market and various sectors of the community. We will take into account the views of the Legislative Council Subcommittee to Study Issues Arising from Lehman Brothers-related Minibonds and Structured Financial Products. At the same time, we will also consider other relevant factors, such as the unique background and market needs of Hong Kong, the global trend of financial development, recommendations from international financial institutions (including G20 and the Financial Stability Forum).

We are deploying existing staff and resources for implementing the Action Plan. We do not have a separate breakdown for the manpower and expenditure involved.

Signature	_____
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)008

Question Serial No.

0116

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) : 000 Operational
Expenses

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

In both 2008-09 and 2009-10, the Bureau has listed the development of Hong Kong into an Islamic bond market as its key task. However, it seems the effectiveness of the relevant work is not impressive. Regarding this, can the Bureau advise us as to:

- (a) the concrete work plan and estimated expenditure in this respect for 2009-10;
- (b) whether the Bureau has assessed the work effectiveness in this respect for these 3 years and if yes, what the outcome of the review is and if not, whether the Government will conduct a relevant review in 2009-10.

Asked by : Hon. CHAN Tanya

Reply :

The Chief Executive highlighted in his 2007-08 and 2008-09 Policy Addresses the initiative to develop an Islamic bond or sukuk market in Hong Kong. Development of Islamic finance in Hong Kong benefits not only market players but also our financial system, adding to the breadth and depth of our financial markets. The Government is fully committed to putting in place a platform to facilitate the development of Islamic finance, and has been reviewing and making suitable adjustment to our development strategy from time to time, drawing reference to relevant factors such as the experience in overseas jurisdictions, the fast-evolving market conditions, the peculiarities of Hong Kong and the views of market players.

As set out in the 2009-10 Budget Speech, we plan to introduce to the Legislative Council in 2009-10 a proposal to amend or clarify the arrangements for stamp duty, profits tax and property tax under the Stamp Duty Ordinance and Inland Revenue Ordinance, with a view to providing a level playing field for Islamic financial products vis-à-vis conventional ones. The Government will spare no efforts in continuing its work in enhancing market infrastructure and product development, promoting education on Islamic finance among market participants and investors, and raising the profile of Hong Kong as an Islamic

finance platform.

As far as the Financial Services Branch of the Financial Services and the Treasury Bureau is concerned, the work on the development of Islamic finance would be taken up by existing staff. We do not have a separate breakdown for the expenditure involved.

Signature	_____
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

development, recommendations from international financial institutions (including G20 and the Financial Stability Forum).

The above reviews and studies would be conducted with existing staff and resources.

Signature	_____
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)010

Question Serial No.

2139

Head : 148 – Government Secretariat : Subhead (No. & title) :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

As regards the recommendations in the reports prepared by the Hong Kong Monetary Authority and the Securities and Futures Commission on the Lehman Brothers Minibonds incidents, the Financial Secretary has stated clearly that the Administration will improve the existing regulatory framework and measures whose implementation requires legislative amendment in the second phase. Does the Administration have any plans to carry out this aspect of work in 2009-2010? If yes, how much resources have been earmarked?

Asked by : Hon. HO Chun-yan, Albert

Reply :

On 31 December 2008, the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) submitted to the Financial Secretary their respective reports on the Lehman Brothers Minibonds. Since then, the Financial Services Branch has formulated an Action Plan in consultation with HKMA and SFC for taking forward in phases the various recommendations set out in their reports to further improve our regulatory framework, especially with regard to certain problems of banks in conducting securities business, in order to enhance investor protection. We presented the Action Plan to the Legislative Council Panel on Financial Affairs on 2 February 2009. We are coordinating the efforts made by the two regulators and will review progress on a regular basis.

In the initial phase, we aim at early implementation of improvement measures in the following three areas –

- (a) the sale of investment products;
- (b) the business conduct of intermediaries; and
- (c) investor education.

Some of these improvement measures have been implemented immediately. Further measures will be implemented after HKMA and SFC have completed their consultations, which are tentatively scheduled for the third quarter of 2009.

In the next phase, we shall review the regulatory structure and regulatory arrangements, implementation of which would require the enactment of primary legislation. These include the proposed establishment of a financial services ombudsman and a cross-sector Investor Education Council; the public offering regimes under the Companies Ordinance and the Securities and Futures Ordinance; and the regulatory framework for the securities business of banks. We are conducting preliminary research to pave way for the next phase of work.

In conducting the review, we will listen to the market and various sectors of the community. We will take into account the views of the Legislative Council Subcommittee to Study Issues Arising from Lehman Brothers-related Minibonds and Structured Financial Products. At the same time, we will also consider other relevant factors, such as the unique background and market needs of Hong Kong, the global trend of financial development, recommendations from international financial institutions (including G20 and the Financial Stability Forum).

We are deploying existing staff and resources for implementing the Action Plan. We do not have a separate breakdown for the manpower and expenditure involved.

Signature	_____
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)011

Question Serial No.

2353

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) : 700 General
non-recurrent

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

Please state the detailed arrangements for Subhead 700 General non-recurrent, such as the estimated provisions for 2009 on “Initiatives to co-ordinate the human resources development for the financial services sector” and “Educational campaign on insurance policy replacement”. Please also provide details of the measures in respect of them.

Asked by : Hon. IP LAU Suk-ye, Regina

Reply :

The resources allocated for “Initiatives to co-ordinate the human resources development for the financial services sector” are mainly for the purpose of supporting initiatives and activities pursued by the Advisory Committee on Human Resources Development in the Financial Services Sector (FinMan Committee) to promote financial services manpower development in Hong Kong. The estimated provision for 2009-10 is \$200,000. The FinMan Committee was set up in June 2000 to foster better coordination of efforts between the industry and academia on financial services manpower development. For instance, the FinMan Committee will co-organise with the Open University of Hong Kong a forum on “Hong Kong in the Global Financial Crisis: Human Resources Implications for the Financial Industry” on 31 March 2009.

The resources allocated for “Educational campaign on insurance policy replacement” item are for printing an educational leaflet which provides useful guidance to the general public when they are approached for replacement of insurance policies. We plan to use \$160,000 for printing additional leaflets in 2009-10 to meet prevailing demand.

Signature	_____
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)012

Question Serial No.

2340

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) :

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

In 2009-10, 6 additional non-directorate posts will be created within the Bureau. What are the reasons for the creation of these posts and what are their ranks and salaries?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

The six non-directorate posts are created for the establishment of a new team in the Financial Services Branch (FSB) from 2009-10 to 2010-11, tasked to enhance the anti-money laundering and counter financing of terrorism regime in Hong Kong, as well as to strengthen the information and public relations support for FSB. These six posts are in the ranks of Senior Administrative Officer, Superintendent of Police, Executive Officer I, Personal Secretary I, Senior Information Officer and Information Officer. Their total annual salary amounts to \$4.1 million.

Signature _____

Name in block letters _____

Miss AU King-chi

Post Title _____

Permanent Secretary for Financial Services
and the Treasury (Financial Services)

Date _____

19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)013

Question Serial No.

2341

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) :

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

The revised estimate of \$136 million for 2008-09 is 7.5% higher than the original estimate for 2008-09. Would the Administration please explain why?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

The revised estimate for 2008-09 for the Financial Services Branch is \$9.6 million (7.5%) higher than the original estimate for 2008-09. The increase is mainly due to the increased expenditure of \$20.15 million for salaries, allowances, general departmental expenses and cash flow requirement for non-recurrent items, partly offset by the decrease in expenditure of \$10.56 million for hire of professional services (including expenses for the Insider Dealing Tribunal, Market Misconduct Tribunal and Securities and Futures Appeals Tribunal) and personnel related expenses.

Signature _____

Name in block letters _____

Miss AU King-chi

Post Title _____

Permanent Secretary for Financial Services
and the Treasury (Financial Services)

Date _____

19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)014

Question Serial No.

2342

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) : 000 Operational
expenses

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

Will the Bureau need to employ extra manpower and resources to take forward the proposals in the reports prepared by the Hong Kong Monetary Authority and the Securities and Futures Commission on the Lehman Brothers' Minibonds incident? What are the amounts involved?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

On 31 December 2008, the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) submitted to the Financial Secretary their respective reports on the Lehman Brothers Minibonds. Since then, the Financial Services Branch has formulated an Action Plan in consultation with HKMA and SFC for taking forward in phases the various recommendations set out in their reports to further improve our regulatory framework, especially with regard to certain problems of banks in conducting securities business, in order to enhance investor protection. We presented the Action Plan to the Legislative Council Panel on Financial Affairs on 2 February 2009. We are coordinating the efforts made by the two regulators and will review progress on a regular basis.

In the initial phase, we aim at early implementation of improvement measures in the following three areas –

- (a) the sale of investment products;
- (b) the business conduct of intermediaries; and
- (c) investor education.

Some of these improvement measures have been implemented immediately. Further measures will be implemented after HKMA and SFC have completed their consultations, which are tentatively scheduled for the third quarter of 2009.

In the next phase, we shall review the regulatory structure and regulatory arrangements, implementation of which would require the enactment of primary legislation. These include the proposed establishment of a financial services ombudsman and a cross-sector Investor Education Council; the public offering regimes under the Companies Ordinance and the Securities and Futures Ordinance; and the regulatory framework for the securities business of banks. We are conducting preliminary research to pave way for the next phase of work.

In conducting the review, we will listen to the market and various sectors of the community. We will take into account the views of the Legislative Council Subcommittee to Study Issues Arising from Lehman Brothers-related Minibonds and Structured Financial Products. At the same time, we will also consider other relevant factors, such as the unique background and market needs of Hong Kong, the global trend of financial development, recommendations from international financial institutions (including G20 and the Financial Stability Forum).

We are deploying existing staff and resources for implementing the Action Plan. We do not have a separate breakdown for the manpower and expenditure involved.

Signature	_____
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)015

Question Serial No.

1146

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) :

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

The Financial Secretary has stated in his Budget Speech (paragraphs 49 and 50) that the Government intends to implement a programme to issue bonds and the sums raised will be credited to a fund to be established. In this connection, would the Government inform us of the time frame for implementing the programme, the estimated amount to be raised and its use, and the estimated expenditure involved.

Asked by : Hon. LAM Tai-fai

Reply :

The objective of the Government Bond Programme (GBP) is to promote the further and sustainable development of the local bond market. We will consider relevant factors, including the prevailing economic and financial conditions, as well as market views, in designing specific features of the GBP, including the implementation time frame and programme size. We will make suitable adjustments in the course of implementation having regard to the prevailing market conditions.

Subject to the Legislative Council's approval of the relevant resolutions, the sums raised under the GBP will be credited to a fund to be established by the Public Finance Ordinance. The fund will not be treated as part of the fiscal reserves and will be managed separately. The estimated expenditure involved in implementing the GBP would need to be worked out at a later stage, when more details of the GBP are hammered out. The financial obligations and liabilities in relation to the GBP would be met by the aforesaid fund.

Signature _____

Name in block letters _____

Miss AU King-chi

Post Title _____

Permanent Secretary for Financial Services
and the Treasury (Financial Services)

Date _____

19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)016

Question Serial No.

2725

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) :

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

Whether protection of small investors is included in this programme; if yes, what are the details of such work and the breakdown of expenditure in 2009-2010; how are they compared with the provision for 2008-2009; if no, in which programme is protection of small investors included?

Asked by : Hon. LEE Wai-king, Starry

Reply :

The Securities and Futures Commission (SFC) has a statutory objective to provide protection for members of the public investing in or holding financial products. Duties relating to protection of investors are carried out by the SFC with resources from the market. These are not shown in the accounts of the Financial Services Branch. We presented to the Legislative Council Panel on Financial Affairs on 2 February 2009 the “Action Plan on Recommendations in the Reports prepared by the Hong Kong Monetary Authority and the SFC on the Lehman Brothers Minibonds Incident”, which has set out the SFC’s plan for investor education and the resources (around \$ 20 million) allocated for this purpose. This allocation has been included in the SFC’s proposed budget for 2009-10, which was presented to the Panel on 26 February 2009.

Signature	
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)017

Question Serial No.

2975

Head : 148 – Government Secretariat : Subhead (No. & title) :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

In his speech, the Secretary pledged to “promote the further development of our bond market” and the collaboration with Islamic financial markets will be expanded and deepened. However, members of the public are scared on hearing of bonds following the Lehman Brothers Minibonds incident. They even have apprehension about overseas emerging markets. How will the Administration take forward its task and, in particular, how will the confidence of investors in the bond market be restored?

Asked by : Hon. LEUNG Mei-fun, Priscilla

Reply :

Confidence of market players in the financial systems worldwide, including Hong Kong, has been shaken by the global financial turmoil. Investors tend to be more cautious and conservative.

In the midst of the global financial challenge, Hong Kong has been actively formulating and implementing measures to restore market confidence, and to seize the moment to reinforce our position as an international financial centre, on the back of our strong fundamentals. Promoting further and sustainable development of the local bond market and the development of Islamic finance are examples of our efforts.

A local bond market with sufficient breadth, depth and liquidity would complement our banking and equity markets as an additional channel of financial intermediation, thus contributing to the financial stability of Hong Kong, and consolidating Hong Kong's status as an international financial centre and as a conducive and efficient platform for capital-raising, investment and intermediation. To promote the development of the local bond market, the Financial Secretary has announced in his 2009-10 Budget Speech to implement a Government Bond Programme which will involve systematic issuance of bonds for market development purpose. We are preparing for the Programme. In

parallel, we are continuing our efforts in enhancing the relevant market infrastructure.

The initiative to develop Islamic finance in Hong Kong is an example of our on-going efforts to tap the opportunities in the emerging markets. It will benefit not only market players but also our financial system, adding to the breadth and depth of our financial markets. The Government is fully committed to putting in place a conducive platform for the development of Islamic finance in Hong Kong. As set out in the 2009-10 Budget Speech, we plan to introduce to the Legislative Council in 2009-10 a proposal to amend or clarify the arrangements for stamp duty, profits tax and property tax under the Stamp Duty Ordinance and Inland Revenue Ordinance, with a view to providing a level playing field for Islamic financial products vis-à-vis conventional ones. We shall spare no efforts in continuing our work in enhancing market infrastructure and product development, promoting education on Islamic finance among market participants and investors, and raising the profile of Hong Kong as an Islamic finance platform.

Signature	_____
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)018

Question Serial No.

1939

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) :

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

As mentioned in paragraph 50 of the Budget Speech 2009-10, the Financial Secretary pledged to develop the bond market in Hong Kong, and the sums raised will be credited to a fund that will not be treated as part of the fiscal reserves. In this connection, will the Government inform this Committee the reasons for setting up such a fund? What economic benefits will it bring to Hong Kong?

Asked by : Hon. SHEK Lai-him, Abraham

Reply :

The fund to be established under the Public Finance Ordinance will facilitate the management of sums raised under the Government Bond Programme (GBP). The sums raised under the GBP will be credited to this fund, which will not be treated as part of the fiscal reserves and will be managed separately.

The fund is part and parcel of the GBP which seeks to enhance the breadth and depth of, and boost the liquidity in, the local bond market. It would help promote our financial stability and consolidate our position as an international financial centre, providing an efficient platform for capital-raising, investment and intermediation. This would bring economic benefits to Hong Kong in the long run.

Signature	
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)019

Question Serial No.

1002

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) : 000 Operational
expenses

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

There is an increase of \$3.3 million in the Administration's Estimates for 2009-10. It is mainly for the creation of 6 posts to meet operational needs. Please provide details of these 6 posts, including specifying the posts and their respective salary bands? What operational needs are these new posts mainly to meet?

Asked by : Hon. TONG Ka-wah, Ronny

Reply :

The six posts are in the ranks of Superintendent of Police (SP) (pay scale \$77,625 - \$86,630), Executive Officer I (EO I) (pay scale \$38,470 - \$48,400), Senior Administrative Officer (pay scale \$80,485 - \$92,720), Personal Secretary I (pay scale \$21,880 - \$27,910), Senior Information Officer (pay scale \$50,475 - \$63,335) and Information Officer (pay scale \$38,470 - \$48,400). These new posts are required for the establishment of a new team in the Financial Services Branch (FSB) from 2009-10 to 2010-11, tasked to enhance the anti-money laundering and counter financing of terrorism regime in Hong Kong, as well as to strengthen the information and public relations support for FSB.

Signature

Name in block letters

Post Title

Date

Miss AU King-chi

Permanent Secretary for Financial Services
and the Treasury (Financial Services)

19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)020

Question Serial No.

1003

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) : 000 Operational
expenses

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

In paragraphs 47 and 48 of the Budget, the Financial Secretary clearly states that after considering the reports prepared by the Hong Kong Monetary Authority and the Securities and Futures Commission on the Lehman Brothers Minibonds Incident, the Administration has drawn up an Action Plan on improving regulation of the banking sector and enhancing investor protection, with the initial phase of improvement measures to be implemented in the coming year. The Administration is now invited to advise Members:

- (a) whether additional resources have been provided in the 2009-2010 estimates for the said task; and
- (b) whether, among the additional provision of \$3.3 million and the 6 new posts mentioned in the Estimates, there are posts created as a result of the said measures and if yes, how many posts and how much resources are earmarked for the said measures and what the main duties of the staff concerned are.

Asked by : Hon. TONG Ka-wah, Ronny

Reply :

(a) On 31 December 2008, the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) submitted to the Financial Secretary their respective reports on the Lehman Brothers Minibonds. Since then, the Financial Services Branch has formulated an Action Plan in consultation with HKMA and SFC for taking forward in phases the various recommendations set out in their reports to further improve our regulatory framework, especially with regard to certain problems of banks in conducting securities business, in order to enhance investor protection. We presented the Action Plan to the Legislative Council Panel on Financial Affairs on 2 February 2009. We are coordinating the efforts made by the two regulators and will review progress on a regular basis.

In the initial phase, we aim at early implementation of improvement measures in the following three areas –

- (i) the sale of investment products;
- (ii) the business conduct of intermediaries; and
- (iii) investor education.

Some of these improvement measures have been implemented immediately. Further measures will be implemented after HKMA and SFC have completed their consultations, which are tentatively scheduled for the third quarter of 2009.

In the next phase, we shall review the regulatory structure and regulatory arrangements, implementation of which would require the enactment of primary legislation. These include the proposed establishment of a financial services ombudsman and a cross-sector Investor Education Council; the two public offering regimes under the Companies Ordinance and the Securities and Futures Ordinance; and the regulatory framework for the securities business of banks. We are conducting preliminary research into relevant proposals to pave way for the next phase of work.

In conducting the review, we will listen to the market and various sectors of the community. We will take into account the views of the Legislative Council Subcommittee to Study Issues Arising from Lehman Brothers-related Minibonds and Structured Financial Products. At the same time, we will also consider other relevant factors, such as the unique background and market needs of Hong Kong, the global trend of financial development, recommendations from international financial institutions (including G20 and the Financial Stability Forum).

We are deploying existing staff and resources for implementing the Action Plan.

(b) The six new posts in 2009-10 are required for the establishment of a new team in the Financial Services Branch (FSB) from 2009-10 to 2010-11, tasked to enhance the anti-money laundering and counter financing of terrorism regime in Hong Kong, as well as to strengthen the information and public relations support for FSB.

Signature	_____
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)021

Question Serial No.

1004

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) : 700 General
non-recurrent

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

Item 014 refers to the “Initiatives to co-ordinate the human resources development for the financial services sector”. What are the policy areas in respect of which the proposed initiatives are primarily implemented? Under what circumstances will the financial provision be used?

Asked by : Hon. TONG Ka-wah, Ronny

Reply :

The resources allocated for Item 014 “Initiatives to co-ordinate the human resources development for the financial services sector” are mainly for the purpose of supporting initiatives and activities pursued by the Advisory Committee on Human Resources Development in the Financial Services Sector (FinMan Committee) to promote financial services manpower development in Hong Kong.

The Government set up the FinMan Committee in June 2000 to foster better coordination of efforts between the industry and academia on financial services manpower development. The FinMan Committee comprises industry practitioners, representatives from universities, training institute, organizations of financial professionals, financial market regulators and Government.

The FinMan Committee has organized and coordinated a number of activities since its establishment. Recent activities included a financial services career exhibition in October 2006; a business students shadowing attachment programme in April-May 2007 and a conference on "Forthcoming Human Resources Challenges in the Financial Services Sector of Hong Kong" in March 2008. The FinMan Committee will co-organize with the Open University of Hong Kong a forum on “Hong Kong in the Global Financial Crisis: Human Resources Implications for the Financial Industry” on 31 March 2009.

Signature	_____
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)022

Question Serial No.

1200

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) : 700 General
non-recurrent

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

A comparison with the 2008-09 estimate shows there is no change in the expenditure on Item 020 “Educational campaign on insurance policy replacement”. Does it imply that such educational campaign has not been held in 2008? What are the reasons?

Asked by : Hon. TONG Ka-wah, Ronny

Reply :

The expenditure item is for printing an educational leaflet which provides useful guidance to the general public when they are approached for replacement of insurance policies. In the past year, we have kept under review the amount of available stock, and we plan to use \$160,000 in 2009-10 for printing additional leaflets to meet prevailing demand.

Signature	
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)023

Question Serial No.

2512

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) :

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

The Government proposes to revisit proposals, in consultation with stakeholders, for introducing a corporate rescue procedure. What sectors do stakeholders mean? When will the study be completed?

Asked by : Hon. WONG Kwok-kin

Reply :

We are revisiting the proposal to introduce a corporate rescue procedure for companies in financial difficulties. We plan to consult relevant stakeholders, including the labour and business sectors, banks and relevant professionals, as well as the public, on a proposed conceptual framework for the procedure. As a first step, we are seeking views from professionals experienced in corporate restructuring to ensure that any proposed framework is practicable. We are also drawing reference from overseas developments. We intend to commence public consultation later this year.

Signature _____

Name in block letters _____

Miss AU King-chi

Post Title _____

Permanent Secretary for Financial Services
and the Treasury (Financial Services)

Date _____

19.3.2009

Some of these improvement measures have been implemented immediately. Further measures will be implemented after HKMA and SFC have completed their consultations, which are tentatively scheduled for the third quarter of 2009.

In the next phase, we shall review the regulatory structure and regulatory arrangements, implementation of which would require the enactment of primary legislation. These include the proposed establishment of a financial services ombudsman and a cross-sector Investor Education Council; the public offering regimes under the Companies Ordinance and the Securities and Futures Ordinance; and the regulatory framework for the securities business of banks. We are conducting preliminary research to pave way for the next phase of work.

In conducting the review, we will listen to the market and various sectors of the community. We will take into account the views of the Legislative Council Subcommittee to Study Issues Arising from Lehman Brothers-related Minibonds and Structured Financial Products. At the same time, we will also consider other relevant factors, such as the unique background and market needs of Hong Kong, the global trend of financial development, recommendations from international financial institutions (including G20 and the Financial Stability Forum).

We are deploying existing staff and resources for implementing the Action Plan. We do not have a separate breakdown for the manpower and expenditure involved.

Signature	_____
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

As far as the Financial Services Branch is concerned, the relevant work would be taken up by existing staff with existing resources. We do not have a separate breakdown for the expenditure involved.

Signature	_____
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)026

Question Serial No.

2806

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) :

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

In 2009-10, the Financial Services Branch will launch a consultation on the setting up of an independent Insurance Authority. When will the consultation commence?

Asked by : Hon. WONG Ting-kwong

Reply :

The consultancy study on the establishment of an independent Insurance Authority (IA) is now at a final stage. The study is based on the assumption that the existing insurance regulatory system will remain unchanged. It seeks to make recommendations on the necessary changes to be made to the organizational structure, administration and other operational aspects of the Office of the Commissioner of Insurance when it is turned from a government department into an independent authority.

Taking into account the latest development in international financial markets, we consider that we should also review the adequacy of the existing insurance regulatory system, with a view to identifying areas for further improvement. In the next few months, we shall seek stakeholders' views on insurance regulatory matters. Thereafter, we shall prepare a comprehensive proposal for the establishment of an independent IA within the coming financial year for consultation.

Signature	_____
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)027

Question Serial No.

2807

Head : 148 – Government Secretariat :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Subhead (No. & title) :

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

In 2009-10, the Financial Services Branch will examine, in collaboration with the insurance industry, possible options on the development of a Policyholders' Protection Fund. Is there a timetable for the work?

Asked by : Hon. WONG Ting-kwong

Reply :

The Hong Kong Federation of Insurers (HKFI) has established a task force to examine possible options for the proposed framework of a Policyholders' Protection Fund. The Office of the Commissioner of Insurance has been maintaining close liaison with the HKFI in this connection. We shall make a progress report to the Legislative Council Panel on Financial Affairs within this legislative year.

Signature	
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

Hire of Professional Services

The professional services to be hired in 2009-10 include seeking professional and legal advice for the review of the Trustee Ordinance, arranging publicity on anti-money laundering and counter financing of terrorism activities, hire of information technology and secretarial services, and provision of various data lines services, etc. In addition, a provision is reserved for hiring the services of members, verbatim reporters, professional witnesses, ordinary witnesses and external counsel for hearings before the Insider Dealing Tribunal, Market Misconduct Tribunal (MMT) and Securities and Futures Appeals Tribunal. The total amount involved is \$19.4 million.

Caseload and Provision for MMT

Of the above amount of \$19.4 million for hire of professional services, a provision of \$8.3 million has been reserved for supporting the operation of MMT, assuming that it will handle four cases in 2009-10. The provision for 2009-10 is \$4.86 million higher than the revised estimate for 2008-09 (\$3.44 million) because of the lower-than-planned expenditure for tribunal hearings in 2008-09 as a result of judicial reviews taken out by the specified persons in two cases. MMT could only resume substantive hearings of these two cases in the second half of 2008-09. On the other hand, while the estimated number of cases to be heard in 2009-10 is comparable to that of last year, certain services such as real-time verbatim reporting and professional witnesses were not required in some hearings in 2008-09. However, for estimate purpose, it is necessary to include such provisions for all cases in case the need arises.

Signature	_____
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)029

Question Serial No.

2809

Head : 148 – Government Secretariat : Subhead (No. & title) :
Financial Services and the Treasury
Bureau (Financial Services Branch)

Programme : Financial Services

Controlling Officer : Permanent Secretary for Financial Services and the Treasury
(Financial Services)

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

Given the raging financial tsunami with a "second wave" expected to emerge, what concrete measures does the Administration have to deal with the crisis brought about by it? What is the amount of resources expected to be deployed?

Asked by : Hon. WONG Ting-kwong

Reply :

The Government has remained vigilant since the onset of the global financial crisis. We have exercised reasonable endeavours to maintain the stability and soundness of our financial system, and will continue to do so.

At the international and regional levels, we are, where appropriate, closely monitoring and actively participating in the relevant international and regional fora such as the Group of Twenty, Financial Stability Forum and Asia-Pacific Economic Cooperation. They are keenly cementing cross-border efforts for restoring order and confidence in the global and regional financial markets by such measures as reshaping the global financial system, reforming financial regulations and international financial institutions, and bringing the economy on track for sustainable growth.

At the local level, we work closely with the financial market regulators in facing the financial crisis. On the banking front, the Hong Kong Monetary Authority (HKMA) stands ready to formulate and implement both precautionary and responsive measures to maintain the resilience of and confidence in our banking system, and to ensure that the liquidity and capital adequacy levels in the banking sector as well as our standards for the protection of depositors are on a par with international requirements. Concerning the measures already in place, such as the Contingent Bank Capital Facility and enhanced deposit protection regime that would be in force till end 2010, the HKMA will review their effectiveness and consider if they need to be extended in good time. The HKMA is

assisting the Hong Kong Deposit Protection Board (HKDPB) in conducting a review on the Deposit Protection Scheme with a view to providing enhanced protection to the depositors. The HKDPB will conduct a public consultation on the relevant issues covered in the first phase of the review, including protection limit, membership and secured deposits, in the second quarter of 2009. Our plan is to submit the legislative proposal for taking forward the relevant recommendations of the review in the first half of 2010.

As regards the securities sector, the Securities and Futures Commission (SFC) has been keeping a close eye on our derivatives market, exchanges and clearing houses. Our short selling regulations in Hong Kong were stricter than those in other international financial centres before the onset of the financial tsunami. The SFC has made the preparatory work to facilitate the introduction of market-wide control measures during contingencies or when there is evidence of abusive short selling activities. It will continue to monitor market developments and our short selling regime. It has also stepped up its efforts, including intensified stress tests, to assess the financial exposure that brokers can withstand in adverse market conditions. The SFC has formed a dedicated team to centralize prudential supervision of high impact retail brokers and has further tightened regulatory oversight over the intermediaries through more onsite inspections.

In respect of the insurance sector, the Insurance Authority (IA) has stepped up monitoring the financial and solvency position of all authorized insurers in Hong Kong. Where necessary, IA will exercise his statutory powers to take appropriate intervention against insurers for the protection of policyholders' interests. IA will explore with the industry initiatives such as enhanced information disclosure and establishment of a policyholders' protection fund.

For Mandatory Provident Fund (MPF) Schemes, the Mandatory Provident Fund Schemes Authority has stepped up its supervision of MPF trustees by requiring them to increase reporting on operational matters and financial positions.

We and the above financial market regulators would deploy appropriate resources for timely formulation and implementation of necessary measures.

Signature	_____
Name in block letters	Miss AU King-chi
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	19.3.2009

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)030

Question Serial No.

1053

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

Programme : (6) Labour Statistics

Controlling Officer : Commissioner for Census and Statistics

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

The government has earlier indicated that the Labour Department (LD) in collaboration with the Economic Analysis and Business Facilitation Unit and the Census and Statistics Department (C&SD) would conduct a new tailor-made survey, and enhance the survey coverage of the "Programme of Annual Economic Surveys" by increasing the sample size and expanding the industry coverage of the related surveys so as to include more small and medium enterprises (SMEs). These arrangements would support the comprehensive analysis on the impact to be brought about by the introduction of statutory minimum wage on the operation of the SMEs.

C&SD will conduct six surveys, including "Wage Survey of the Care Workers/Personal Care Workers engaged in Elderly Homes" and a new survey known as "Annual Earnings and Hours Survey" (AEHS), under Programme (6) in 2009. Apart from the AEHS, please advise whether the survey to be conducted in collaboration with LD in support of the analysis of the impact of the statutory minimum wage on the SMEs as set out in the above paragraph has been included? If so, what is the expenditure to be incurred? Apart from the above two surveys, will C&SD conduct any other surveys in support of the introduction of the statutory minimum wage? If so, please give the details.

Asked by : Hon. CHAN Kam-lam

Reply :

To provide statistics for analyses related to the proposed introduction of a statutory minimum wage (SMW), C&SD will conduct a new AEHS from the second quarter of 2009. In addition, the industry coverage and the sample size of the existing Programme of Annual Economic Surveys will be expanded so as to support comprehensive analysis of the impact of SMW on the business sector, especially SMEs. To undertake these two projects, C&SD will arrange internal redeployment of manpower and also create 15 new posts at non-Directorate levels involving an additional expenditure of about \$4.3 million per year.

Apart from the two statistical surveys mentioned above, C&SD does not have any plan to conduct other surveys in support of analyses related to SMW for the time being.

Signature _____

Name in block letters _____

FUNG Hing-wang

Post Title _____

Commissioner for Census and Statistics

Date _____

19.3.2009

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)031

Question Serial No.

1055

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

Programme :

Controlling Officer : Commissioner for Census and Statistics

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

Please account for the significant increase of 76% under the "General departmental expenses" in 2009-10 as compared to the revised estimate of this item in 2008-09.

Asked by : Hon. CHAN Kam-lam

Reply :

The increase of 76% under the "General departmental expenses" in 2009-10 against the revised estimate of the item in 2008-09 is mainly attributable to the additional operating expenses for conducting supplementary surveys to track the latest development in the trade structure of Hong Kong, enhancing the processing and checking of import/export declarations and cargo manifests, making preparation for the 2011 Population Census, conducting the 2009-10 Household Expenditure Survey, and launching new surveys related to the proposed introduction of a statutory minimum wage.

Signature _____

Name in block letters _____

FUNG Hing-wang

Post Title _____

Commissioner for Census and Statistics

Date _____

19.3.2009

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)032

Question Serial No.

1554

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

Programme : (3) National Accounts and Balance of Payments Statistics

Controlling Officer : Commissioner for Census and Statistics

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

The Financial Secretary has mentioned in his Budget Speech that Hong Kong should boost efforts to expand the opportunities of a green economy. Can the government advise on the following:

- (a) The percentage contribution of the green economy to the Gross Domestic Product in 2008-09. Please list the values of gross output by types of green economic activities.
- (b) The number of persons engaged in the green economy and their distribution in various industries in 2008-09.
- (c) The anticipated percentage contribution of the green economy to the Gross Domestic Product in 2009-10.

Asked by : Hon. EU Yuet-mee, Audrey

Reply :

Similar to many statistically advanced economies, Hong Kong does not compile official statistics on "green economy".

There exist significant technical and data collection difficulties in conducting economic measurements on "green economy" activities. Activities of individual industries and units with direct and indirect relations with "green economy" have to be clearly identified. Relevant statistical concepts and methods are still at an early stage of development in the international community. There are at present no standard international guidelines. We will keep closely in view international development in this area, in particular, the experiences of statistically advanced economies.

Signature _____

Name in block letters _____

FUNG Hing-wang

Post Title _____

Commissioner for Census and Statistics

Date _____

19.3.2009

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)033

Question Serial No.

0761

Head : 26 Census and Statistics Department

Subhead (No. & title) :

Programme : (2) Social Statistics

Controlling Officer : Commissioner for Census and Statistics

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

As regards the arrangements for the preparation of the 2011 Population Census, please provide the following:

- (a) Studies and consultations conducted in respect of the arrangements for the above population census.
- (b) Will the Administration make use of information technology, such as the Internet, to assist in conducting the population census? How much resources will be involved?
- (c) What will be the arrangements for the census on ethnic minority groups? How much resources will be involved for the purpose?

Asked by : Hon. HO Sau-lan, Cyd

Reply :

- (a) Comprehensive studies were done on international recommendations and best practices of conducting population censuses for suitable adaptation in the 2011 Population Census. An extensive consultation exercise on various aspects of the planning work for the 2011 Population Census was conducted from May 2008 to January 2009. More than 160 organisations including academic institutions, chambers of commerce, non-government organizations and District Councils etc. were involved. We also briefed Legislative Council Panel on Financial Affairs on the plan for the 2011 Population Census on 5 January 2009.
- (b) The 2011 Population Census will make extensive use of information technology to support the census operation. In particular, self-enumeration via the Internet will be introduced. Information technology will also be used extensively in performing such functions as enumerator recruitment, telephone enquiry, appointment request, fieldwork control and data dissemination. It is estimated that use of information technology will incur a non-recurrent cost of some \$88 million over a five-year period from 2009-10 to 2013-14.
- (c) Suitable planning will be made to facilitate and assist the ethnic minority groups in participating in the census, including provision of translation service and deployment of interviewers with relevant language skills for those who are in need of such service. There are no separate cost figures on individual population sub-groups.

Signature _____

Name in block letters _____

FUNG Hing-wang

Post Title _____

Commissioner for Census and Statistics

Date _____

19.3.2009

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

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

Programme : (6) Labour Statistics

Controlling Officer : Commissioner for Census and Statistics

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

The Census and Statistics Department (C&SD) will create 10 posts for conducting a new survey related to the introduction of a statutory minimum wage (SMW). However, the Government has earlier indicated that the C&SD and the Economic Analysis and Business Facilitation Unit would create 17 non-directorate posts, among which 15 would be created under the C&SD for conducting new surveys related to the introduction of SMW. Please advise on the 10 new posts to be created under the C&SD? Please also provide in detail the titles and duties of these 10 posts. According to the information provided in the Draft Estimates, there would be another 5 new posts created under the Labour Department. Is this correct?

Asked by : Hon. IP Kwok-him

Reply :

To provide statistics for analyses related to the proposed introduction of an SMW, C&SD will conduct a new Annual Earnings and Hours Survey from the second quarter of 2009. Apart from internal redeployment of manpower, a total of 10 new posts at non-Directorate levels will be created in C&SD to undertake the collection, analysis and compilation of data for the survey. These 10 posts include 1 Statistician, 1 Statistical Officer I, 2 Statistical Officers II, 1 Census and Survey Officer and 5 Assistant Census and Survey Officers.

In addition, another 5 new posts at non-Directorate levels will be created in C&SD for increasing the sample size of the existing Programme of Annual Economic Surveys as from the reference year of 2009, so as to support more comprehensive analysis of the impact of SMW on the business sector, in particular the small and medium enterprises. These 5 new posts include 1 Statistical Officer II, 1 Census and Survey Officer and 3 Assistant Census and Survey Officers, mainly responsible for data collection and processing work arising from the increased sample size.

Signature _____

Name in block letters _____

FUNG Hing-wang

Post Title _____

Commissioner for Census and Statistics

Date _____

19.3.2009

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)035

Question Serial No.

1139

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

Programme : (5) Price/Industry/Service Statistics

Controlling Officer : Commissioner for Census and Statistics

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

The Census and Statistics Department plans to increase the sample sizes of various annual economic surveys to support more detailed analysis on small and medium enterprises (SMEs). Please advise the relevant details and the expenditure to be incurred.

Asked by : Hon. LAM Tai-fai

Reply :

The plan for increasing the sample sizes of various annual economic surveys is mainly to support more comprehensive analysis of the impact on the business operation of SMEs in selected sectors arising from the proposed introduction of Statutory Minimum Wage. At present, the sample design of the annual economic surveys, with greater focus on prominent establishments, cannot support such detailed analyses on SMEs. Accordingly, the Census and Statistics Department (C&SD) will increase the overall sample sizes of the annual economic surveys from 15 000 to 18 000 establishments to include some additional 3 000 SMEs starting from the reference year of 2009. A total of 5 new posts at non-Directorate levels will be created in C&SD for this project, incurring an additional annual expenditure of about \$1.2 million.

Signature _____

Name in block letters _____

FUNG Hing-wang

Post Title _____

Commissioner for Census and Statistics

Date _____

19.3.2009

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)036

Question Serial No.

2814

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

Programme : (2) Social Statistics

Controlling Officer : Commissioner for Census and Statistics

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

The increase of \$34.5 million (57.6%) in the provision for 2009-10 as compared with the revised estimate for 2008-09 is mainly due to the additional provision for the creation of 96 posts and other operating expenses for the preparation of the 2011 Population Census (11C). Please advise on the duties and estimated expenditure of these 96 posts; and the estimated expenditure of other operating expenses, with breakdown in items, for conducting the 11C. Please also advise on whether the expenditure includes the expenses for setting up the 11C Office.

Asked by : Hon. WONG Ting-kwong

Reply :

Of the 96 posts to be created under this programme in 2009-10, 92 are time-limited posts for the 2011 Population Census (11C) and 4 are permanent posts re-deployed from Home Affairs Bureau (HAB) to the Census and Statistics Department for providing statistical support and advice to HAB and other bureaux/departments in the area of public opinion surveys.

The 92 posts for the 11C (comprising 2 senior professionals, 13 statistical officers, 70 field officers, and 7 executive and clerical officers) will be responsible for planning and implementation of the statistical and fieldwork systems required for the census operation, processing of census data and dissemination of census results.

About \$30.1 million has been included for the 11C project in 2009-10 to meet the expenses for the creation of the above-mentioned 92 posts (\$18.3 million), employment of non-civil service contract staff (\$5.0 million), office rent and rates for setting up the 11C Office (\$4.0 million), and administrative and miscellaneous expenses (\$2.8 million).

Signature _____

Name in block letters _____

FUNG Hing-wang

Post Title _____

Commissioner for Census and Statistics

Date _____

19.3.2009

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)037

Question Serial No.

2815

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

Programme : (4) General Statistical Services

Controlling Officer : Commissioner for Census and Statistics

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

In 2009-10, the Census and Statistics Department will continue to promote statistical literacy and application of statistics in the community through, for example, organising seminars. Please advise whether the number and contents of the seminars concerned to be organised in 2009-10 will be different from those organised in 2008-09. Please also advise how to assess whether the level of the statistical literacy and application of statistics in the community have been raised?

Asked by : Hon. WONG Ting-kwong

Reply :

The Census and Statistics Department has been organising talks and seminars to increase the awareness and promote the proper application of statistics among people in various sectors in the community. In 2008-09, around 50 talks and seminars on topics like sampling surveys, dissemination of statistics and official statistics have been conducted. A similar number of such talks and seminars will be organised in 2009-10. Topics of interest to the community will be covered in these talks and seminars, making due reference to Hong Kong's socio-economic trends as well as the latest statistical developments.

With the promotion work done in the past years, including the commencement of providing free download copies of all statistical publications on the department's website in June 2006, we are glad to see that the community has become more knowledgeable in using statistics generally. This is reflected by the utilisation statistics of our services and products. For example, the daily average number of pages viewed on our website increased from 48 000 pages in 2006 to over 100 000 pages in 2008, representing an average annual growth rate of 45%. The number of copies of statistical publications distributed also grew markedly by almost 7 folds from 83 400 copies in 2006 to 642 000 copies in 2008.

Signature _____

Name in block letters _____

FUNG Hing-wang

Post Title _____

Commissioner for Census and Statistics

Date _____

19.3.2009

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)038

Question Serial No.

2816

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

Programme : (4) General Statistical Services

Controlling Officer : Commissioner for Census and Statistics

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

In 2009-10, the Census and Statistics Department will continue to upgrade the quality of statistical services provided. Please advise whether there are any indicators for measuring the effectiveness of such a pledge.

Asked by : Hon. WONG Ting-kwong

Reply :

It is a continuous and long-term commitment of the Census and Statistics Department to provide quality statistical services to the community. We have been releasing annually performance pledges in the form of a booklet entitled *Performance Pledge* since 1993. The performance standards and targets of our services are set out in the booklet and are reviewed and enhanced from time to time.

In 2009, we have committed a total of 15 performance standards and targets for providing the public with statistical data and services and facilitating the public in supplying information to the government required for the compilation of statistics. These include a new performance standard and four performance standards with targets enhanced, in line with our efforts in upgrading the quality of statistical services in 2009-10. The effectiveness of our services can be measured through these standards and targets.

Signature _____

Name in block letters _____

FUNG Hing-wang

Post Title _____

Commissioner for Census and Statistics

Date _____

19.3.2009

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)039

Question Serial No.

2817

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

Programme : (4) General Statistical Services

Controlling Officer : Commissioner for Census and Statistics

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

As regards the Information Systems Strategy Study, please advise on the number of recommended projects that have yet to be completed and the percentage they account for. Please also advise on the contents of these projects, whether there is work schedule for them, and their estimated completion dates.

Asked by : Hon. WONG Ting-kwong

Reply :

The Information Systems Strategy Study (ISSS) completed in 2004 recommended 16 strategic information technology projects, of which the implementation was planned in two phases. Phases 1 and 2 cover nine and seven projects respectively. Before the start of Phase 2, a mid-term review will be conducted. Up to now, four projects in Phase 1 have been completed and five (56% of total) are being implemented. The projects yet to be completed include -

- (a) Implement department-wide output production system (feasibility study of the project is being conducted and the implementation plan of the whole project is to be confirmed);
- (b) Replace the Full Harmonized System (expected completion in November 2009);
- (c) Implement knowledge management support system (expected completion in April 2010);
- (d) Implement department-wide data capturing system using computer-assisted telephone interview technology (expected completion in December 2010); and
- (e) Implement department-wide data capturing system using imaging technology (expected completion in June 2011).

The implementation plan for the seven projects of Phase 2 will be drawn up in the mid-term review of the ISSS to be conducted in 2011-12.

Signature _____

Name in block letters _____

FUNG Hing-wang

Post Title _____

Commissioner for Census and Statistics

Date _____

19.3.2009

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)040

Question Serial No.

2818

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

Programme : (5) Price/Industry/Service Statistics

Controlling Officer : Commissioner for Census and Statistics

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

The Census and Statistics Department will conduct the Household Expenditure Survey (from October 2009 to September 2010) in 2009-10. Please advise on the manpower resources and expenditure for conducting the survey.

Asked by : Hon. WONG Ting-kwong

Reply :

About 55 additional staff (involving 10 civil service non-directorate time-limited posts and about 45 non-civil service contract positions) will be required for the Household Expenditure Survey (HES). The estimated staff and other operating expenses of the whole HES exercise, to be incurred from 2008-09 to 2011-12, is about \$20.4 million.

Signature _____

Name in block letters _____

FUNG Hing-wang

Post Title _____

Commissioner for Census and Statistics

Date _____

19.3.2009

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)041

Question Serial No.

2819

Head : 26 Census and Statistics Department

Subhead (No. & title) :

Programme : (5) Price/Industry/Service Statistics

Controlling Officer : Commissioner for Census and Statistics

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

The increase of \$15.1 million (13%) in the provision for 2009-10 as compared with the revised estimate for 2008-09 is mainly due to the additional provision for the creation of 12 posts and other operating expenses for conducting the 2009-10 Household Expenditure Survey (HES). Please advise on the duties and estimated expenditure of these 12 posts; and the estimated expenditure of other operating expenses, with breakdown in items, for conducting the 2009-10 HES.

Asked by : Hon. WONG Ting-kwong

Reply :

The 12 posts at non-Directorate levels are created for two projects, namely to expand the sample size of the existing Programme of Annual Economic Surveys and to conduct the 2009-10 HES, incurring an additional annual expenditure of about \$3.8 million.

The sample size of the existing Programme of Annual Economic Surveys will be expanded mainly for supporting more comprehensive analysis of the impact of the proposed introduction of a statutory minimum wage on the business sector. A total of 5 new posts, responsible for data collection, statistical compilation and analysis for the economic surveys, will be created in the Census and Statistics Department (C&SD) for this project. Other than creating the new posts, this project incurs only a small additional amount of other operating expenses.

As for the 2009-10 HES, 7 new posts will be created in C&SD in 2009-10. Five of the new posts are responsible for supervising a team of temporary field staff on data collection work, and the remaining 2 new posts are for supervising a team of temporary statistical and clerical staff for data editing, input and analysis.

For conducting the 2009-10 HES, another \$4.6 million on other operating expenses will be required in 2009-10, of which \$3.8 million will be used for setting up a team of temporary statistical, clerical and field staff on non-civil service contract terms. The remaining \$0.8 million will be used for survey publicity and administrative expenses, including honorarium for cooperative households, printing costs, procurement of office equipment and telephone charges, etc.

The remaining increase in the provision for 2009-10 as compared with the revised estimate for 2008-09 is mainly due to the full-year provision for vacancies filled in 2008-09 and increased salary provision arising from staff changes.

Signature _____

Name in block letters _____

FUNG Hing-wang

Post Title _____

Commissioner for Census and Statistics

Date _____

19.3.2009

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)042

Question Serial No.

2820

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

Programme : (5) Price/Industry/Service Statistics

Controlling Officer : Commissioner for Census and Statistics

Director of Bureau : Secretary for Financial Services and the Treasury

Question :

In view of the financial tsunami and the outbreak of the Lehman mini-bond incident, will the Administration consider compiling statistics on the financial services sector? If not, what are the reasons?

Asked by : Hon. WONG Ting-kwong

Reply :

The Census and Statistics Department (C&SD) regularly compiles a wide range of statistics on various major economic sectors, including the financial services sector. Such statistics are useful to the Government and the business community in formulating policies and making decisions.

As far as the financial services sector is concerned, business receipts indices are published on a quarterly basis to reflect the short term business performance of the sector. These indices measure changes in business receipts of selected industries within the sector, including for example the banking industry and the asset management industry. Data for compiling such indices are mainly based on the Quarterly Survey of Service Industries conducted by C&SD and relevant data provided by the Hong Kong Monetary Authority. In addition, detailed statistics on the operating characteristics and cost structure of the financial services sector are also compiled on an annual basis.

The quarterly and annual statistics mentioned above are complementary to each other. Analysed together, these statistics enable data users to grasp the latest business situation and development of the financial services sector in Hong Kong.

Signature _____

Name in block letters _____

FUNG Hing-wang

Post Title _____

Commissioner for Census and Statistics

Date _____

19.3.2009

