

**Replies to initial written questions raised by Finance Committee Members in  
examining the Estimates of Expenditure 2004-05**

**Director of Bureau : Secretary for the Financial Services  
and the Treasury**

**Session No. : 5**

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Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)001

Question Serial No.

0077

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 :

Regarding consultancy studies for policy making and assessment (if any) commissioned by your bureau, please provide details in the following format :

- (1) Please provide the following details on the consultancy studies for which financial provision has been allocated respectively in 2003-04 :

Name of consultants (if available)	Description	Consultancy fees (\$)	Progress on consultancy studies (planning/in progress/completed)	The Administration's follow-up action on the study reports and the progress made (if available)	Whether study reports completed are publicized; if yes, their channels and if not, the reasons.

- (2) Has financial provision been allocated for commissioning consultancy studies in 2004-05? If yes, please provide the following details :

Name of consultants (if available)	Description	Consultancy fees (\$)	Progress on consultancy studies (planning/in progress/completed)	Whether study reports scheduled for completion in 2004-05 will be publicized; if yes, their channels and if not, the reasons.

Asked by: Hon. HO Sau-lan, Cyd

Reply:

- (1) The details of the consultancy studies for which financial provision has been allocated in 2003-04 are as follows:

Name of consultants (if available)	Description	Consultancy fees (\$)	Progress on consultancy studies (planning/in progress/completed)	The Administration's follow-up action on the study reports and the progress made (if available)	Whether study reports completed are publicized; if yes, their channels and if not, the reasons.
CityU Professional Services Limited of City University of Hong Kong and The Chinese University of Hong Kong	Consultancy study on corporate governance in Hong Kong (comprises four separate studies)	\$1.000 m	Substantially completed.	The Standing Committee on Company Law Reform (SCCLR) has taken into account the findings of the studies in formulating proposals under its Phase II Corporate Governance Review. We are now considering how best to take forward the SCCLR's recommendations.	The study reports have been published together with the Consultation Paper issued by the SCCLR on its Phase II Corporate Governance Review in June 2003.
Freshfields Bruckhaus Deringer	Conducting researches and studies on the recommendations made in the report of the SCCLR (study on the implications of adopting a system of no-par value shares in Hong Kong)	\$2.300 m	Substantially completed.	We will take into account the outcome of the study in deciding whether a system of no-par value shares should be adopted in Hong Kong.	The study reports would be submitted to the SCCLR for discussion.
Pricewaterhouse Coopers	Consultancy study on the feasibility of establishing policyholders' protection funds	\$3.260 m	Public consultation phase of Stage One in progress.	We will analyze the comments received during the public consultation phase to consider the way forward.	Findings of the consultant in Stage One of the study were covered in the public consultation paper issued in December 2003.
Pricewaterhouse Coopers	Consultancy study on establishing the supervisory framework of assets of long term insurers in Hong Kong	\$1.520 m	Stage One in progress.	Views of stakeholders and international benchmarking will form the basis of a public consultation paper.	Not applicable, as the study is still at an early stage.

- (2) The details of the consultancy studies for which financial provision has been allocated in 2004-05 are as follows :

Name of consultants (if available)	Description	Consultancy fees (\$)	Progress on consultancy studies (planning/in progress/completed)	Whether study reports scheduled for completion in 2004-05 will be publicized; if yes, their channels and if not, the reasons.
CityU Professional Services Limited of City University of Hong Kong and The Chinese University of Hong Kong	Consultancy study on corporate governance in Hong Kong (comprises four separate studies)	\$2.455 m	Substantially completed.	The study reports have been published together with the Consultation Paper issued by the SCCLR on its Phase II Corporate Governance Review in June 2003.
Arthur Andersen & Co (now Pricewaterhouse Coopers)	Consultancy study to review the future role and functions of the Official Receiver's Office	\$4.700 m	Stage One of the study completed in 2002-03. We will consider the way forward for Stage Two of the study.	Way forward for Stage Two of the study to be considered.
Pricewaterhouse Coopers	Consultancy study on the feasibility of establishing policyholders' protection funds	\$0.878 m	Stage One to complete in 2004.	The result would be made available to the public; channel to be decided.
Pricewaterhouse Coopers	Consultancy study on establishing the supervisory framework of assets of long term insurers in Hong Kong	\$2.640 m	Stage One in progress	There would be a public consultation exercise in the first half of 2005. Findings of the consultant by then would be covered in the consultation paper.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_ Tony Miller

Post Title \_\_\_\_\_ Permanent Secretary for Financial Services and the Treasury (Financial Services)

Date \_\_\_\_\_ 24.3.2004

Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)002

Question Serial No.

0668

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 :

The provision under this programme for 2004-05 is \$7.1 million (4.9%) higher than the revised estimate for 2003-04 mainly due to an anticipated increase in expenditure arising from hearings of tribunal cases in 2004-05. What are the anticipated increase and the actual number of the tribunal cases? Please provide reasons for estimating this increase.

Asked by: Hon. WU King-cheong, Henry

Reply:

In preparing the estimate for 2004-05, we assume that the Insider Dealing Tribunal (IDT) / Market Misconduct Tribunal will handle 7 cases during the year as compared with 3 insider dealing cases actually heard by the IDT in 2003-04. We expect the number of cases to be heard in 2004-05 to be higher than in 2003-04 because the two complicated insider dealing cases which occupy a substantial portion of the tribunal time in 2003-04 would likely be completed soon. The IDT will then be able to commence hearing of the remaining cases pending inquiry.

Signature

Name in block letters

Post Title

Date

Tony Miller

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

24.3.2004

Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.  
FSTB(FS)003

Question Serial No.

0706

Head: 148 – Government Secretariat : Subhead (No. & title): 000  
Financial Services and the Treasury Operational expenses  
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 :

Please give reasons for the increase in the Estimates for allowances under Personal emoluments, Mandatory Provident Fund contribution and various items under Departmental Expenses respectively.

Asked by: Hon. CHAN Kam-lam

Reply:

The provisions for Allowances and items under Departmental Expenses for 2004-05 are lower than the original estimates for 2003-04 and higher than the revised estimates for 2003-04, as follows –

	2004-05 Draft estimate (\$'000)	2003-04 Approved estimate (\$'000)	2003-04 Revised estimate (\$'000)
<b>Personal Emoluments</b>			
Allowances	3,147	3,519	2,824
<b>Departmental Expenses</b>			
Honoraria for members of committees	238	284	222
Hire of services and professional fees	19,111	19,158	16,068
General departmental expenses	14,132	14,180	14,105

The increase in Allowances is due to the need to earmark provision for payment of acting allowances for officers acting at higher ranks. The increase in honoraria is due to the estimated increase of one case for the Mandatory Provident Fund Schemes Appeal Board. The increase in the other two departmental expenses items is mainly due to an anticipated increase in expenditure arising from hearings of tribunal cases.

As for Mandatory Provident Fund contribution, an additional \$24,000 has been provided for in 2004-05 to cater for officers who incur MPF contributions.

Signature	_____
Name in block letters	_____ Tony Miller _____
Post Title	_____ Permanent Secretary for Financial Services and the Treasury (Financial Services) _____
Date	_____ 24.3.2004 _____

Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)004

Question Serial No.

0834

Head: 148 – Government Secretariat : Subhead (No. & title): 000  
Financial Services and the Treasury Operational expenses  
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 :

Please list the revised estimate for duty visits outside Hong Kong in 2003-04 for the Secretary for Financial Services and the Treasury and the Permanent Secretary for Financial Services and the Treasury, with particulars of : (1) the purposes and details of the visits; (2) the main means of public transport and related expenses for the visits; (3) board and lodging expenses for the visits. What is the corresponding estimated expenditure for 2004-05? Has the Government laid down any ceiling for the expenditure and criteria for auditing such?

Asked by: Hon. SIN Chung-kai

Reply:

The expenditure on duty visits outside Hong Kong as incurred by the Permanent Secretary for Financial Services and the Treasury (Financial Services) in 2003-04 is \$11,689, as follows –

Date	Place	Purpose	Means of transport	Total expenditure
4-5.8.2003	Shenzhen, Guangzhou and Dongguan	Exchange with Mainland officials	Coach (shared with other users)	\$1,649
25-26.8.2003	Fuzhou	Promotion of Hong Kong	Plane (Economy Class)	\$3,097
16-19.10.2003	Shanghai	Attending a symposium on commercial integrity	Plane (Economy Class)	\$6,943

The 2003-04 revised estimate and 2004-05 draft estimate on duty visits outside Hong Kong for Financial Services Branch are \$1,250,000 and \$1,100,000 respectively. The estimates were prepared to meet the requirements of the whole office but not any individual officer within the Branch.



The relevant estimates and expenditure incurred/to be incurred by the Secretary for Financial Services and the Treasury is provided for under Head 147 Government Secretariat : Financial Services and the Treasury Bureau (The Treasury Branch).

Under the current policy, an officer who is on duty outside Hong Kong may be granted a subsistence allowance at specified daily rates to cover the cost of the appropriate standard of accommodation and meals, laundry charges, casual entertainment, gratuities, travelling expenses within town and all minor incidental out-of-pocket expenses. The rates of the subsistence allowance differ from country to country to take into account the different costs in different countries. The amount of allowance paid is abated in case of sponsorship of hotel accommodation or in cash.

Signature	_____
Name in block letters	_____ Tony Miller _____
Post Title	_____ Permanent Secretary for Financial Services and the Treasury (Financial Services) _____
Date	_____ 24.3.2004 _____

Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)005

Question Serial No.

0835

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 :

Please provide a breakdown of the provision for entertainment expenses to be incurred by the Secretary for Financial Services and the Treasury and the Permanent Secretary for Financial Services and the Treasury, such as hosting and attending receptions, in the revised estimate for 2003-04 and the estimate for 2004-05. Has the government drawn up any ceiling for such expenditure? Any objective criteria to facilitate auditing?

Asked by: Hon. SIN Chung-kai

Reply:

The 2003-04 revised estimate and 2004-05 draft estimate on local official entertainment expenses for Financial Services Branch are \$180,000 and \$160,000 respectively. The estimates are made on a Branch basis but not for any individual officer. Breakdown estimates/figures for individual officers are not available because reimbursements are made to officers who have actually made payments but may have paid first on behalf of the Permanent Secretary. Moreover, there are functions which are attended by the Permanent Secretary with his colleagues. It is difficult to identify the exact amount of expenditure incurred by the Permanent Secretary himself.

The relevant estimates and expenditure incurred/to be incurred by the Secretary for Financial Services and the Treasury is provided for under Head 147 Government Secretariat : Financial Services and the Treasury Bureau (The Treasury Branch).

Under the current policy, expenditure on entertainment may be charged to public funds only when it is directly related to the discharge of an officer's duties or is a necessary part of making or maintaining contacts in his official capacity, and is in the public interest. All such expenditure must be approved by the head or deputy head of the bureau or department personally, or by a directorate officer duly authorised by the head of department.

To further enhance the exercise of economy when entertaining guests, the prevailing general guideline issued is that departments should aim to spend not more than \$250 per person for lunch and not more than \$400 per person for dinner, inclusive of tips.

Signature	_____
Name in block letters	Tony Miller
Post Title	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Date	24.3.2004

Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)006

Question Serial No.

0958

Head: 148 – Government Secretariat : Subhead (No. & title): 000  
Financial Services and the Treasury Operational expenses  
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 :

An additional directorate post will be created by the Financial Services and the Treasury Bureau (Financial Services Branch) in 2004-05. What is the scope of duties for the directorate post? What is the expenditure involved?

Asked by: Hon. LAU Hon-chuen, Ambrose

Reply:

The new directorate post as approved for creation by the Finance Committee on 27 February 2004 is ranked at Administrative Officer Staff Grade C. The post title is Principal Assistant Secretary (Financial Services) 5. The post holder will be responsible for the review and maintenance of Banking Ordinance, and liaison with the Hong Kong Monetary Authority on banking issues. He will take on the development and monitoring of the deposit protection scheme, as well as co-ordinate and facilitate legislative work required for bank mergers. In addition, he will co-ordinate input into Hong Kong's participation in international forums such as International Monetary Fund, Asia-Pacific Economic Co-operation, Organization for Economic Co-operation and Development, and the Financial Action Task Force against money laundering.

Creating this post involves a notional annual salary cost at mid-point of \$1,404,420.

Signature

Name in block letters

Post Title

Date

Tony Miller

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

24.3.2004

Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)007

Question Serial No.

1168

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 :

Regarding policy research projects and the expenditure involved, please provide detailed information on the policy research projects commenced or being conducted by the Financial Services Branch or with the funding of the Branch in 2003-04, including

- 1) project title, objective and subject matter;
- 2) expenses;
- 3) latest progress;
- 4) whether the Administration has followed up on the research results.

Also, is there any provision earmarked for policy research in 2004-05? If yes, what is the amount? What are the objectives and subject matters of the respective projects?

Asked by: Hon. LEE Chu-ming, Martin

Reply:

Our major task is to formulate and co-ordinate policies in respect of areas under our purview. To achieve this we carry out research into these areas using information available and with inhouse resources. In view of the wide range and the large amount of such research work it is impossible to list each and every task. When consultants are used, we have prepared a breakdown in response to a separate question on that particular subject. Details of the more important items for ongoing work and new initiatives are listed in the Policy Agenda accompanying the Chief Executive's policy addresses and highlighted in the Controlling Officer's report. It is impossible to give a breakdown on expenditure for each of these items as we have not conducted detailed costing work for each of them. However, we have provided an indication of the expenditure involved in each of our programme in the Controlling Officer's report. If after research, consultation and deliberation, a new policy should be introduced, we shall consult the relevant panel of the Legislative Council.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_ Tony Miller

Post Title \_\_\_\_\_ Permanent Secretary for Financial Services and the Treasury (Financial Services)

Date \_\_\_\_\_ 24.3.2004

Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)008

Question Serial No.

1441

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 :

Provision for the Financial Services and the Treasury Bureau (Financial Services Branch) for 2004-05 is \$7.1m (4.9%) higher than the revised estimate for 2003-04. Please further explain the reasons stated in the analysis of financial provision item by item and account for the specific estimates of expenditure.

Asked by:    Hon. TIEN Pei-chun, James

Reply:

The provision for Financial Services Branch for 2004-05 is \$7.2 million (4.5%) lower than the original estimate for 2003-04 and \$7.1 million (4.9%) higher than the revised estimate for 2003-04. Reasons for the increase and the breakdown figures are set out below –

	2004-05 Draft estimate (\$'000)	2003-04 Approved estimate (\$'000)	2003-04 Revised estimate (\$'000)	Remarks
<b>Recurrent</b>				
Salaries	102,811	106,248	101,894	The increase of \$0.9 million is mainly due to the creation of one directorate post and the need to accommodate officers on pre-retirement leave, partly offset by the effect of the civil service payout.
Allowances	3,147	3,519	2,824	The increase of \$0.3 million is to cater for payment of acting allowances for officers acting at higher ranks.
Job-related allowances	1	7	2	No increase.

MPF contribution	144	120	120	An additional \$24,000 has been provided to cater for officers who incur payment of MPF contributions.
Honoraria for members of committees	238	284	222	The increase is due to an estimated increase of one case for the Mandatory Provident Fund Schemes Appeal Board.
Hire of services and professional fees	19,111	19,158	16,068	The increase is mainly due to an anticipated increase in expenditure arising from hearings of tribunal cases.
General departmental expenses	14,132	14,180	14,105	The increase of \$27,000 is to allow sufficient provision to meet operational needs.
<b>Non-recurrent</b>				
General non-recurrent	12,603	15,895	9,887	There is an increase in cashflow requirement of about \$2.7 million because a major portion of the fees for many items would be payable in 2004-05, partly offset by the reduced cashflow requirement of the remaining few items.
Total:	152,187	159,411	145,122	

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_ Tony Miller

Post Title \_\_\_\_\_ Permanent Secretary for Financial Services and the Treasury (Financial Services)

Date \_\_\_\_\_ 24.3.2004

Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)009

Question Serial No.

1764

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 2004 Policy Address has mentioned about the need to raise the standard of policy research undertaken by the Government:

“To improve our governance, we must raise the level of sophistication with which both the Government and the community handle policy issues. We need to do more public policy research, particularly from a macro and long-term perspective. Objective and concrete public policy research will help us better realise the objectives of effective governance. It will help us avoid sweeping, politicised and emotional policy debates, thus making it easier for the Government and various sectors of the community to reach a consensus on public issues. This will ensure that our policies are implemented more effectively and better able to serve the long-term development needs of Hong Kong.”

Please advise whether provision has been made or resources deployed in the 2004-05 Estimates to take forward a stated commitment of the Policy Address that public policy matters will be pursued with a higher standard. If yes, please give a detailed account of the projects funded. If not, what are the reasons for that?

Asked by: Hon. SIN Chung-kai

Reply:

Since the publication of the 2004 Policy Address, the Central Policy Unit (CPU) has been exploring ways to promote research on public policy issues and develop the human resources required. They are formulating an agenda for policy research so as to take forward research on priority issues. To meet this objective, the CPU will carry out relevant research work using in-house resource as far as possible. It is hard to estimate the full resource implications at this juncture.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_ Tony Miller

Post Title \_\_\_\_\_ Permanent Secretary for Financial Services and the Treasury (Financial Services)

Date \_\_\_\_\_ 24.3.2004



Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)010

Question Serial No.

0230

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 :

Under this Programme, the estimate for 2004-05 is 27.8% higher than the original estimate for 2003-04. According to the matters requiring special attention in 2004-05, the reason for the increase is that the 2006 Population By-census Office will be set up in October 2004. (1) Please explain why the 2006 Population By-census Office should be set up as early as 2004; and (2) please give the breakdown of its estimated expenditure.

Asked by: Hon. SIN Chung-kai

Reply:

- (1) The 2006 Population By-census is a large-scale and complex operation which requires a long period of time for planning, tests and preparations on various aspects. These include designing questionnaires, developing computer systems to support the field operation, procuring equipment, conducting pre-test survey and recruiting and training the required temporary field workers. To ensure the smooth conduct of the 2006 Population By-census, it is necessary to set up the 2006 Population By-census Office in October 2004 to allow sufficient time to carry out the activities mentioned above. On previous occasions, the population census/by-census office was also set up two years before the conduct of the respective census/by-census.
- (2) The estimated expenditure in 2004-05 for the 2006 Population By-census is \$7.7 million, including \$4 million as salary provision for additional temporary posts, \$1.1 million as salary provision for non-civil service contract staff and \$2.6 million as other expenses (e.g. expenses on procurement of office stationery, equipment and furniture and printing, telephone and electricity expenses, etc.).

Signature  
Name in block letters  
Post Title  
Date

FREDERICK W H HO
Commissioner for Census and Statistics
24 March 2004

Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)011

Question Serial No.

0703

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 Lingnan University indicated earlier that it would establish a research centre in collaboration with other institutions and the Census and Statistics Department for conducting a longitudinal study covering 1 000 households in Hong Kong spanning a period of 20 years. The results of the study would serve as reference for future policy implementation. Is this proposal included in the estimate for 2004-05? If so, what is the estimated provision and when will the research begin?

Asked by: Hon. CHAN Kam-lam

Reply:

In regard to the proposal of the Lingnan University to establish a research centre in collaboration with other institutions and the Census and Statistics Department to conduct a longitudinal study spanning a period of 20 years, this Department was aware of the proposal only from the newspaper reports. All along the Lingnan University has not approached us about the project. On learning about the matter from the newspaper reports, we have contacted the Lingnan University, and have been informed that the aforesaid item is solely an internal and preliminary plan of the University. The Lingnan University has not contacted outside organizations so far on the proposed study.

At the present stage, we could not make any assessment on the project as the Lingnan University has not made any consultation with this Department on the proposal. This project is also not reflected in any way in the estimate for 2004-05.

Signature	_____
Name in block letters	FREDERICK W H HO
Post Title	Commissioner for Census and Statistics
Date	24 March 2004

Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)012

Question Serial No.

0704

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 :

For Programme (2),

- (a) the provision for 2004-05 is \$9.3 million higher than the revised estimate for 2003-04. Please provide the reasons for the increase and the provision involved under each increase.
- (b) there will be a net creation of 21 posts in 2004-05. Please explain the reasons for the creation of these posts and list all relevant post titles and the numbers involved.

Asked by: Hon. CHAN Kam-lam

Reply:

- (a) In 2004-05, the expenditure for Programme (2) should increase by \$10.9 million which is attributable to the net creation of 21 posts (\$3.5 million) for the 2006 Population By-census, operating expenses for that project (\$3.7 million) and filling of posts and salary increments for staff (\$3.7 million). However, as part of the additional expenditure will be offset by the effect of the 2004 and 2005 civil service pay cut (\$1.5 million) and reduction in departmental operating expenses through re-organization, re-prioritization and re-engineering (\$0.1 million), the provision is only increased by \$9.3 million.
- (b) In 2004-05, 23 posts will be created for the preparatory work of the 2006 Population By-census. These include 1 Senior Statistician, 4 Senior Statistical Officers, 5 Statistical Officers I, 1 Chief Census and Survey Officer, 4 Senior Census and Survey Officers, 3 Census and Survey Officers, 1 Senior Executive Officer, 2 Executive Officers I and 2 Clerical Officers. On the other hand, 1 Statistician post and 1 Assistant Clerical Officer post will be deleted in Programme (2) through re-organization and re-engineering. As a result, there will be a net creation of 21 posts in this programme in 2004-05.

Signature	_____
Name in block letters	FREDERICK W H HO
Post Title	Commissioner for Census and Statistics
Date	24 March 2004

Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)013

Question Serial No.

0705

Head: 26 Census and Statistics Department

Subhead (No. & title):

Programme:

Controlling Officer: Commissioner for Census and Statistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question :

Why are there increases for provision of Mandatory Provident Fund contribution and general departmental expenses by 22% and 12% respectively in the estimate for 2004-05 against the revised estimate for 2003-04?

Asked by: Hon. CHAN Kam-lam

Reply:

The provision for Mandatory Provident Fund contribution in 2004-05 is \$55,000 (22%) higher than the revised estimate for 2003-04. This is mainly due to the full-year provision for agreement officers employed during 2003-04 and increase in monthly contribution arising from annual salary increments for existing staff.

The provision for general departmental expenses in 2004-05 is \$6 million (12%) higher than the revised estimate for 2003-04. This has included the provision for the preparatory work of the 2006 Population By-census (\$3.7 million) and the conduct of the 2004-05 Household Expenditure Survey (\$4.2 million), which has been offset by a saving of \$1.9 million (4%) in general departmental expenses through re-organization, re-prioritization and re-engineering.

Signature	_____
Name in block letters	FREDERICK W H HO
Post Title	Commissioner for Census and Statistics
Date	24 March 2004

Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)014

Question Serial No.

0760

Head: 26 Census and Statistics Department

Subhead (No. & title):

Programme: (1) Trade Statistics and (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question :

Regarding Programmes (1) and (2), is there any plan to raise the target in respect of the time required for services provision with reference to the actual time taken over the past few years? If yes, what will be the resources involved?

Asked by: Hon. WU King-cheong, Henry

Reply:

In the past few years, we have continually raised our service targets for the two programmes. Based on our assessment and feedback from users of our services, the current targets are at a level meeting the satisfaction of our users. At the same time, the manpower resources of the Census and Statistics Department for carrying out the work of these two programmes have been gradually reduced. Under such circumstances, we do not think there is a pressing need to further raise the targets.

Signature	_____
Name in block letters	FREDERICK W H HO
Post Title	Commissioner for Census and Statistics
Date	24 March 2004

Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)015

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 :

Some of the surveys were contracted out to private research firms. Is this move of any help to financial resources allocation? If yes, please quantify the savings in time and resources so achieved. If no, please explain the basis for outsourcing and the additional resources involved.

Asked by: Hon. WU King-cheong, Henry

Reply:

The Census and Statistics Department (C&SD) started a Thematic Household Survey (THS) series in 1999 such that requests from policy bureaux and government departments for statistical data on specific social issues would be packaged together to form different rounds of THS and contracted out to private research firms. Expenses involved would be borne by bureaux and departments concerned.

Based on the actual tender price in respect of various rounds of THS conducted in 2002-03 and 2003-04, with adjustment made to include the cost of C&SD staff required to monitor the contractors' performance, the costs associated with THS can be illustrated as below. For a survey with sample size of 10 000 households, contracting out is estimated to cost some \$1.8 million whereas the cost would be about \$2.2 million if the survey is conducted directly by C&SD.

There is a difference in quality using these two approaches; nevertheless, the response rate attained in surveys contracted out to private research firms is usually lower (at around 70-80%). Such response rate is still acceptable in regard to the nature of the topics covered in THS, but it is lower than that achieved by C&SD (90%).

Topics included in THS are generally simpler in nature with shorter and more straightforward questionnaires, such that respondents generally have less resistance in providing the required information to private research firms. Insofar as the relevant issues are concerned, outsourcing is an economical arrangement. It can also increase the capacity of C&SD to entertain requests for data on selected social issues from bureaux and departments. Moreover, given the greater flexibility, it enables the needs of bureaux and departments to be met within a shorter period of time.

Signature  
Name in block letters  
Post Title  
Date

FREDERICK W H HO
Commissioner for Census and Statistics
24 March 2004

Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)016

Question Serial No.

0960

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 :

A university has planned to conduct a 20-year longitudinal study in collaboration with the Census and Statistics Department. Is there any provision made for the said study in 2004-05? If yes, what are the details of this study and the provision involved?

Asked by: Hon. LEE Cheuk-yan

Reply:

The longitudinal study mentioned in the question should be referring to the proposal of the Lingnan University as reported in newspapers earlier on that it would establish a research centre in collaboration with other institutions and the Census and Statistics Department to conduct a longitudinal study spanning a period of 20 years. In regard to this proposal, this Department was aware of it only from the newspaper reports. All along the Lingnan University has not approached us about the project. On learning about the matter from the newspaper reports, we have contacted the Lingnan University, and have been informed that the aforesaid study is solely an internal and preliminary plan of the University. The Lingnan University has not contacted outside organizations so far regarding the proposed study.

At the present stage, we could not make any assessment on the project as the Lingnan University has not made any consultation with this Department on the proposal. This Department also has not made any provision for the project in the estimate for 2004-05.

Signature	_____
Name in block letters	FREDERICK W H HO
Post Title	Commissioner for Census and Statistics
Date	24 March 2004

Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)017

Question Serial No.

1310

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 :

- (1) According to paragraph 26, the department 'will continue to use modern technologies in the collection of data and dissemination of statistical information to enhance efficiency. The contents and functionality of the department's website will be enhanced on a continuous basis'. Please provide details on the work plan. What is the estimated provision involved?
- (2) Does the collaboration mentioned in paragraph 27 only refer to the provision of complimentary data to private agencies? If so, please state the exact number of these collaboration projects and their details. Will some more financially viable business projects be launched in 2004-05? If so, what will be the resources involved?

Asked by: Hon. TSANG Yok-sing, Jasper

Reply:

- (1) The departmental website is one of the key data dissemination channels, providing a vast amount of statistics to meet the public's needs. The Department will further expand the contents of the website and enhance its user-friendliness. On data collection, electronic means such as computer assisted telephone interviewing and electronic questionnaire templates will continue to be enhanced. These are regular developments and do not require additional resources.
- (2) Collaborating with data agencies enables the department to reach a much wider range of statistical users. Under the present arrangement, relevant data are provided to these agencies for incorporation into their value-added information products and services (such as the provision of economic data and geographic information system services to commercially operated websites). These agencies are required to pay for the preparation of the relevant data and the associated re-dissemination right in accordance with an established charging policy. Some 16 items of collaboration are currently in place. The department will continue to extend such collaborations on this basis.

Signature	_____
Name in block letters	FREDERICK W H HO
Post Title	Commissioner for Census and Statistics
Date	24 March 2004



Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)018

Question Serial No.

1704

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 :

Concerning the long term IT strategy of the Census and Statistics Department and the portfolio of IT projects for the next five years, please advise :

- (a) the details of the IT strategy plan and its implementation schedule; and
- (b) the IT projects that will be launched in 2004-05. Please provide relevant details, such as estimated expenditure for each project and the benefits to be achieved.

Asked by: Hon. SIN Chung-kai

Reply:

- (a) The Department is formulating a long term IT strategy, which will achieve efficiency improvement through standardization and automation of common processes. It will also include a number of development projects to enable the Department to achieve more customer-focused service provision, support its participation in cross-department collaboration projects and develop its e-government initiatives. Relevant studies and research work are underway and the details of the strategy and its implementation schedule are yet to be finalized, sometime within 2004-05. The strategy will recommend a number of major IT development projects for implementation in the following five years after its finalization, i.e. from 2005-06 to 2009-10. Those projects will aim to enhance the use of IT in data collection, fieldwork management, data dissemination and knowledge management.
- (b) Within 2004-05, after the IT strategy and its implementation schedule have been finalized, the department will apply for the required funding in respect of those IT projects to be launched in the first year of implementation, i.e. 2005-06. It will also start relevant preparatory and initial research work for those projects. This will be undertaken by the existing staff and provision of additional resources is not required.

Signature	_____
Name in block letters	FREDERICK W H HO
Post Title	Commissioner for Census and Statistics
Date	24 March 2004

Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)019

Question Serial No.

0767

Head: 116 Official Receiver's Office

Subhead(No. & title):

Programme: Official Receiver's Office

Controlling Officer: Official Receiver

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What was the estimated number of summary and non-remunerative liquidation cases that are to be contracted out in 2004-05?

Asked by: Hon. LI Ka-cheung, Eric

Reply:

By way of a 2-year tender, a total of 2,280 summary and non-remunerative liquidation cases will be contracted out in 2004-2006. On average, a total of 1,140 cases will be contracted out in 2004-2005.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_ E T O'Connell

Post Title \_\_\_\_\_ Official Receiver

Date \_\_\_\_\_ 25.3.2004

Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)020

Question Serial No.

0768

Head: 116 Official Receiver's Office

Subhead(No. & title):

Programme: Official Receiver's Office

Controlling Officer: Official Receiver

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Official Receiver's Office (ORO) plans to continue the contracting out programme this year and will make the same arrangements for non-summary liquidation cases. What will be the estimated costs required if these cases are to be handled by the ORO? How long does it take to handle a liquidation case at present? How would the efficiency be enhanced after increasing the number and types of cases that are to be contracted out?

Asked by: Hon. LI Ka-cheung, Eric

Reply:

Whilst the summary and non-remunerative liquidation cases for the period 2004-2006 will be contracted out by the ORO, the non-summary liquidation cases will also be taken up by private sector insolvency practitioners (PIPs). The non-summary liquidation cases are handled by PIPs who are selected as liquidators by creditors at meetings convened for that purpose. They will recover their fees from the assets realised in the insolvent estate. Since the complexity of these cases can vary very significantly, it is not possible to estimate the costs if they were handled by the ORO. The time required to finalise the administration also varies from case to case. The ORO is of the view that PIPs are better placed to handle the administration of Insolvency cases because the twin factors of flexible employment practices and competition should lead to greater efficiency in the way the cases are administered.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_ E T O'Connell

Post Title \_\_\_\_\_ Official Receiver

Date \_\_\_\_\_ 25.3.2004

Examination of Estimates of Expenditure 2004-05  
**CONTROLLING OFFICER'S REPLY TO  
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(FS)021

Question Serial No.

1313

Head: 116 Official Receiver's Office

Subhead(No. & title): 000 Operational expenses

Programme: Official Receiver's Office

Controlling Officer: Official Receiver

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Though the Official Receiver's Office (ORO) continues to implement the outsourcing scheme actively, the reduction in operational expenses is not apparent. On the contrary, there is obvious increase in the expenses for Allowances, Hire of services and professional fees. When would the ORO expect to achieve a reduction in expenses through the outsourcing scheme? Please list out the anticipated resources savings in the next few years.

Asked by: Hon. TSANG Yok-sing, Jasper

Reply:

Since 1998-99, ORO has been provided with funding for the outsourcing of summary and non-remunerative winding-up cases to qualified private practitioners. It is correct to say that outsourcing scheme would result in savings in the Department but the savings have been offset by the dramatically increased number of cases (bankruptcy orders from 1,179 in 1998-99 to 30,239 in 2002-03 and compulsory winding-up orders from 763 in 1998-99 to 1,289 in 2002-03).

We have introduced the Bankruptcy (Amendment) Bill 2003 into the Legislative Council in December 2003 with a view to facilitating the outsourcing of the administration of summary debtor-petition bankruptcy case to the private sector. Subject to the passage of the Bill, we plan to implement the outsourcing in 2005. It is expected that more savings can be achieved as a result of the outsourcing. However, the savings will depend on a number of factors such as the case nature, number of new cases etc. At this stage, it is difficult to estimate a realistic figure.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_ E T O'Connell

Post Title \_\_\_\_\_ Official Receiver

Date \_\_\_\_\_ 26.3.2004

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

Reply Serial No.

FSTB(FS)022

Question Serial No.

1314

Head: 116 Official Receiver's Office

Subhead(No. & title):

Programme: Official Receiver's Office

Controlling Officer: Official Receiver

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under the "Target" column, regarding the target processing time for "put summary cases with insufficient assets for distribution on release programme" within 12 months, the percentage within target is estimated to be 95% for 2004. Why is it lower than the actual percentage of 2002 and 2003? Is it because there would be an expected increase in the number of relevant cases?

Asked by: Hon. TSANG Yok-sing, Jasper

Reply:

The actual percentages of meeting the target of 'put summary cases with insufficient assets for distribution on release programme within 12 months' for 2002 and 2003 were 96% and 98% respectively. These were very encouraging achievement and demonstrated the hard work and innovation of the staff of ORO when the numbers of people declaring themselves bankrupt over the past few years have soared.

In coming up with the estimated target of 95% for 2004 which is same as the estimated target for 2003, ORO has taken into consideration the factors which may prolong the investigation time. For example, if a bankrupt is unco-operative, it may take more than 12 months to complete the investigation. Based on experience, the estimated target of 95% is a realistic objective and takes into account the need to redeploy staff from the 'case administration section' to other areas of work e.g. attestation service, prosecution and disqualification. The ORO does not assume an increase in cases when setting the estimated target.

Signature \_\_\_\_\_

Name in block letters \_\_\_\_\_ E T O'Connell

Post Title \_\_\_\_\_ Official Receiver

Date \_\_\_\_\_ 26.3.2004

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

Head : 106  
Miscellaneous  
Services

Subhead (No. & title) :  
819 Contribution to the  
seventh replenishment of  
the Asian Development  
Fund

Programme :

Controlling Officer : Chief Executive, Hong Kong Monetary Authority

Bureau Secretary : Secretary for Financial Services and the Treasury

Question :

When comparing the estimates of contribution to the seventh replenishment of the Asian Development Fund (ADF VIII) in FY2004-05 with its revised estimates in FY2003-04, the contributions have increased by 22.8%. Please give reasons for the increase.

Asked by : Hon. TSANG Yok-sing, Jasper, GBS, JP

Reply :

As approved by the Finance Committee in December 2000, Hong Kong's contribution under ADF VIII is US\$16.28 million, which accounted for 0.57% of the target size of contributions by all donors. The actual amounts of drawdown to be made by Asian Development Bank (ADB) follow a 7-year encashment schedule (Table A), which was specified in Resolution 276 of the ADB's Board of Directors and approved by the Finance Committee. The encashment schedule is backloaded, beginning with a relatively small proportion of the total contributions and rising to higher levels in the last four years. In accordance with this uneven pattern of drawdown, the estimated expenditure of HK\$24.34 million in FY2004-05 is 22.8% higher than the estimates for FY2003-04 (see Table B).

Signature

Name in block letter

Post Title

Date

Joseph Yam

Chief Executive,

Hong Kong Monetary Authority

25 March 2004

**TABLE - A**

Encashment Schedule as Specified in Resolution 276 of the ADB Board of Directors

Year	% of Total Contribution
2001	3.8
2002	7.7
2003	12.5
2004	18.7
2005	19.6
2006	20.2
2007	<u>17.5</u>
	<b>100</b>

**TABLE - B****Schedule of Expected Drawdown from Hong Kong under ADF VIII**

Fiscal Year	Drawdown Amount (US\$ mn)	Drawdown Amount (Eq. HK\$ mn)	% of Total Contributions during the Fiscal Year	% of Total Contributions during the Calendar Year
<u>2001-2002</u>				
July 2001	0.618		3.80	3.8
February 2002	<u>0.627</u> 1.245	9.71*	<u>3.85</u> 7.65	7.7
<u>2002-2003</u>				
July 2002	0.627		3.85	
February 2003	<u>1.018</u> 1.645	12.83*	<u>6.25</u> 10.10	12.5
<u>2003-2004</u>				
July 2003	1.018		6.25	
February 2004	<u>1.522</u> 2.540	19.81	<u>9.35</u> 15.60	18.7
<u>2004-2005</u>				
July 2004	1.522		9.35	
February 2005	<u>1.595</u> 3.117	24.34	<u>9.80</u> 19.15	19.6
<u>2005-2006</u>				
July 2005	1.595		9.80	
February 2006	<u>1.644</u> 3.239	25.26	<u>10.10</u> 19.90	20.2
<u>2006-2007</u>				
July 2006	1.644		10.10	
February 2007	<u>1.425</u> 3.069	23.93	<u>8.75</u> 18.85	17.5
<u>2007-2008</u>				
July 2007	1.425	11.11	8.75	
<b>Total</b>	<b>16.28</b>	<b>126.99</b>	<b>100.00</b>	<b>100</b>

\* Actual figure