

Index Page

Replies to initial written questions raised by Finance Committee Members in examining the Estimates of Expenditure 2017-18

Director of Bureau : Secretary for Financial Services and the Treasury

Session No. : 7

File Name : FSTB(FS)-2-e1.doc

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
FSTB(FS)001	2892	CHAN Chi-chuen	148	(1) Financial Services
FSTB(FS)002	0124	CHAN Chun-ying	148	(1) Financial Services
FSTB(FS)003	0141	CHAN Chun-ying	148	(1) Financial Services
FSTB(FS)004	0483	CHAN Kin-por	148	(1) Financial Services
FSTB(FS)005	0484	CHAN Kin-por	148	(1) Financial Services
FSTB(FS)006	0486	CHAN Kin-por	148	(1) Financial Services
FSTB(FS)007	0487	CHAN Kin-por	148	(1) Financial Services
FSTB(FS)008	0488	CHAN Kin-por	148	(1) Financial Services
FSTB(FS)009	0490	CHAN Kin-por	148	(1) Financial Services
FSTB(FS)010	0491	CHAN Kin-por	148	(1) Financial Services
FSTB(FS)011	2594	CHAN Kin-por	148	(1) Financial Services
FSTB(FS)012	1089	CHEUNG Wah-fung, Christopher	148	(1) Financial Services
FSTB(FS)013	1104	CHEUNG Wah-fung, Christopher	148	(1) Financial Services
FSTB(FS)014	2847	CHEUNG Wah-fung, Christopher	148	(1) Financial Services
FSTB(FS)015	2166	KWOK Wing-hang, Dennis	148	(1) Financial Services
FSTB(FS)016	0460	LAU Ip-keung, Kenneth	148	(1) Financial Services
FSTB(FS)017	2785	LEUNG Kenneth	148	(1) Financial Services
FSTB(FS)018	2786	LEUNG Kenneth	148	(1) Financial Services
FSTB(FS)019	2788	LEUNG Kenneth	148	(1) Financial Services
FSTB(FS)020	2789	LEUNG Kenneth	148	(1) Financial Services
FSTB(FS)021	2790	LEUNG Kenneth	148	(1) Financial Services
FSTB(FS)022	2802	LEUNG Kenneth	148	(1) Financial Services
FSTB(FS)023	2803	LEUNG Kenneth	148	(1) Financial Services
FSTB(FS)024	3146	LEUNG Mei-fun, Priscilla	148	(1) Financial Services
FSTB(FS)025	0373	LIAO Cheung-kong, Martin	148	(1) Financial Services
FSTB(FS)026	0374	LIAO	148	(1) Financial Services

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
		Cheung-kong, Martin		
<u>FSTB(FS)027</u>	0376	LIAO Cheung-kong, Martin	148	(1) Financial Services
<u>FSTB(FS)028</u>	0377	LIAO Cheung-kong, Martin	148	(1) Financial Services
<u>FSTB(FS)029</u>	0378	LIAO Cheung-kong, Martin	148	(1) Financial Services
<u>FSTB(FS)030</u>	0379	LIAO Cheung-kong, Martin	148	(1) Financial Services
<u>FSTB(FS)031</u>	0380	LIAO Cheung-kong, Martin	148	(1) Financial Services
<u>FSTB(FS)032</u>	0381	LIAO Cheung-kong, Martin	148	(1) Financial Services
<u>FSTB(FS)033</u>	0382	LIAO Cheung-kong, Martin	148	(1) Financial Services
<u>FSTB(FS)034</u>	0399	LIAO Cheung-kong, Martin	148	(1) Financial Services
<u>FSTB(FS)035</u>	0400	LIAO Cheung-kong, Martin	148	(1) Financial Services
<u>FSTB(FS)036</u>	1714	LIAO Cheung-kong, Martin	148	(1) Financial Services
<u>FSTB(FS)037</u>	3152	LUK Chung-hung	148	(1) Financial Services
<u>FSTB(FS)038</u>	0358	MAK Mei-kuen, Alice	148	(1) Financial Services
<u>FSTB(FS)039</u>	1958	MOK Charles Peter	148	(1) Financial Services
<u>FSTB(FS)040</u>	2984	OR Chong-shing, Wilson	148	(1) Financial Services
<u>FSTB(FS)041</u>	1460	TO Kun-sun, James	148	(1) Financial Services
<u>FSTB(FS)042</u>	1468	TO Kun-sun, James	148	(1) Financial Services
<u>FSTB(FS)043</u>	1549	TO Kun-sun, James	148	(1) Financial Services
<u>FSTB(FS)044</u>	1554	TO Kun-sun, James	148	(1) Financial Services
<u>FSTB(FS)045</u>	1577	TO Kun-sun, James	148	(1) Financial Services
<u>FSTB(FS)046</u>	1578	TO Kun-sun, James	148	(1) Financial Services
<u>FSTB(FS)047</u>	1657	TO Kun-sun, James	148	(1) Financial Services
<u>FSTB(FS)048</u>	2559	TSE Wai-chun, Paul	148	(1) Financial Services

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
FSTB(FS)049	3141	TSE Wai-chun, Paul	148	(1) Financial Services
FSTB(FS)050	3142	TSE Wai-chun, Paul	148	(1) Financial Services
FSTB(FS)051	3143	TSE Wai-chun, Paul	148	(1) Financial Services
FSTB(FS)052	0857	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)053	0864	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)054	0866	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)055	0968	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)056	1003	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)057	1007	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)058	1017	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)059	1028	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)060	1579	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)061	0670	WU Chi-wai	148	(1) Financial Services
FSTB(FS)062	2862	WU Chi-wai	148	(1) Financial Services
FSTB(FS)063	3138	WU Chi-wai	148	(1) Financial Services
FSTB(FS)064	3204	YIU Chung-yim	148	(1) Financial Services
FSTB(FS)065	3230	YIU Chung-yim	148	(1) Financial Services
FSTB(FS)066	1412	HO Chun-yin, Steven	26	
FSTB(FS)067	1094	IP LAU Suk-ye, Regina	26	(4) General Statistical Services
FSTB(FS)068	2456	LAM Kin-fung, Jeffrey	26	(2) Social Statistics (4) General Statistical Services (5) Price/Industry/Service Statistics (6) Labour Statistics
FSTB(FS)069	2458	LAM Kin-fung, Jeffrey	26	(6) Labour Statistics
FSTB(FS)070	3270	LEUNG Kenneth	26	(2) Social Statistics
FSTB(FS)071	3271	LEUNG Kenneth	26	(2) Social Statistics
FSTB(FS)072	2970	SHIU Ka-chun	26	(2) Social Statistics
FSTB(FS)073	2971	SHIU Ka-chun	26	(2) Social Statistics
FSTB(FS)074	2972	SHIU Ka-chun	26	

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
FSTB(FS)075	2974	SHIU Ka-chun	26	(2) Social Statistics
FSTB(FS)076	2982	SHIU Ka-chun	26	(2) Social Statistics
FSTB(FS)077	2987	SHIU Ka-chun	26	(2) Social Statistics
FSTB(FS)078	3001	SHIU Ka-chun	26	(2) Social Statistics
FSTB(FS)079	3017	SHIU Ka-chun	26	(2) Social Statistics
FSTB(FS)080	3018	SHIU Ka-chun	26	(2) Social Statistics
FSTB(FS)081	3019	SHIU Ka-chun	26	(2) Social Statistics
FSTB(FS)082	3267	TSE Wai-chun, Paul	116	(1) Official Receiver's Office
FSTB(FS)083	3300	TSE Wai-chun, Paul	116	(1) Official Receiver's Office
FSTB(FS)084	2710	LEUNG Kenneth	31	(1) Control and Enforcement
FSTB(FS)085	2711	LEUNG Kenneth	31	(1) Control and Enforcement
FSTB(FS)086	6834	LAW Kwun-chung, Nathan	148	(1) Financial Services
FSTB(FS)087	5203	LEUNG Kenneth	148	(1) Financial Services
FSTB(FS)088	6146	LEUNG Kenneth	148	(1) Financial Services
FSTB(FS)089	4998	LEUNG Kwok-hung	148	(1) Financial Services
FSTB(FS)090	4999	LEUNG Kwok-hung	148	(1) Financial Services
FSTB(FS)091	5000	LEUNG Kwok-hung	148	(1) Financial Services
FSTB(FS)092	5001	LEUNG Kwok-hung	148	(1) Financial Services
FSTB(FS)093	5045	LEUNG Kwok-hung	148	(1) Financial Services
FSTB(FS)094	5079	LEUNG Kwok-hung	148	(1) Financial Services
FSTB(FS)095	3428	LEUNG Yiu-chung	148	(1) Financial Services
FSTB(FS)096	3448	LEUNG Yiu-chung	148	(1) Financial Services
FSTB(FS)097	5143	MOK Charles Peter	148	(1) Financial Services
FSTB(FS)098	5160	MOK Charles Peter	148	(1) Financial Services
FSTB(FS)099	5274	MOK Charles Peter	148	(1) Financial Services
FSTB(FS)100	6730	MOK Charles Peter	148	(1) Financial Services
FSTB(FS)101	7194	TIEN Puk-sun, Michael	148	(1) Financial Services
FSTB(FS)102	3304	TO Kun-sun, James	148	(1) Financial Services
FSTB(FS)103	3305	TO Kun-sun, James	148	(1) Financial Services
FSTB(FS)104	3511	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)105	3512	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)106	6773	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)107	6866	WONG	148	(1) Financial Services

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
		Ting-kwong		
FSTB(FS)108	7209	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)109	5204	YIU Chung-yim	148	(1) Financial Services
FSTB(FS)110	5416	YIU Chung-yim	148	(1) Financial Services
FSTB(FS)111	5417	YIU Chung-yim	148	(1) Financial Services
FSTB(FS)112	5419	YIU Chung-yim	148	(1) Financial Services
FSTB(FS)113	5422	YIU Chung-yim	148	(1) Financial Services
FSTB(FS)114	5423	YIU Chung-yim	148	(1) Financial Services
FSTB(FS)115	3720	CHAN Tanya	26	(2) Social Statistics
FSTB(FS)116	6854	CHAN Tanya	26	(2) Social Statistics
FSTB(FS)117	6136	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
FSTB(FS)118	6139	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
FSTB(FS)119	6150	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
FSTB(FS)120	6152	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
FSTB(FS)121	6160	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
FSTB(FS)122	6163	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
FSTB(FS)123	6194	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
FSTB(FS)124	6196	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
FSTB(FS)125	6201	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
FSTB(FS)126	6363	CHEUNG Chiu-hung, Fernando	26	
FSTB(FS)127	6396	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
FSTB(FS)128	6399	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
<u>FSTB(FS)129</u>	6402	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
<u>FSTB(FS)130</u>	6404	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
<u>FSTB(FS)131</u>	6406	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
<u>FSTB(FS)132</u>	6414	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
<u>FSTB(FS)133</u>	6415	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
<u>FSTB(FS)134</u>	6460	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
<u>FSTB(FS)135</u>	6481	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
<u>FSTB(FS)136</u>	6557	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
<u>FSTB(FS)137</u>	6564	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
<u>FSTB(FS)138</u>	6578	CHEUNG Chiu-hung, Fernando	26	
<u>FSTB(FS)139</u>	6580	CHEUNG Chiu-hung, Fernando	26	
<u>FSTB(FS)140</u>	6582	CHEUNG Chiu-hung, Fernando	26	
<u>FSTB(FS)141</u>	6586	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
<u>FSTB(FS)142</u>	6588	CHEUNG Chiu-hung, Fernando	26	
<u>FSTB(FS)143</u>	6592	CHEUNG Chiu-hung, Fernando	26	
<u>FSTB(FS)144</u>	6611	CHEUNG Chiu-hung,	26	

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
		Fernando		
FSTB(FS)145	6612	CHEUNG Chiu-hung, Fernando	26	
FSTB(FS)146	6613	CHEUNG Chiu-hung, Fernando	26	
FSTB(FS)147	6626	CHEUNG Chiu-hung, Fernando	26	
FSTB(FS)148	6641	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
FSTB(FS)149	6758	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
FSTB(FS)150	7066	CHEUNG Chiu-hung, Fernando	26	(2) Social Statistics
FSTB(FS)151	7149	CHEUNG Chiu-hung, Fernando	26	
FSTB(FS)152	4846	IP Kin-yuen	26	(2) Social Statistics
FSTB(FS)153	5058	LEUNG Kwok-hung	26	
FSTB(FS)154	5059	LEUNG Kwok-hung	26	
FSTB(FS)155	3323	LEUNG Yiu-chung	26	
FSTB(FS)156	3345	LEUNG Yiu-chung	26	(2) Social Statistics
FSTB(FS)157	4329	SHIU Ka-chun	26	(2) Social Statistics
FSTB(FS)158	4330	SHIU Ka-chun	26	(2) Social Statistics
FSTB(FS)159	4333	SHIU Ka-chun	26	(2) Social Statistics
FSTB(FS)160	4340	SHIU Ka-chun	26	(2) Social Statistics
FSTB(FS)161	4342	SHIU Ka-chun	26	(2) Social Statistics
FSTB(FS)162	4346	SHIU Ka-chun	26	(2) Social Statistics
FSTB(FS)163	5205	YIU Chung-yim	26	(6) Labour Statistics
FSTB(FS)164	5206	YIU Chung-yim	26	(2) Social Statistics
FSTB(FS)165	5355	YIU Chung-yim	26	
FSTB(FS)166	3363	LEUNG Yiu-chung	116	
FSTB(FS)167	3385	LEUNG Yiu-chung	116	

CONTROLLING OFFICER'S REPLY**FSTB(FS)001****(Question Serial No. 2892)**

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Would the Government tabulate the staffing establishments, ranks, salaries and related allowances of the directorate and non-directorate civil servants of the Financial Services Development Council Secretariat in 2017-18 under this Programme?

Asked by: Hon CHAN Chi-chuen (Member Question No. 44)

Reply:

There is no civil service directorate post in the Financial Services Development Council (FSDC) Secretariat in 2017-18. The non-directorate civil service establishment of the FSDC Secretariat and estimated expenditure on salaries and related allowances in 2017-18 is as follows:

Rank	Establishment	Salaries and related allowances (\$ million)
Senior Executive Officer	1	1.0
Executive Officer I	1	0.7
Assistant Clerical Officer	2	0.5
Total	4	2.2

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)002

(Question Serial No. 0124)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under Matters Requiring Special Attention in 2017-18, the Financial Services and the Treasury Bureau will support the work of the Financial Services Development Council in policy research, promotion of the financial services industry and human capital development. In this regard,

- a) what specific measures has the Bureau formulated to support the work?
- b) how much manpower and expenditure is involved?

Asked by: Hon CHAN Chun-ying (Member Question No. 16)

Reply:

The Financial Services and the Treasury Bureau fully supports the work of the Financial Services Development Council (FSDC). The Financial Services Branch (FSB) has been providing secretariat services (including office accommodation) and operating resources to the FSDC since its establishment. In respect of research work, apart from providing administrative support, FSB also bore the cost of study trips of the FSDC. In addition, FSB provided resources to the FSDC for conducting promotional activities, such as the "Asian Financial Forum" and "Think Asia, Think Hong Kong". On nurturing human capital, the FSDC shared with tertiary students information of the industry and the skill sets required for developing a career in financial services, through seminars, "FSDC Career Day", as well as the launching of the "Career Website". The relevant costs were met by FSB. To cope with the further development of the FSDC, FSB proposed to the Legislative Council in 2016-17 the creation of a non-civil service Executive Director position with a view to providing more professional support to the FSDC.

In 2017-18, FSB will continue to support the work of the FSDC and provide it with the necessary resources. The estimated expenditure of the FSDC in 2017-18 is about \$9.9 million, of which about \$2.2 million is for salaries of the civil servants in the FSDC

Secretariat. The remaining about \$7.7 million is on promotional activities, research, workshops, industry engagement, website and publication, rental of the Secretariat office and remuneration of contract staff, etc. In 2017-18, it is estimated that there will be four civil servants from the executive/clerical grade staff, two Government contract staff and three staff seconded respectively from the Hong Kong Monetary Authority, Hong Kong Trade Development Council and Securities and Futures Commission in the Secretariat to provide support to the FSDC. The remuneration of the seconded staff is borne by the relevant organisations.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)003

(Question Serial No. 0141)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 89 of the Budget Speech that the Financial Services and the Treasury Bureau is conducting consultations on legislative proposals to enhance the regulatory regime for combating money laundering and terrorist financing. In this respect, would the Government inform this Committee of:

- a) the progress of the consultations?
- b) how much manpower and expenditure is involved?

Asked by: Hon CHAN Chun-ying (Member Question No. 25)

Reply:

- a) To enhance the regulatory regime for combating money laundering and terrorist financing, the Financial Services and the Treasury Bureau has just completed a two-month consultation on two legislative proposals, which include amendments to the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615) and the Companies Ordinance (Cap. 622). We are currently analyzing the views received and will fine-tune the legislative proposals based on the outcome of the consultations. We aim to introduce the relevant amendment bills into the Legislative Council in July 2017.
- b) The manpower and expenditure involved in the consultations are absorbed from within existing resources. We do not have a separate breakdown.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)004

(Question Serial No. 0483)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As stated in the Programme of the Financial Services and the Treasury Bureau (Financial Services Branch), the Branch will support the work of the Financial Services Development Council (FSDC) in policy research, promotion of the financial services industry and human capital development. It is further stated in the Policy Address that the Government will request the Trade Development Council to collaborate with the FSDC and the industry to strengthen the promotion of our financial services industry outside Hong Kong. In this regard, will the Government advise this Committee of:

- a) whether the promotion will cover the insurance industry;
- b) whether the Government will consider providing one-off or ongoing subsidies to financial services providers interested in conducting promotion overseas; and
- c) whether consideration will be given to organising different activities to encourage participation of young people interested in joining the financial services industry?

Asked by: Hon CHAN Kin-por (Member Question No. 11)

Reply:

- (a) The collaboration of the FSDC and the Trade Development Council aims at promoting Hong Kong's financial services industry as a whole and Hong Kong as an international financial centre. Subjects of common interest to the industry such as development of financial technology will be covered. Although the promotional activities will not focus on individual sectors, we believe that all sectors of the financial services industry, including the insurance sector, will benefit from them.
- (b) At present, we have no plan to provide subsidies to financial services providers interested in conducting promotion overseas. We will continue to keep in view the need of the financial industry.

- (c) For young people to gain a better understanding of the financial services industry, the FSDC shares with tertiary students information on the industry and the skill sets required for developing a career in financial services through seminars. This is done through the staging of “FSDC Career Day” and also holding of talks by financial professionals at various tertiary institutions. The FSDC has launched a “Career Website” with information on the financial services industry and recruitment information too.

Meanwhile, the Financial Services and the Treasury Bureau has been implementing a three-year “Pilot Programme to Enhance Talent Training for the Insurance Sector and the Asset and Wealth Management Sector” (Pilot Programme) since August 2016. The purpose is to enable the community, particularly students, to have a better understanding of the nature and career prospects of different jobs in the two sectors, and to attract new entrants. The initiatives under the Pilot Programme suitable for young people include public education activities, summer internship programme for undergraduate students, and work-and-learn programme.

The Financial Services and the Treasury Bureau and the Shanghai Municipal Government Financial Services Office has jointly launched the Scheme for Cross-border Study Tour for Post-Secondary Financial Talents since 2012. The participating students pay visits to government bodies, financial regulators and exchanges in Hong Kong and Shanghai, and undertake a four-week attachment to financial institutions and other exchange activities with students in Shanghai. There has been over 120 Hong Kong students participating in the scheme since its launch in 2012.

On the other hand, in December 2016, the Hong Kong Monetary Authority (HKMA) and the Hong Kong Applied Science and Technology Research Institute (ASTRI) jointly launched the Fintech Career Accelerator Scheme to provide practical internship for undergraduate and postgraduate students interested in developing their careers in the Fintech industry. More than 100 openings are offered by 12 participating banks and the HKMA under the Scheme. Successful candidates will engage in a comprehensive internship (for six months or one year) with exposure to relevant Fintech projects, as well as regulatory briefings and technical trainings provided by the HKMA and ASTRI respectively to strengthen students’ knowledge of banking regulations and most advanced Fintech, thereby helping the industry in nurturing the next generation of Fintech talents. Lists of eligible applicants have been sent to participating organisations in mid-February 2017.

The Cyberport University Partnership Programme will also sponsor 300 university students to join Fintech training camps in overseas universities over five years starting from 2016-17 to gain more in-depth understanding of the development prospect in the sector. In 2016-17, 53 university students joined the Entrepreneurship Boot Camp in Silicon Valley arranged by the Stanford Graduate School of Business.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)005

(Question Serial No. 0484)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As stated in the Programme of the Financial Services and the Treasury Bureau (Financial Services Branch), the Branch will continue to promote the development of financial technologies in Hong Kong. It is further stated in the Budget Speech that Blockchain technology will be applied in services such as insurance claims and cross-border remittance, with a view to reducing costs and fraud risks as well as enhancing transparency of transactions. Will the Government inform this Committee of:

- a) the number of researchers estimated to be recruited for conducting the relevant studies; and
- b) the ways to collect the problems that the sector may possibly encounter when applying and developing the technologies and their solutions to address those problems?

Asked by: Hon CHAN Kin-por (Member Question No. 13)

Reply:

- a) The Chief Executive mentioned in his Policy Address released in January that the industry as well as research institutions and regulatory authorities are actively studying a number of projects on Blockchain. The related expenditure and manpower will be absorbed by the relevant organisations.
- b) The Hong Kong Monetary Authority, the Securities and Futures Commission and the Office of the Commissioner of Insurance have already set up their respective dedicated financial technologies (Fintech) liaison platforms to enhance communication with the Fintech industry. Apart from liaising with the Fintech industry, handling enquiries from the industry and providing information on relevant regulatory requirements to companies engaging in financial innovation, they will also monitor the latest developments in the market through exchanges with the industry.

In addition, innovation and research organisations such as Cyberport and the Hong Kong Applied Science and Technology Research Institute are collaborating with different stakeholders to conduct research, incubation and accelerator programmes as well as organise seminars and other networking events. These initiatives have enabled them to take stock of the problems that the industry may possibly encounter when applying and developing technologies, and to work with the industry to formulate solutions for those problems.

Moreover, the Internal Coordination Group set up by the Financial Services Branch with relevant parties will continue to monitor the progress of Fintech-related initiatives, facilitate the smooth implementation of measures to promote the development of the industry, and keep track of the latest market developments. The Government and regulators will continue to engage the industry to keep abreast of the dynamic Fintech landscape, and monitor any emerging opportunities and challenges on the international and local horizons.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)006

(Question Serial No. 0486)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As stated in the Programme of the Financial Services and Treasury Bureau (Financial Services Branch), the Branch will continue to oversee the implementation of the pilot programme to enhance talent training for the insurance sector and the asset and wealth management sector. According to the information provided by the Government, this three-year programme has been rolled out in phases starting from the second half of 2016. In this regard, will the Government advise this Committee:

- a) of the number of persons who have received training under this talent training pilot programme; and
- b) whether consideration will be given to extending or expanding the programme upon its completion?

Asked by: Hon CHAN Kin-por (Member Question No. 14)

Reply:

- a) There are four initiatives under the Pilot Programme for the insurance sector, namely the Public Education Programme, the Financial Incentive Scheme for Professional Training (FIS), the Work-and-learn Programme (WLP) and the Summer Internship Programme (SIP). As at end-February 2017, there were 601 attendances at the training courses under the FIS. Three student-workers have been recruited into the WLP which commenced in November 2016. During the 16-month traineeship, the student-worker will receive a total of \$40,000 training allowance from the Government on top of the annual remuneration of no less than \$120,000 paid by the participating employer. If the student-worker continues to be employed as a full time employee by the same employer upon graduation, the employer would offer an annual remuneration of no less than \$150,000. We have also started inviting applications for the SIP from non-final year undergraduates in January 2017. Under the SIP, an intern would work up to two months in a participating company. The Government will contribute up to 75% or \$7,000 (whichever is the lower) per month during the internship period. The

application period is not yet closed. We expect the first batch of interns to start their internships in around June 2017.

As for the Pilot Programme for the asset and wealth management sector, there are three initiatives, namely Promotion and Education Initiatives, the FIS, and the SIP for Undergraduate Students. As at end-February 2017, we have organised a launching ceremony-cum-industry promotion event for the Pilot Programme, as well as 45 seminars and briefing sessions for university students, educational institutions, and the industry. There were around 870 attendances in total. We have also set up a dedicated website for the Pilot Programme. As for the FIS, there were 429 attendances at the training courses, and six persons have submitted applications for course fees and have been reimbursed. In February 2017, we invited applications from non-final year undergraduates for the SIP, and are now in the process of matching student applicants to internship positions. Under the SIP, a student intern would work for a participating company for at least one month. Out of the monthly honorarium that a student intern will receive, the Government will provide a subsidy of up to 75% or \$7,000 (whichever is the lower), for a total period of up to two months. We expect the first batch of student interns to start their internships in around June 2017.

- b) The Pilot Programme lasts three years. We are currently focused on implementing the programme. We will consider whether to continue or expand the programme after we have reviewed its effectiveness upon its completion.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)007

(Question Serial No. 0487)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned under the Programme of the Financial Services and the Treasury Bureau (Financial Services Branch) that the Branch will continue to oversee the establishment of the new Insurance Authority and manage the transition from the existing insurance regulatory regime to the new one. Currently, the Government has appointed the Chairman and the Non-Executive Directors of the Insurance Authority. Will the Government advise this Committee:

- a) of the employment of principal officers and the current number of employees; and
- b) whether an office space will be rented or acquired for office accommodation?

Asked by: Hon CHAN Kin-por (Member Question No. 15)

Reply:

- a) The Insurance Authority (IA) at present has about ten staff members for carrying out essential administrative, legal and finance work. The IA will soon complete the recruitment of regulatory staff required to assist the IA to commence the next stage of work. It is anticipated that about 180 staff members will report duty in the second quarter of 2017.
- b) The IA will rent its office accommodation.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)008

(Question Serial No. 0488)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under the Programme of the Financial Services and the Treasury Bureau (Financial Services Branch), it is mentioned that the Branch will continue to oversee the establishment of the new Insurance Authority and manage the transition from the existing insurance regulatory regime to the new one. According to government information, there are 48 Insurance Officers serving in the Office of the Commissioner of Insurance (OCI). It is believed that the Insurance Authority will also require the service of such experienced personnel. Will the Government inform this Committee of:

- a) the number of transferees from OCI among the total number of staff recruited by the Insurance Authority last year; and
- b) the number of staff expected to recruit this year?

Asked by: Hon CHAN Kin-por (Member Question No. 16)

Reply:

- a) The Insurance Authority (IA) at present has about ten staff members for carrying out essential administrative, legal and finance work. It is anticipated that about 180 staff members will report duty in the second quarter of 2017. Among these staff members, 130 of them will be responsible for regulatory duties and over 80 of them will come from the Office of the Commissioner of Insurance, including Insurance Officers.
- b) The IA will soon complete the recruitment of regulatory staff required to assist the IA to commence the next stage of work. In 2017-18, the IA will recruit additional staff members in accordance with its operational needs.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)009

(Question Serial No. 0490)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As stated in the Programme of the Financial Services and the Treasury Bureau (Financial Services Branch), the Branch will continue to engage the industry to formulate a risk-based capital framework for the prudential regulation of insurers. Will the Government inform this Committee of:

- a) the number of people currently responsible for the above work and its implementation timetable; and
- b) the progress of the consultancy study and whether the estimated expenditure of \$3.2 million for the study last year has been exceeded?

Asked by: Hon CHAN Kin-por (Member Question No. 19)

Reply:

a) and b)

The Financial Services Branch (FSB) and the Office of the Commissioner of Insurance (OCI) are jointly responsible for the formulation of the risk-based capital (RBC) framework. The work is undertaken by three officers in FSB, while in OCI, the relevant work involves different divisions and is coordinated by four officers in the Policy and Development Division.

The RBC framework will be developed in four phases:

- Phase I involves development of the framework and key approaches. OCI completed this phase in 2015 and released the Phase I consultation conclusions in September of the same year.

- Phase II involves development and public consultation of detailed rules. Quantitative impact studies (QIS) will be conducted for different types of insurance companies to ensure that the new regime is viable and practicable, and that it would not bring about instability to the insurance industry.
- Phase III involves legislative amendments.
- Phase IV is the implementation phase. The RBC regime will be rolled out in phases with a sufficiently long run-in period, so that insurance companies will have adequate time to understand the requirements thoroughly and be able to achieve full compliance incrementally.

OCI has commenced the work of Phase II and appointed a consultant to formulate detailed requirements for the QIS. It has also established four Industry Focus Groups, comprising representatives of the industry, to discuss technical issues and make preparation for obtaining sufficient and appropriate data from insurance companies at a later stage. Our current target is to commence the QIS in the second half of 2017 to facilitate the formulation of detailed rules. We will also start preparing the legislative proposals.

The expenditure of the consultancy study in 2016-17 was within the budget. There was no overspending.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)010

(Question Serial No. 0491)

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

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

Programme: (-) Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

According to the programme under the Financial Services and the Treasury Bureau (Financial Services Branch), the approved commitment of the exit package for Insurance Officer Grade officers exceeds \$30 million. Would the Government advise this Committee on:

- a) the number of Insurance Officers accepting the exit package, and
- b) the number of Insurance Officers employed by the Insurance Authority?

Asked by: Hon CHAN Kin-por (Member Question No. 20)

Reply:

- a) Under the established policy, when an officer is compulsorily retired due to abolition of office (AOO), he/she can opt for retirement on AOO terms or seek redeployment within the civil service. If redeployment is unsuccessful, he/she will be compulsorily retired on AOO terms. Hence, the number of Insurance Officers to be retired on AOO terms will depend on the outcome of the redeployment exercise which is yet to be available.
- b) It is anticipated that about 180 staff members will report duty in the second quarter of 2017. Among these staff members, 130 of them will be responsible for regulatory duties and over 80 of them will come from the Office of the Commissioner of Insurance, including Insurance Officers.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)011

(Question Serial No. 2594)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned under the Programme of the Financial Services and the Treasury Bureau (Financial Services Branch) that the Branch will continue to oversee the establishment of the new Insurance Authority (IIA) and manage the transition from the existing insurance regulatory regime to the new one. According to government information, IIA may invest, in the manner approved by the Financial Secretary, its funds that are not required for immediate use and the Investment Committee to be set up by IIA will discuss and advise IIA on investment strategies. In this connection, will the Government inform this Committee of the following:

- a) the progress of the establishment of the Investment Committee; and
- b) given that the manner of IIA's aforesaid investment shall be approved by the Financial Secretary, whether the Government would set investment strategies as appropriate and reasonable target rate of return, and whether the Financial Services Branch would participate in the process to ensure the proper use of public funds? If yes, what are the manpower and expenditure involved? If no, what are the reasons?

Asked by: Hon CHAN Kin-por (Member Question No. 17)

Reply:

- a) The priority of the Insurance Authority (IA) at present is to ensure a smooth transition of the statutory functions from the Office of the Commissioner of Insurance. The IA has not set up its Investment Committee.
- b) After receiving the Government provision of \$450 million in June 2016, the IA has obtained the approval of the Financial Secretary (FS) to invest funds that are not required for immediate use in the form of placement of Hong Kong dollars fixed deposits to earn interest income. The Investment Committee will be set up to advise

the IA on investment strategies after the IA starts to receive income from levy on premiums of insurance policies. The investment strategies to be formulated will be submitted to the FS for approval. The Financial Services Branch will assist the FS in vetting the proposed investment strategies. The expenditure to be incurred will be absorbed within the existing provision.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)012****(Question Serial No. 1089)**

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

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

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under the 2017-18 Estimate of the Financial Services and the Treasury Bureau (Financial Services Branch), the general non-recurrent expenditure is estimated to drop from \$475.2 million this year to \$62.725 million, which is mainly due to lapse of non-recurrent provision for the establishment of an independent Insurance Authority. The latter figure, however, still represents a nearly 20-fold increase over the expenditure of \$3 million for 2015-16.

Please provide a breakdown of the estimated non-recurrent expenditure for 2017-18.

Asked by: Hon CHEUNG Wah-fung, Christopher (Member Question No. 1)

Reply:

The breakdown of the estimated non-recurrent expenditure for 2017-18 is as follows –

Non-recurrent expenditure item	\$ million
Pilot programme to enhance talent training for the insurance sector and the asset and wealth management sector	31.525
Exit package for Insurance Officer Grade Officers	31.2
Total:	62.725

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)013

(Question Serial No. 1104)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Budget mentioned the bond market again and stated that “The Silver Bond Pilot Scheme launched last year has further promoted the development of the relevant market. As scheduled, we will issue a second batch of Silver Bond in 2017-18. Appropriate issuance terms, including the issuance size and tenure, will be formulated in the light of market environment”. Does the Government have any plans to allow securities brokers to participate in the sales of Silver Bond and other bonds? If no, what are the reasons?

Asked by: Hon CHEUNG Wah-fung, Christopher (Member Question No. 4)

Reply:

The Silver Bond Pilot Scheme was launched under the Government Bond Programme to provide senior citizens an investment product with steady returns, and encourage the local bond market to tap into the immense potential of silver bond by introducing a larger spectrum of appropriate products. To encourage senior citizens to hold the bonds until maturity for a stable income, Silver Bond has no secondary market and is not listed at the Stock Exchange of Hong Kong (the Exchange). Hence, it cannot be cleared and settled through the Central Clearing and Settlement System. Securities brokers can still participate in the dealing of other debt securities listed at the Exchange.

Upon completion of the two-year Silver Bond Pilot Scheme, we will review the effectiveness and the arrangement of the Scheme.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)014

(Question Serial No. 2847)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary mentioned in the Budget Speech that the second batch of Silver Bond would be issued as scheduled this year, and appropriate issuance terms, including the issuance size and tenure, would be formulated in the light of market environment. In this connection, please advise of the estimated expenditure involved, including expenses for interest payment, promotion and administration; and whether resources would be deployed by the Government to facilitate the listing and trading of Silver Bond so as to offer the elderly easier access to investment opportunities.

Asked by: Hon CHEUNG Wah-fung, Christopher (Member Question No. 31)

Reply:

The Silver Bond Pilot Scheme was launched under the Government Bond Programme (GBP) to provide senior citizens an investment product with steady returns, and encourage the local bond market to tap into the immense potential of silver bond by introducing a larger spectrum of appropriate products. To encourage senior citizens to hold the bonds until maturity for a stable income, Silver Bond has no secondary market and is not listed at the Stock Exchange of Hong Kong. Senior citizens can subscribe and sell their Silver Bond at its principal value before maturity through placing banks.

Upon completion of the two-year Silver Bond Pilot Scheme, we will review the effectiveness and the arrangement of the Scheme.

Expenses relating to the GBP including expenses relating to Silver Bond (such as interest, marketing and issuance related expenses) are paid by the Bond Fund.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)015

(Question Serial No. 2166)

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

Subhead (No. & title): (000) Operational expenses

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The 2017-18 financial estimate has drastically fell by 55% from last year's \$763.2 million to \$343.6 million. The report explains that this is due to a lapse of non-recurrent provision for the establishment of an independent Insurance Authority. Please provide in detail the figures in relation to this reduction.

Asked by: Hon KWOK Wing-hang, Dennis (Member Question No. 6)

Reply:

The 2017-18 financial estimate is 55% lower than the revised estimate for 2016-17. This is mainly due to lapse of non-recurrent provision for the establishment of an independent Insurance Authority. The amount of provision provided is \$450 million.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)016

(Question Serial No. 0460)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding financial technologies, how many complaints about payment facilities were received in the past three years? What were the total amounts and issues involved and the outcomes of the follow-up actions? What was the government expenditure on the public education and promotion of mobile payment and e-payment services in the past three years?

Asked by: Hon LAU Ip-keung, Kenneth (Member Question No. 34)

Reply:

As of 3 March 2017, the Hong Kong Monetary Authority (HKMA) received 24 enquiries or requests for assistance concerning transaction problem, fees and charges and services level of stored value facilities (SVF). The total amount involved is around \$10,000. Among these 24 cases, 19 were referred to and resolved by the concerned SVF licensees, while the remaining five cases are being processed.

The HKMA has launched a series of public education campaigns to enhance public awareness and highlight the points-to-note about the use of SVF after the commencement of the Payment Systems and Stored Value Facilities Ordinance. These educational messages are conveyed to the public in the form of videos, announcement of public interests on radio, animation, print advertisements, etc. via different media platforms. The overall public education and publicity expenses of the HKMA in 2016 will be published in its 2016 annual report.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)017

(Question Serial No. 2785)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

During 2017-18 the Branch will continue to promote the development of financial technologies in Hong Kong.

- (a) How will the Government follow up on the proposed measures this year? Please provide a detailed breakdown.
- (b) What are the estimated resources required, including expenditure and manpower involved in the promotion of the relevant policies, provision of support measures, regulation, and development of talents on this front?
- (c) With regard to the promotion of FinTech development, what are the progress and details of the Government's effort in studying the regulation issue and the amendments to legislation?

Asked by: Hon LEUNG Kenneth (Member Question No. 7)

Reply:

(a) and (b)

The Chief Executive and the Financial Secretary have announced an array of measures to promote the development of Fintech in the 2017 Policy Address and 2017-18 Budget, including –

- (i) the Hong Kong Monetary Authority (HKMA) is developing a new Faster Payment System (FPS). When the FPS is completed next year, it will provide a round-the-clock inter-bank real-time payment platform allowing banks and stored value facility (SVF) service providers to offer their customers faster, more convenient and comprehensive payment and fund transfer services;

- (ii) the Government will actively explore new payment channels for settling government bills and fees, so as to facilitate the use of government services and to encourage more people to make use of innovative payment products and services;
- (iii) the Government will continue to encourage the industry to develop and apply Fintech, such as distributed ledger technology and cyber security, and promote Hong Kong as a hub for the application and setting of standards for these technologies; and
- (iv) HKMA will further its Cybersecurity Fortification Initiative in order to strengthen Hong Kong's expertise and capability in cyber security as well as build a pool of talent.

Moreover, the Internal Coordination Group set up by the Financial Services Branch (FSB) with relevant parties will continue to monitor the progress of Fintech-related initiatives, facilitate the smooth implementation of measures to promote the development of the industry, and keep track of the latest market developments. The related expenditure will be absorbed from within the FSB's existing resources and manpower. All relevant organisations will take forward the above tasks with their own resources.

Furthermore, the Government has earmarked \$13.7 million in 2017-18 to continue to support Invest Hong Kong (InvestHK)'s dedicated Fintech team. The team will appeal to Fintech enterprises, investors as well as research and development (R&D) institutions to encourage them to establish a presence in Hong Kong, and will also organise signature Fintech events, conferences and start-up competitions to showcase Hong Kong's unique advantages in Fintech to Mainland and overseas stakeholders.

- (c) Hong Kong has been keeping its regulatory framework up-to-date. After the full commencement of the Payment Systems and Stored Value Facilities Ordinance in 2016, the 13 licenced SVF operators are launching new or enhancing their services according to their business plans. The Government and regulators will continue to engage the industry to keep abreast of the dynamic Fintech landscape, and monitor any emerging opportunities and challenges on the international and local horizons.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)018

(Question Serial No. 2786)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government has emphasised the exploration of the application of “Blockchain” technologies in the financial services industries since last year, with a view to developing its potential to reduce suspicious transactions and bring down transaction costs.

- (a) Please provide details of progress made since last year.
- (b) How will the Government follow up on these developments, and what are the manpower and expenditure involved?

Asked by: Hon LEUNG Kenneth (Member Question No. 8)

Reply:

The Hong Kong Monetary Authority (HKMA), the Hong Kong Applied Science and Technology Research Institute (ASTRI) and Cyberport have each explored the application of Blockchain technology in the financial services industry (covering the feasibility of employing the technology on property valuation information management, trade financing and digital identity management), organised conferences to gather local and global talents, as well as provided training to the industry through incubation programmes and promoted the development of products and services using the technology. In addition, the Fintech Innovation Hub jointly established by HKMA and ASTRI in September last year offered its IT environment and support to the banking sector for developing prototypes for the use of distributed ledger technology (DLT) in trade financing and other aspects, so as to test how the concept can be applied in different operational scenarios.

Looking ahead, the Government will continue to encourage the industry to develop and apply DLT, and promote Hong Kong as a hub for the application and setting of standards for the technology. The second stage of ASTRI's study on Blockchain technology, commissioned by HKMA, is already underway, and will cover proof-of-concept trials with a number of banks, collection of data to assess the feasibility of Blockchain, as well as the

regulatory implications of the technology. Findings of the study will be published in the second half of 2017. The related expenditure and manpower will be absorbed by the relevant organisations.

The Internal Coordination Group set up by the Financial Services Branch (FSB) with relevant parties will continue to monitor the progress of financial technologies-related initiatives, facilitate the smooth implementation of measures to promote the development of the industry, and keep track of the latest market developments. The related expenditure will be absorbed from within the FSB's existing resources and manpower.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)019

(Question Serial No. 2788)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

During 2017-18 the Financial Services Branch of the Financial Services and the Treasury Bureau will legislate to strengthen the independence of the auditor regulatory regime from the audit profession.

(a) What is the timetable for the tabling of the legislation, and subsequent implementation?

Asked by: Hon LEUNG Kenneth (Member Question No. 9)

Reply:

In order to ensure that the regulatory regime of listed entity auditors is benchmarked against international standards and practices, the Government has drawn up proposals to reform the regulatory regime to enhance its independence from the audit profession. We are preparing an amendment bill and maintaining liaison with relevant stakeholders on the details of the new regime. The amendment bill will propose to strengthen the functions of the Financial Reporting Council, enabling it to become an independent oversight body of listed entity auditors. Our target is to introduce the amendment bill into the Legislative Council (LegCo) in the second quarter of 2017. We aim to implement the new regime within six months after passage of the amendment bill in LegCo.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)020

(Question Serial No. 2789)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

During 2017-18 the Financial Services Branch of the Financial Services and the Treasury Bureau will prepare legislation to enhance Hong Kong's regulatory regime for combating money laundering and terrorist financing.

- (a) What is the timetable for the tabling of the legislation, and subsequent implementation?

Asked by: Hon LEUNG Kenneth (Member Question No. 10)

Reply:

- (a) To enhance the regulatory regime for combating money laundering and terrorist financing, the Financial Services and the Treasury Bureau has just completed a two-month consultation on two legislative proposals, which include amendments to the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615) and the Companies Ordinance (Cap. 622). We aim to introduce the amendment bills into the Legislative Council in July 2017 and implement relevant legislations as soon as possible after the passage of the bills.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)021

(Question Serial No. 2790)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In last year's Budget, it was announced the Hong Kong Monetary Authority (HKMA), the Securities and Futures Commission (SFC) and the Office of the Commissioner of Insurance have set up Fintech dedicated platforms to liaise with the industry to ensure that the market will balance between market demand and investors' understanding and tolerance of risk when introducing innovative financial products and services.

- (a) What are the details and progress of the work achieved by the aforementioned Fintech dedicated platforms, and the expenditure and manpower involved?
- (b) What are the progress and details of the platform's effort in studying the regulation issue and the amendments to legislation?

Asked by: Hon LEUNG Kenneth (Member Question No. 11)

Reply:

After the announcement in the 2016-17 Budget to set up dedicated Fintech liaison platforms to liaise with the industry, HKMA, SFC and the Office of the Commissioner of Insurance have already set up their respective platforms. As at February 2017, the platforms have received close to 190 enquiries related to Fintech regulation. The platforms (each comprising three to five staff) are respectively led by a Chief Fintech Officer, Senior Director or Assistant Commissioner. The related expenditure and manpower will be absorbed by the relevant regulatory authorities.

The platforms are tasked to communicate with the Fintech industry, handle enquiries from the industry and provide information on relevant regulatory requirements to companies engaging in financial innovation to enhance the industry's understanding of the regulatory environment in Hong Kong.

Taking into account the comments gathered through the platforms, regulators have rolled out a number of initiatives to support Fintech development, including establishing the HKMA-ASTRI Fintech Innovation Hub, commissioning the Hong Kong Applied Science and Technology Research Institute to conduct research on Blockchain technology, launching the Fintech Career Accelerator Scheme, promoting the Cybersecurity Fortification Initiative and setting up a supervisory sandbox.

Hong Kong has been keeping its regulatory framework up-to-date. After the full commencement of the Payment Systems and Stored Value Facilities Ordinance in 2016, the 13 licenced stored value facility operators are launching new or enhancing their services according to their business plans. The Government and regulators will continue to engage the industry to keep abreast of the dynamic Fintech landscape, and monitor any emerging opportunities and challenges on the international and local horizons.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)022

(Question Serial No. 2802)

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

Subhead (No. & title): (000) Operational expenses

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As stated in paragraph 92 of the Budget Speech, the Securities and Futures Commission and the Hong Kong Exchanges and Clearing Limited are carefully considering and analysing the views received during the consultation on proposed enhancements to the decision-making and governance structure for listing regulation. What is the progress of such works? Has the timetable for releasing the consultation conclusions and the implementation plan been announced?

Asked by: Hon LEUNG Kenneth (Member Question No. 1.24)

Reply:

The Securities and Futures Commission (SFC) and the Hong Kong Exchanges and Clearing Limited (HKEX) jointly conducted a consultation on proposed enhancements to the decision-making and governance structure for listing regulation last year. The consultation aimed to enable the listing regulatory structure and procedures to better respond to rapid developments in the market. A large number of submissions have been received. The SFC and the HKEX are considering and analysing the views carefully, and are planning to provide a progress report for the Legislative Council Panel on Financial Affairs. They will publish the consultation conclusions in due course.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)023

(Question Serial No. 2803)

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

Subhead (No. & title): (000) Operational expenses

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As stated in paragraph 93 of the Budget Speech, the Government has been very concerned about market quality issues, while the Hong Kong Exchanges and Clearing Limited is studying ways to continuously enhance the competitiveness of the listing platform in Hong Kong, including a review of the positioning of Growth Enterprise Market (GEM) and an assessment of the feasibility of introducing a new board. In this regard, will the Government advise this Committee of the following:

What is the progress of the study on the issues concerned? Will the review and the study cover the operational effectiveness of the existing regulatory mechanism? If yes, what are the details? If no, what are the reasons?

Will the Government draw up a timetable for a public consultation on the issues concerned? If yes, what are the details? If no, what are the reasons?

Asked by: Hon LEUNG Kenneth (Member Question No. 1.25)

Reply:

As mentioned in the Budget, we hope to further the development of our listing platform. The Hong Kong Exchanges and Clearing Limited is studying ways to continuously enhance the competitiveness of the listing platform in Hong Kong. They include a review of the positioning of GEM and an assessment of the feasibility of introducing a new board. Once more concrete progress is made, public consultation on the relevant conceptual proposals will be launched to map out the direction for long-term development.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)024

(Question Serial No. 3146)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As regards reforming the Mandatory Provident Fund (MPF) System, would the Government inform this Committee of the following:

In view of the prevailing problems of high management fees and low return rates of the MPF System, has the Government considered launching new initiatives to lower MPF management fees? If yes, what are the details? If no, what are the reasons?

Asked by: Hon LEUNG Mei-fun, Priscilla (Member Question No. 41)

Reply:

The Mandatory Provident Fund Schemes Authority (MPFA) has introduced a wide range of measures to drive down fees of MPF funds. The overall average Fund Expense Ratio (FER) of all MPF constituent funds has been reduced from 2.10% in 2007 to 1.57% as at end-February 2017. Among the constituent funds that are currently available for selection in the MPF market, about 42% are low-fee funds (i.e. with $FER \leq 1.3\%$, or management fees $\leq 1\%$).

The fee-controlled Default Investment Strategy (DIS) will be launched on 1 April 2017. We envisage that the DIS will promote competition among MPF service providers on fees and fund performance. We will review the DIS fee caps within three years after the launch of the DIS.

The next objective of the MPFA is to put in place eMPF, a centralised electronic platform, to facilitate the standardisation, streamlining and automation of MPF scheme administration, thereby further reducing administration costs.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)025****(Question Serial No. 0373)**

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In bond market development, we all know that local development lags far behind. Most of the bonds issued are Exchange Fund Bills or bonds issued in the name of individual statutory bodies to raise funds. Our nation is taking forward the Belt and Road Initiative, a strategy for long-term development, and has promulgated the 13th Five-Year Plan, unleashing unlimited opportunities for the bond market. It is a pity that the Financial Secretary only mentioned about issuing, as in the past, Islamic bonds (sukuk) and a second batch of Silver Bond in paragraph 95 of the Budget Speech, lacking any strong measures for a breakthrough in the bond market development. In this regard, will the Government introduce without delay more appropriate measures to stimulate the local bond market? Furthermore, will the Government consider developing other types of Government and public bonds? If yes, please list the reasons for according them priority. Will the Government introduce appropriate measures as soon as possible to further facilitate the Mainland and Hong Kong investors' participation in the bond market?

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 2)

Reply:

Since the introduction of the Government Bond Programme (GBP) in 2009, we have issued bonds of various types and tenors amounting to over HK\$200 billion, including institutional bonds, inflation-linked retail bonds and Silver Bond, as well as sukuk (i.e. Islamic bonds), which help diversify the development of the bond market in Hong Kong. In 2017-18, we will continue to implement the GBP, including issuing a second tranche of Silver Bond under the two-year pilot scheme.

The Government will continue to encourage statutory and other relevant bodies to consider raising funds through debt securities issuance in Hong Kong according to their business development and funding needs. In the past five years, debt securities issued by these statutory and other relevant bodies (such as the Hong Kong Mortgage Corporation, Airport

Authority Hong Kong, the Hong Kong Science and Technology Parks Corporation, etc.) amounted to about \$65.3 billion. The Mass Transit Railway Corporation Limited also took the lead in raising capital through the issuance of green bonds last year to tap into the potential of the green finance market.

In addition, since 2009 the Ministry of Finance has issued Renminbi (RMB) sovereign bonds in Hong Kong on an annual basis. The total amount of RMB sovereign bonds issued in Hong Kong in the past eight years reached RMB164 billion. The RMB sovereign bonds provide a benchmark for the RMB bond market in Hong Kong and help enhance Hong Kong's status as an offshore RMB business hub.

As at end of this February, the outstanding amount of offshore RMB bonds in Hong Kong stood at around RMB300 billion. We will continue to promote Hong Kong's RMB business platform, and maintain close liaison with relevant Mainland authorities to strive for more facilitation measures for Mainland corporates to issue offshore bonds. Meanwhile, the Government is studying with the relevant Mainland authorities ways to further facilitate the participation of investors of both places in the bond market, with a view to improving the connectivity between market infrastructures.

Through the efforts of the Government and market, the Hong Kong bond market has continued to grow. Hong Kong dollar bonds issued by the non-public segment were over \$330 billion last year, growing by 50%. The Government and the regulators will continue to promote the advantages of our bond market to issuers and investors on the Mainland and overseas to deepen our bond market development.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)026

(Question Serial No. 0374)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As stated in paragraph 104 of the Budget Speech, a working group has already been set up by the Financial Services and the Treasury Bureau to explore viable solutions with reference to overseas experiences, with a view to devising an electronic Mandatory Provident Fund (MPF) management platform which will enhance administrative efficiency and directly benefit MPF Scheme members. In this regard, how much manpower and expenditure does the Government envisage to be involved in this initiative in the coming three years?

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 3)

Reply:

We expect that the working group would be set up in mid-2017. As the eMPF centralised electronic platform involves developing a centralised administrative system and interconnecting it with trustees' existing electronic systems, we expect that the working group would need around one year to map out the target implementation date and the necessary expenditure.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)027****(Question Serial No. 0376)**

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Financial technologies have been developing rapidly in recent years. As an international financial centre, Hong Kong should have great potentials to develop into a leading financial technology centre like New York and London. However, as our regulations and legislation lag behind the innovative business models, the local financial technologies are developing at a snail's pace. It is a regret that the Financial Secretary has failed to propose measures to address the situation in the Budget. In this regard, will the Government consider increasing the manpower and financial provision of the Steering Group on Financial Technologies so as to expedite the delivery of appropriate measures?

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 4)

Reply:

After the Steering Group on Financial Technologies (Fintech) completed its work in March 2016, the Internal Coordination Group set up by the Financial Services Branch (FSB) with relevant parties will continue to monitor the progress of Fintech-related initiatives, facilitate the smooth implementation of measures to promote the development of the industry, and keep track of the latest market developments. The related expenditure will be absorbed from within the FSB's existing resources and manpower.

Hong Kong has been keeping its regulatory framework up-to-date. After the full commencement of the Payment Systems and Stored Value Facilities Ordinance in 2016, the 13 licenced stored value facility operators (SVF) are launching new or enhancing their services according to their business plans. The Government and regulators will continue to engage the industry to keep abreast of the dynamic Fintech landscape, and monitor any emerging opportunities and challenges on the international and local horizons.

The Chief Executive and the Financial Secretary have announced an array of measures to promote the development of Fintech in the 2017 Policy Address and 2017-18 Budget, including –

- (a) the Hong Kong Monetary Authority (HKMA) is developing a new Faster Payment System (FPS). When the FPS is completed next year, it will provide a round-the-clock inter-bank real-time payment platform allowing banks and SVF service providers to offer their customers faster, more convenient and comprehensive payment and fund transfer services;
- (b) the Government will actively explore new payment channels for settling government bills and fees, so as to facilitate the use of government services and to encourage more people to make use of innovative payment products and services;
- (c) the Government will continue to encourage the industry to develop and apply Fintech, such as distributed ledger technology and cyber security, and promote Hong Kong as a hub for the application and setting of standards for these technologies; and
- (d) HKMA will further its Cybersecurity Fortification Initiative in order to strengthen Hong Kong's expertise and capability in cyber security as well as build a pool of talent.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)028****(Question Serial No. 0377)**

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With “green economy” gaining more and more attention globally and the signing of the Paris Agreement to combat climate change, the Chinese, British and many other governments have taken steps to actively develop green finance, while asset investments in green products and projects have increased rapidly. The development of green finance is also proposed in the Proposal on Formulating the National 13th Five-Year Plan. The Mainland’s financial institutions are actively promoting relevant financing products such as green bonds to raise capital for environmental projects with a long payback period, such as renewable energy technology and waste treatment. Meanwhile, it is mentioned in paragraph 96 of the Budget Speech that Hong Kong possesses the right conditions for developing green finance, and will step up efforts to promote our competitive capital market and encourage the sector to explore opportunities brought by green finance. In this regard, what specific plans does the Government have for the coming three years and what is the estimated expenditure involved?

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 5)

Reply:

As an international financial centre, Hong Kong has a sound legal and regulatory system, a deep and liquid capital market, robust financial infrastructure, and possesses a wealth of financial intermediaries and talent. In addition, the Inland Revenue Ordinance provides for profits tax concession for qualifying debt instruments. The Government and regulatory authorities will continue to keep in view the global development in green finance. When undertaking marketing initiatives, we will strengthen efforts to promote our competitive capital market, highlight our edge in developing green financial products, and encourage the participation of the financial sector. To this end, according to market information, other than the Mass Transit Railway Corporation Limited, entities of different business nature also raised capital through the issuance of green bonds and other entities are exploring the feasibility of issuing green bonds to tap into the potential of the green finance market. The

manpower and expenses involved in the above initiative will be absorbed from within our existing resources. We do not have a separate breakdown.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)029

(Question Serial No. 0378)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

During 2017-18, the Financial Services Branch will continue to promote the development of the asset management industry. This includes a proposal to extend profits tax exemption to onshore privately offered open-ended fund companies, so as to encourage domiciliation of funds in Hong Kong and to build up our fund manufacturing capabilities. In this connection, what specific plans does the Government have for the coming three years? What is the estimated expenditure involved?

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 6)

Reply:

To attract open-ended fund companies (OFCs) to domicile in Hong Kong and develop Hong Kong into a more full-fledged fund service centre, we propose to amend the Inland Revenue Ordinance (Cap. 112) to extend profits tax exemption to onshore privately offered OFCs. We will consult the Legislative Council (LegCo) and the industry on the legislative proposals, and expect to introduce the bill into LegCo within this year.

The expenses will be absorbed from within the existing resources. We do not have a breakdown of the expenses.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)030

(Question Serial No. 0379)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 130 of the Budget Speech that the Government will actively explore initiatives and encourage financial institutions and start-ups to apply Blockchain technology in services such as insurance claims and cross-border remittance, with a view to reducing costs and fraud risks as well as enhancing transparency of transactions. In this regard, what is the estimated manpower requirement for exploring such initiatives? Has the Government discussed with the insurance industry about the possible problems encountered in the application of the technology and their solutions?

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 7)

Reply:

The Chief Executive mentioned in his Policy Address released in January that the industry as well as research institutions and regulatory authorities are actively studying a number of projects on Blockchain. The related expenditure and manpower will be absorbed by the relevant organisations.

The Office of the Commissioner of Insurance has already set up a Fintech Liaison Team (the Team) to enhance communication with the financial technologies (Fintech) industry as well as handle enquiries from the industry, exchange ideas with stakeholders and provide information on relevant regulatory requirements to companies engaging in financial innovation.

The Hong Kong Federation of Insurers (HKFI) has set up a Fintech Task Force to explore the application of Fintech in the insurance industry. The Team maintains close liaison with the Fintech Task Force of HKFI to ensure that the insurance industry could have a clear understanding of regulatory requirements relevant to the application of Fintech.

The Government will continue to coordinate and facilitate the implementation of measures to promote the Fintech industry, and keep track of the latest market developments. The

expenditure related to coordination and follow up work will be absorbed from within the FSB's existing resources and manpower.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)031****(Question Serial No. 0380)**

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As stated in the Programme of the Financial Services and the Treasury Bureau (Financial Services Branch), the Branch will continue to oversee the implementation of the pilot programme to enhance talent training for the insurance sector and the asset and wealth management sector. This three-year programme has been rolled out in phases starting from the second half of 2016. In this regard, will the Government provide information on the total number of persons who have received training under this talent training pilot programme since its launch, the percentage of trainees who have found a relevant job after training, and the average employment earning of each trainee?

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 8)

Reply:

There are four initiatives under the Pilot Programme for the insurance sector, namely the Public Education Programme, the Financial Incentive Scheme for Professional Training (FIS), the Work-and-learn Programme (WLP) and the Summer Internship Programme (SIP). As at end-February 2017, there were 601 attendances at the training courses under the FIS. Three student-workers have been recruited into the WLP which commenced in November 2016. During the 16-month traineeship, the student-worker will receive a total of \$40,000 training allowance from the Government on top of the annual remuneration of no less than \$120,000 paid by the participating employer. If the student-worker continues to be employed as a full time employee by the same employer upon graduation, the employer would offer an annual remuneration of no less than \$150,000. We have also started inviting applications for the SIP from non-final year undergraduates in January 2017. Under the SIP, an intern would work up to two months in a participating company. The Government will contribute up to 75% or \$7,000 (whichever is the lower) per month during the internship period. The application period is not yet closed. We expect the first batch of interns to start their internships in around June 2017.

As for the Pilot Programme for the asset and wealth management sector, there are three initiatives, namely Promotion and Education Initiatives, the FIS, and the SIP for Undergraduate Students. As at end-February 2017, we have organised a launching ceremony-cum-industry promotion event for the Pilot Programme, as well as 45 seminars and briefing sessions for university students, educational institutions, and the industry. There were around 870 attendances in total. We have also set up a dedicated website for the Pilot Programme. As for the FIS, there were 429 attendances at the training courses, and six persons have submitted applications for course fees and have been reimbursed. In February 2017, we invited applications from non-final year undergraduates for the SIP, and are now in the process of matching student applicants to internship positions. Under the SIP, a student intern would work for a participating company for at least one month. Out of the monthly honorarium that a student intern will receive, the Government will provide a subsidy of up to 75% or \$7,000 (whichever is the lower), for a total period of up to two months. We expect the first batch of student interns to start their internships in around June 2017.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)032

(Question Serial No. 0381)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The establishment of the new Insurance Authority is mentioned, among others, in the Matters Requiring Special Attention in 2017-18 under the Programme of the Financial Services and the Treasury Bureau (Financial Services Branch). In this regard, according to the Government's initial plan, what is the staffing required for the Insurance Authority? What is the estimated average annual operating expenditure after the next three years?

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 9)

Reply:

According to the report completed by the Consultant in 2015, the Insurance Authority (IA) should have an initial establishment of 299 staff members. It is anticipated that about 180 staff members will report duty in the second quarter of 2017.

The estimated operating expenditure of the IA for 2017-18 is about \$252.7 million. For the next two years, the estimated operating expenditure is about \$400 million per year.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)033****(Question Serial No. 0382)**

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Dispute Resolution Centre has been in operation for nearly five years since 19 June 2012. Please provide in detail the numbers of resolution cases taken up and cases successfully resolved each year, as well as the current number of mediators and arbitrators. Furthermore, what is the estimated amount of financial resources to be deployed by the Government in the coming three years to conduct training courses and continuing professional training workshops for mediators and arbitrators?

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 10)

Reply:

Since its commencement of operation in June 2012 to the end of 2016, the Financial Dispute Resolution Centre (FDRC) has accepted 129 applications for its mediation service. Out of the 106 mediation cases closed, 91 were settled, representing a success rate of about 86%. The breakdown by year is provided below -

Year	Number of applications for mediation accepted	Number of mediation cases closed	Number of cases settled
2012	14	9	7
2013	29	25	19
2014	33	32	30
2015	21	16	15
2016	32	24	20
Cumulative figure	129	106	91

As at the end of 2016, there were 60 mediators and 13 arbitrators on the FDRC Lists of Mediators and Arbitrators.

The FDRC has reserved a sum of \$159,000 for 2017 for organising training courses and continuing professional training workshops for FDRC mediators, arbitrators and FDRC Case Officers (FDRC Case Officers are required to fulfil the relevant training requirements to administer the Financial Dispute Resolution Scheme and/or to become mediators). The FDRC has yet to forecast the relevant expenditure for 2018 and 2019 at this stage.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)034****(Question Serial No. 0399)**

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As at 15 December 2016, Hong Kong ranked first among global capital formation centres for the second year in a row in terms of funds raised through initial public offerings (IPO), which amounted to US\$24.8 billion in 2016. Given the size and growing complexity of the securities market, the Government needs to constantly review the relevant regulatory regimes and frameworks, and enhance market efficiency and quality to reinforce Hong Kong's status as the premier capital formation centre. In this respect, what specific plans does the Government have to consolidate our existing strengths in the coming three years and what is the estimated expenditure involved?

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 12)

Reply:

As mentioned in the Budget, the Securities and Futures Commission (SFC) and the Hong Kong Exchanges and Clearing Limited (HKEX) jointly conducted a consultation on proposed enhancements to the decision-making and governance structure for listing regulation last year. The consultation aimed to enable the listing regulatory structure and procedures to better respond to rapid developments in the market. A large number of submissions have been received. The SFC and the HKEX are considering and analysing the views carefully.

The Government has always been very concerned about market quality issues and supports the SFC's monitoring and law enforcement efforts in combating wrongdoings. Also, we hope to further the development of our listing platform. The HKEX is studying ways to continuously enhance the competitiveness of the listing platform in Hong Kong. They include a review of the positioning of Growth Enterprise Market and an assessment of the feasibility of introducing a new board. Once more concrete progress is made, public consultation on the relevant conceptual proposals will be launched to map out the direction for long-term development.

It is an ongoing task of the Financial Services Branch to formulate policies and measures to facilitate the development of our financial market. The expenses involved will be absorbed from within our existing resources. We do not have a separate breakdown.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)035

(Question Serial No. 0400)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Services Branch will continue to advance financial co-operation with the Mainland. Apart from deepening the mutual access between financial markets in Hong Kong and the Mainland and reinforcing the offshore Renminbi business platform, does the Government have any other measures to dovetail with the various policy developments under CEPA, the Belt and Road Initiative and relevant co-operation frameworks? If yes, what is the estimated expenditure involved? If no, what are the reasons?

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 11)

Reply:

The Belt and Road Initiative

The Government attaches great importance to the opportunities brought by the Belt and Road Initiative, and will continue to play the bridging role between the Mainland and the rest of the world. Being the world's largest offshore Renminbi (RMB) business hub and Asia's major asset management centre, Hong Kong's financial services can contribute to the below aspects –

- (1) International investment and financing centre: With the accelerated development of infrastructure in the Belt and Road region, enterprises can raise capital and seek financing in Hong Kong through diversified means such as initial public offerings, post-listing arrangement, bond issuance and bank loans;
- (2) Global offshore RMB business hub: With strengthening economic and trade connectivity between the Mainland and the Belt and Road countries, the RMB will be increasingly used in bilateral trade and investment in the region. Hong Kong can continue to play the role as the global hub for offshore RMB business when the demands from the offshore markets on RMB settlement, financing and fund management gradually increase;

- (3) Islamic finance: Following the two sukuk issuances by the Government in 2014 and 2015, we successfully launched the third sukuk in February this year. This demonstrated that Hong Kong can be the financing platform for sukuk, serving the Muslim economies along the Belt and Road region. The Government will continue its efforts to promote market knowledge of Islamic finance in Hong Kong; and
- (4) International asset management, risk management and corporate treasury centre (CTC): To provide a conducive environment for attracting multinational and Mainland corporations to centralise their treasury functions in Hong Kong, the Government amended the Inland Revenue Ordinance (Cap. 112) in 2016 to allow, under specified conditions, interest deduction in calculating profits tax for intra-group financing business of corporations operating in Hong Kong, and profits tax rate reduction by 50% for qualifying CTCs. This does not only enhance the competitiveness of our financial markets, but also supports Mainland enterprises “going global”.

The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and financial cooperation under other frameworks

The implementation of the Agreement on Trade in Services under the framework of CEPA in June 2016 basically achieved liberalisation of trade in services between the Mainland and Hong Kong. We will continue to seek further access of our financial services sectors to the Mainland market through CEPA and other regional cooperation platforms, including those of Hong Kong-Guangdong, Hong Kong-Shanghai and Hong Kong-Fujian. As announced in the 2017 Policy Address, the Government is exploring with the Mainland the expansion and enhancement of CEPA in the areas of investment, economic and technical cooperation, etc. and it is expected that concrete results could be achieved by the middle of this year.

The above work will be pursued jointly by the Government and relevant financial regulators on an on-going basis. The related expenses will be absorbed from within existing resources in the Financial Services Branch. We do not have a separate breakdown.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)036

(Question Serial No. 1714)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The estimated financial provision for 2017-18 is about 55% lower than the original estimate for 2016-17, contrasting sharply with the increase of about 233% between 2015-16 and 2016-17. What are the reasons for that? Apart from the large non-recurrent provision required for the establishment of an independent Insurance Authority, which item accounts for the largest part of the financial provision and what is its percentage in the total financial provision? What are the respective percentages of the financial provision allocated for promoting the development of financial technologies; deepening the mutual access between Hong Kong and Mainland financial markets and between Hong Kong and overseas financial markets; and implementing the pilot programme to enhance talent training for the insurance sector and the asset and wealth management sector? Are there any decreases in comparison with last year?

Asked by: Hon LIAO Cheung-kong, Martin (Member Question No. 1)

Reply:

The estimated financial provision for 2017-18 is about 55% lower than the original estimate for 2016-17, mainly due to lapse of non-recurrent provision for the establishment of an independent Insurance Authority (\$450 million).

We have earmarked provision of \$153.5 million for "Personal Emoluments" in 2017-18, which represents approximately 45% of the total provision and accounts for the largest part of our provision for the year. The provision allocated for promoting the development of financial technologies and implementing the pilot programme to enhance talent training for the insurance sector and the asset and wealth management sector are about \$13.7 million and \$31.5 million respectively, representing approximately 4% and 9% of the total provision. The allocation for the former is similar to that of last year, while for the later has increased by about \$9.8 million. The expenses involved in deepening the mutual access between Hong Kong and Mainland financial markets and between Hong Kong and

overseas financial markets will be absorbed from within existing resources. We do not have a separate breakdown.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)037

(Question Serial No. 3152)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Bureau assists the Financial Secretary in overseeing the Mandatory Provident Fund Schemes Authority. In this regard, will the Government inform this Committee whether there is a timetable for launching the electronic platform “eMPF”; the estimated savings achieved by the platform for employees and employers; and the staffing and financial implications for launching the above platform?

Asked by: Hon LUK Chung-hung (Member Question No. 37)

Reply:

We expect that the working group would be set up in mid-2017. As the eMPF centralised electronic platform involves developing a centralised administrative system and interconnecting it with trustees' existing electronic systems, we expect that the working group would need around one year to map out the target implementation date and the necessary expenditure.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)038

(Question Serial No. 0358)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew H Y WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Budget Speech (paragraph 103) mentioned efforts in tackling malpractices by financial intermediaries for money lending, and that actions were being taken to seriously follow up on the implementation and effectiveness of the additional licensing conditions, as well as to enhance public education to raise people's awareness of debt management. In this regard, will the Government inform this Committee of:

- (a) the specific approaches to be adopted to follow up on the implementation and effectiveness of the additional licensing conditions;
- (b) the specific measures to be taken to enhance public education to raise people's awareness of debt management; and
- (c) the estimates and the manpower distribution for the above work?

Asked by: Hon MAK Mei-kuen, Alice (Member Question No. 7)

Reply:

- (a) Since December last year, the Government has imposed additional licensing conditions on all money lender licences. Though the new regulatory measures have been in force for about three months only, the market response has been positive and all money lending advertisements have included the risk warning statement. The measures taken by the Companies Registry (CR) to follow up on the implementation and monitor the effectiveness of the additional licensing conditions mainly include site inspections to the premises of money lenders, and continued monitoring of money lenders' advertisements in the mass media and on the Internet. If a money lender is found to have breached any additional licensing condition, the CR will follow up on the case by, inter alia, issuing a warning letter to the money lender. If the situation persists, the CR will consider referring the case to the Police for further enforcement action and making an objection to the Licensing Court upon the licence renewal application of the money lender concerned. For serious non-compliance cases, the

CR will consider applying to the Licensing Court for revocation or suspension of the existing licence of the money lender concerned.

We will keep in view the implementation of the new regulatory measures and will maintain close liaison with the Police, non-government organisations and money lending industry associations so as to better understand whether there is any change in the tactics of unscrupulous intermediaries. We will also gauge the views of frontline staff which could facilitate our formulation of more effective enforcement strategies. We will review the effectiveness of the additional licensing conditions after six months of their implementation and will, in the light of the review results, consider if there is a need to introduce additional improvement measures.

- (b) As regards stepping up public education, we have allocated \$2.9 million and \$1.9 million in 2016-17 and 2017-18 respectively for rolling out public education activities to enhance public awareness on debt management, which included (i) publishing of an information leaflet and posters (distribution channels include money lenders, banks, non-government organisations, Home Affairs Enquiry Centres of the Home Affairs Department, offices of members of the District Councils and the Legislative Council, etc.); the posters have also been sent to all Owners' Corporations and Mutual Aid Committees of public housing estates in Hong Kong; (ii) broadcasting announcements of public interest (API) on television and radio, the API has also been broadcast on public buses and at the lobbies of public housing estates; (iii) placing panel advertisements at MTR stations and bus stops; as well as (iv) displaying roadside banners at specified locations in all 18 districts. We will also print a risk warning message on envelopes of the Rating and Valuation Department and insert publicity leaflet in water bills.

Besides, we also collaborate with the Consumer Council and the Investor Education Centre in enhancing public education on debt management. For example, the Investor Education Centre arranged the Financial Education Truck to tour around various districts in Hong Kong to promote the message of proper debt management and prudent borrowing in November 2016. The Consumer Council also published two articles in the *Choice* magazine in March 2016 and February 2017 respectively to remind the public of points-to-note when borrowing, including the need to guard against traps of unscrupulous intermediaries and the details of the additional licensing conditions. We will also collaborate with the Council to launch a public education campaign on responsible borrowing targeting young people.

- (c) The above work will be undertaken by existing manpower (including one Administrative Officer Staff Grade C, one Senior Administrative Officer and one Administrative Assistant), and will not involve additional staffing cost. The CR will deploy existing manpower (including one Senior Companies Registration Officer, one Companies Registration Officer I, four Registration Assistants and two Clerical Assistants) and additional manpower (namely one Companies Registration Officer I and two Companies Registration Officer II posts to be created in 2017-18) to handle the work. The additional expenditure to be incurred is about \$4.632 million. Meanwhile, the CR has also been flexibly redeploying internal resources to step up site inspections as necessary with no additional expenditure incurred.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)039

(Question Serial No. 1958)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please advise the reason(s) for the 2017-18 Estimate for Head 148 being 55% lower than that of the previous year.

Asked by: Hon MOK Charles Peter (Member Question No. 29)

Reply:

The 2017-18 financial estimate is 55% lower than the revised estimate for 2016-17, mainly due to lapse of non-recurrent provision for the establishment of an independent Insurance Authority (\$450 million).

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)040****(Question Serial No. 2984)**

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As stated in the Budget Speech, "We also issue Islamic bonds (sukuk) with different structures under the Government Bond Programme, thereby laying the foundation for the development of Hong Kong into an Islamic financial centre." What is the total issuance size of sukuk since its introduction? What is the subscription amount? Apart from the issuance of Islamic bonds, does the Government have any other measures to facilitate Hong Kong's development into an Islamic financial centre?

Asked by: Hon OR Chong-shing, Wilson (Member Question No. 54)

Reply:

The Government has so far issued three rounds of sukuk –

Issuance date	September 2014	June 2015	February 2017
Structure	Ijarah	Wakalah	Wakalah
Face value	USD \$1 billion	USD \$1 billion	USD \$1 billion
Liquidity	5 years	5 years	10 years
Subscription amount	Approximately USD \$4.7 billion	Approximately USD \$2 billion	Approximately USD \$1.7 billion

Apart from the issuances of sukuk, an array of Islamic financial products and services has already been introduced in the Hong Kong market, including global sukuk listed on our stock exchange, Islamic funds and Islamic banking windows etc.

Future development of the sukuk will be led by the market. Through the issuances of sukuk, the Government hopes to demonstrate that Hong Kong is a viable fund-raising platform. Apart from setting an example for other debt issuers, the issuances of sukuk also

set an important pricing benchmark for the market. We will continue to keep in touch with the industry to encourage potential issuers to issue sukuk in Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)041

(Question Serial No. 1460)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary mentioned in paragraph 104 of the Budget Speech that “our future objective is to explore the development of eMPF, a centralised electronic platform.... I have asked the Financial Services and the Treasury Bureau to set up a working group”.

Regarding the above working group, please provide information on (a) the expected time for its establishment; (b) the estimated number of official and non-official members; (c) the time expected for the completion of the study; (d) the earliest time expected for achieving the above objective; and (f) the estimated expenditure involved.

Asked by: Hon TO Kun-sun, James (Member Question No. 13)

Reply:

We expect that the working group would be set up in mid-2017. As the eMPF centralised electronic platform involves developing a centralised administrative system and interconnecting it with trustees' existing electronic systems, we expect that the working group would need around one year to map out the target implementation date and the necessary expenditure.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)042

(Question Serial No. 1468)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is noted that the Branch will “continue to promote the development of financial technologies in Hong Kong”. In this regard,

1. What are the rank of officials to be tasked with the above work, the staff establishment and the expenditure?
2. What were the activities organised by the Bureau and the Invest Hong Kong (InvestHK) last year? What was the expenditure involved?
3. What are the activities planned by the Bureau and the InvestHK in 2017/18? Please provide details about the date, nature, objective and expenditure of such activities.

Asked by: Hon TO Kun-sun, James (Member Question No. 25)

Reply:

The Internal Coordination Group set up by the Financial Services Branch (FSB) with relevant parties will continue to monitor the progress of financial technologies (Fintech)-related initiatives, facilitate the smooth implementation of measures to promote the development of the industry, and keep track of the latest market developments. The related expenditure will be absorbed from within the FSB's existing resources and manpower, including one Administrative Officer Staff Grade C, one Senior Economist and one Economist.

InvestHK has also set up a dedicated Fintech team. In addition to appealing to Fintech enterprises, investors as well as research and development (R&D) institutions to encourage them to establish a presence in Hong Kong, the team will organise signature Fintech events, conferences and start-up competitions. The Government provided about \$13.8 million for

the team in 2016-17, and the team has recruited four staff to support its operation, namely, one Investor Relations Officer and two Investor Support Officers in Hong Kong Head Office as well as one Investor Support Officer in the Hong Kong and Economic Trade Office in London. The Government has earmarked \$13.7 million in 2017-18 to continue to support the team.

During 2016-17, apart from general investment promotion efforts, the team organised the inaugural Hong Kong Fintech Week on 7 to 11 November 2016. The event attracted more than 2 500 participants from an array of Fintech companies and start-ups from the Mainland, overseas and Hong Kong as well as accelerators, incubators and investors searching for opportunities and innovation. Moreover, the team sponsored, among other promotional events, the Fintech Finals 2017 (FF17), a signature global Fintech event which took place on 18-19 January 2017. A total of 23 Fintech companies were selected globally to pitch their business plans in a start-up competition held in Hong Kong. The relevant expenditure involved for organising and sponsoring various events was around \$5.3 million.

In 2017-18, the team will continue to showcase Hong Kong's unique advantages in developing Fintech as well as providing Mainland and overseas Fintech companies with a fertile ground to develop their applications and businesses. In addition to attracting more Fintech enterprises, relevant organisations, investors and talents to Hong Kong, the team will again organise signature Fintech events like the Fintech Week and sponsor events such as the FF18 conference and start-up competition. The Hong Kong Fintech Week 2017 will be held in the fourth quarter of 2017, and various promotional activities such as pitching sessions, demos, seminars, workshops, hackathon and networking events will be organised. Meanwhile, FF18 is scheduled to be held in early 2018. The estimated expenditure in organising and sponsoring planned events in 2017-18 will be about \$5 million. The team will also join overseas events and organise roadshows proactively throughout the year to showcase the development of the Fintech industry in Hong Kong and the various support measures being made available.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)043

(Question Serial No. 1549)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Early withdrawal of accrued benefits on the ground of terminal illness by Mandatory Provident Fund scheme members has been allowed since the Legislative Council passed the Mandatory Provident Fund Schemes (Amendment) Ordinance 2015 on 21 January 2015.

1. How many scheme members have withdrawn accrued benefits early on such ground?
2. What are the respective numbers of applications rejected and accepted? What are the reasons for rejection?
3. What are the highest, lowest and average amounts withdrawn on such ground? What is the total amount?
4. What is the average age of scheme members applying for withdrawal of accrued benefits on such ground?

Asked by: Hon TO Kun-sun, James (Member Question No. 12)

Reply:

- (1) According to the information which the Mandatory Provident Fund Schemes Authority (MPFA) collected from Mandatory Provident Fund (MPF) trustees, a total of 1 300 claims were processed by the trustees for payment of accrued benefits on the grounds of terminal illness from 1 August 2015 to 31 December 2016. As a scheme member may participate in more than one registered MPF schemes, the number of claims processed therefore does not equate to the number of scheme members concerned. As such, the MPFA does not have the required information.
- (2) The MPFA does not have information on the respective number of rejected and accepted applications for withdrawing accrued benefits on the ground of terminal illness and the reasons for rejection.

- (3) According to the information which the MPFA collected from MPF trustees, the amount of accrued benefits withdrawn on the ground of terminal illness from 1 August 2015 to 31 December 2016 was \$115 million, averaging \$91,400 per claim. The MPFA does not have information on the highest and lowest amount of accrued benefits withdrawn on the ground of terminal illness.
- (4) The MPFA does not have the required information.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)044

(Question Serial No. 1554)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the work to “continue to promote the development of the bond market”:

1. Apart from the continued issuance of Silver Bond in 2017-18, does the Government have any measures to promote the development of the bond market?
2. In view of the decreasing size of offshore Renminbi (RMB) bond (dim-sum bond) issuance in Hong Kong in recent years, does the Government have any measures to facilitate the development of RMB bond in Hong Kong?
3. As the local bond market has come to a standstill over the past years, will the Government devise any specific policy objectives or indicators (such as encouraging the public sector to issue bonds) to boost the market development?

Asked by: Hon TO Kun-sun, James (Member Question No. 23)

Reply:

Since the introduction of the Government Bond Programme (GBP) in 2009, we have issued bonds of various types and tenors amounting to over HK\$200 billion, including institutional bonds, inflation-linked retail bonds and Silver Bond, as well as sukuk (i.e. Islamic bonds), which help diversify the development of the bond market in Hong Kong. In 2017-18, we will continue to implement the GBP, including issuing a second tranche of Silver Bond under the two-year pilot scheme.

The Government will continue to encourage statutory and other relevant bodies to consider raising funds through debt securities issuance in Hong Kong according to their business development and funding needs. In the past five years, debt securities issued by these statutory and other relevant bodies (such as the Hong Kong Mortgage Corporation, Airport Authority Hong Kong, the Hong Kong Science and Technology Parks Corporation, etc.) amounted to about \$65.3 billion. The Mass Transit Railway Corporation Limited also took

the lead in raising capital through the issuance of green bonds last year to tap into the potential of the green finance market.

In addition, since 2009 the Ministry of Finance has issued Renminbi (RMB) sovereign bonds in Hong Kong on an annual basis. The total amount of RMB sovereign bonds issued in Hong Kong in the past eight years reached RMB164 billion. The RMB sovereign bonds provide a benchmark for the RMB bond market in Hong Kong and help enhance Hong Kong's status as an offshore RMB business hub.

As at end of this February, the outstanding amount of offshore RMB bonds in Hong Kong stood at around RMB300 billion. We will continue to promote Hong Kong's RMB business platform, and maintain close liaison with relevant Mainland authorities to strive for more facilitation measures for Mainland corporates to issue offshore bonds. Meanwhile, the Government is studying with the relevant Mainland authorities ways to further facilitate the participation of investors of both places in the bond market, with a view to improving the connectivity between market infrastructures.

Through the efforts of the Government and market, the Hong Kong bond market has continued to grow. Hong Kong dollar bonds issued by the non-public segment were over \$330 billion last year, growing by 50%. The Government and the regulators will continue to promote the advantages of our bond market to issuers and investors on the Mainland and overseas to deepen our bond market development.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)045

(Question Serial No. 1577)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As stated in paragraph 19 of the Policy Address, the Government expects the relevant procedures of Hong Kong joining the Asian Infrastructure Investment Bank (AIIB) to be completed by the middle of this year. What are the ranks of the officials, manpower and expenditure involved for handling the relevant procedures? What are the expenditure and other estimations involved upon Hong Kong's joining the AIIB?

Asked by: Hon TO Kun-sun, James (Member Question No. 24)

Reply:

We have consulted the Panel on Financial Affairs regarding our participation in the AIIB as well as the related expenditure, and provided the details in a relevant document (LC Paper No. [CB\(1\)660/16-17\(03\)](#)). This task will be handled by existing manpower (including the Undersecretary for Financial Services and the Treasury, as well as one Administrative Officer Staff Grade C, one Senior Administrative Officer and one Executive Assistant) which does not involve any additional staff cost.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)046

(Question Serial No. 1578)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the work to “prepare legislation for the establishment of a Policy Holders’ Protection Scheme to better protect policyholders’ interests in the event of the insolvency of an insurer”, what is the progress of the legislative work? When will the legislative proposals be expected to be submitted to the Legislative Council? Meanwhile, is there any proposed direction such as the establishment of a protection fund?

Asked by: Hon TO Kun-sun, James (Member Question No. 27)

Reply:

The Government has conducted a public consultation exercise on the proposed establishment of a Policy Holders’ Protection Scheme. The public and insurance industry generally supported the establishment of a protection fund. Following this proposed direction, the Government has been maintaining a dialogue with the industry on the detailed arrangements while preparing the relevant legislation. We need more time to tackle the relatively complicated provisions involving the handling of insurer insolvency. Our current target is to introduce the bill into the Legislative Council within the legislative year of 2017-18.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)047

(Question Serial No. 1657)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As Hong Kong sees the sales of more and more collective investment schemes on overseas properties, and many of these schemes are alleged to be using sales practices that are misleading or involve misrepresentations, local scheme buyers have suffered loss. Has the Government allocated any resources in the 2017-18 Estimates to assist the Securities and Futures Commission in effectively carrying out the regulation of collective investment schemes under the Securities and Futures Ordinance (SFO), including taking prosecution action against non-compliances, while providing adequate manpower to examine whether the sales activities of collective investment schemes on overseas properties are conducted in accordance with the SFO? If yes, how much resources have been allocated? If no, what are the reasons?

Asked by: Hon TO Kun-sun, James (Member Question No. 14)

Reply:

The resources (including manpower) that the Securities and Futures Commission (SFC) requires to carry out its functions are sought through its annual budget exercise. The estimated expenditure involved in the SFC's efforts to combat unauthorised and/or unlicensed collective investment schemes (including property investment schemes if they meet the definition of "collective investment scheme" in the Securities and Futures Ordinance (Cap. 571)) has already been included in its budget for the financial year 2017-18. The SFC does not have a breakdown of the expenses. The SFC will regularly review the key market risks and adjust the level of resources devoted to them.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)048

(Question Serial No. 2559)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 104 of the Budget Speech that it is the Government's objective to explore the development of eMPF, a centralised electronic platform. Would the Secretary advise this Committee of the following:

1. What is the expected timeframe for exploring the development of eMPF? Can it be completed within the 2017-18 financial year?
2. How much will the high MPF fees be reduced if the electronic platform is in place? Is it possible to have a commissioning timetable for the platform?
3. Has the Government assessed the operating costs required for eMPF?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. 36)

Reply:

We expect that the working group would be set up in mid-2017. As the eMPF centralised electronic platform involves developing a centralised administrative system and interconnecting it with trustees' existing electronic systems, we expect that the working group would need around one year to map out the target implementation date and the necessary expenditure.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)049

(Question Serial No. 3141)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

How much public funds were spent on issuing the Silver Bond (cost of each issuance) in the new and the previous financial years?

What are the estimated total amounts of issuance and interest payment of the Silver Bond in the new financial year?

There is a surplus of over \$90 billion with the fiscal reserves exceeding \$900 billion in this financial year, precluding any need for bond issuance in view of our exceptionally strong financial position. As such, what are the justifications for issuing the Silver Bond?

Is there a clear distinction between the concepts of elderly welfare and bond issuance in issuing the Silver Bond?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. 20)

Reply:

The Silver Bond Pilot Scheme was launched under the Government Bond Programme (GBP) to provide senior citizens an investment product with steady returns, and encourage the local bond market to tap into the immense potential of silver bond by introducing a larger spectrum of appropriate products. Silver Bond is a product to support the elderly in investment management. It is not a social welfare initiative. We are formulating the issuance terms of the second Silver Bond, including the issuance size and tenor, in light of the market environment. The Hong Kong Monetary Authority will announce the details in due course.

Upon completion of the two-year Silver Bond Pilot Scheme, we will review the effectiveness and the arrangement of the Scheme.

Expenses relating to the GBP including expenses relating to Silver Bond (such as interest, marketing and issuance related expenses) are paid by the Bond Fund. The Bond Fund does not form part of the fiscal reserves and is managed separately from other Government accounts.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)050****(Question Serial No. 3142)**

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 95 of the Budget that the Government issues Islamic bonds (sukuk) with different structures under the Government Bond Programme, thereby laying the foundation for the development of Hong Kong into an Islamic financial centre. In this regard, will the Secretary inform this Committee of the following:

1. How many rounds of sukuk issuance have been made so far, and what are the different structures adopted? Taking all the sukuk issued together, what are their face value and liquidity?
2. For the past financial year, what were the average daily, monthly and yearly turnover of sukuk issuances?
3. Is there any plan to develop Hong Kong into an "Islamic financial centre", so that the size, turnover and liquidity of the market will reach a certain level? If yes, what are the details and the time anticipated to be required?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. 19)

Reply:

The Government has so far issued three rounds of sukuk –

Issuance date	September 2014	June 2015	February 2017
Structure	Ijarah	Wakalah	Wakalah
Face value	USD \$1 billion	USD \$1 billion	USD \$1 billion
Liquidity	5 years	5 years	10 years

Since most sukuk are traded over-the-counter, we do not have statistics on their turnover.

Future development of the sukuk will be led by the market. Through the issuances of sukuk, the Government hopes to demonstrate that Hong Kong is a viable fund-raising platform. Apart from setting an example for other debt issuers, the issuances of sukuk also set an important pricing benchmark for the market. We will continue to keep in touch with the industry to encourage potential issuers to issue sukuk in Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)051

(Question Serial No. 3143)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In respect of the Mandatory Provident Fund (MPF) schemes, the Financial Services and the Treasury Bureau (FSTB) is responsible for formulating policies and overseeing the operation of the Mandatory Provident Fund Schemes Authority (MPFA). In this regard, will the Secretary advise this Committee of the following:

1. Of the 172 posts in the FSTB, how many of them are tasked to oversee the operation of MPF schemes and the MPFA in the 2017-18 financial year?
2. I have asked the Secretary and the MPFA on various occasions the following questions concerning MPF fund managers/trustees:
 - a) What is the total management fees paid by contributors since the launch of MPF schemes?
 - b) What is the annual management fees paid by contributors over the years?

The Secretary however responded by saying that neither the FSTB nor the MPFA had the scheme fees records. This constitutes a serious breach of regulatory duties.

Due to lack of regulation, the exorbitant scheme fees charged have gnawed a large portion of the retirement contributions for years. (Some academics projected that the management fees charged by MPF fund managers have stood at \$90 to \$100 billion, gnawing about an incredibly high portion of 1/6 to 1/7 of the \$600-odd billion retirement contributions accrued.) It is indeed the responsibility of the FSTB and the MPFA to regulate and disclose the scheme fees charged.

Will the Secretary and the MPFA respond to the grievances and criticisms made by me and many other MPF contributors by providing manpower starting from the 2017-18 financial year to calculate/record/make public the management fees charged by various fund trustees,

as well as monitoring the reasonableness of management fees charged? If yes, what are the details? If no, please explain the reasons in detail and review if the posts of those officials responsible for overseeing the MPF's operation should be retained or simply deleted.

Asked by: Hon TSE Wai-chun, Paul (Member Question No. 29)

Reply:

1. Currently, within the Financial Services Branch, one Administrative Officer Staff Grade B, one Administrative Officer Staff Grade C, one Senior Administrative Officer and one Administrative Officer are responsible for policy and legislative work relating to the MPF Schemes and other retirement schemes. In 2016-17, the officers concerned completed, among other things, the legislative work for the Default Investment Strategy which introduces fee control for the first time. They are, at the moment, working on the eMPF centralised electronic platform.
2. The MPF System is a privately managed retirement system. Major service providers are approved trustees, custodians, scheme administrators and investment managers. MPF fees and charges incurred are deducted from the assets of the constituent funds (CFs) in which the accrued benefits of scheme members are invested. The overall average Fund Expense Ratio (FER) of all MPF constituent funds has been reduced from 2.10% in 2007 to 1.57% as at end-February 2017. The “fee comparison platform” on the website of the MPFA has listed out the FER of each CF for scheme members’ reference. The MPFA does not have the breakdown of fees for services provided or expenses incurred by the approved trustees and investment managers.

–End–

CONTROLLING OFFICER'S REPLY

FSTB(FS)052

(Question Serial No. 0857)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What were the details of the specific plans and relevant expenditure for promoting the development of financial technologies for 2014-15, 2015-16 and 2016-17? What are the specific plans and the estimated expenditure on the promotion of technology development for 2017-18, 2018-19 and 2019-2020?

Asked by: Hon WONG Ting-kwong (Member Question No. 8)

Reply:

The Government established the Steering Group on Financial Technologies (Fintech) chaired by the Secretary for Financial Services and the Treasury in March 2015 to advise on measures required to develop Hong Kong into a Fintech hub. The Steering Group submitted its report to the Financial Secretary in February 2016. In 2015-16, the secretariat support to the Steering Group was provided from within the Financial and Services Branch (FSB)'s existing resources and manpower.

After considering the Steering Group's report, the Government, together with financial regulators and stakeholders, have introduced an array of additional measures on regulation, facilitation, talent, promotion and funding in 2016-17, including –

- (a) financial regulation — after the full commencement of the Payment Systems and Stored Value Facilities Ordinance, the 13 licenced stored value facility (SVF) operators are launching new or enhancing their services according to their business plans. Apart from the respective dedicated Fintech liaison platforms set up by the Hong Kong Monetary Authority (HKMA), the Securities and Futures Commission and the Office of the Commissioner of Insurance, HKMA established its Fintech Supervisory Sandbox in 2016 to allow banks to conduct live pilot testing of Fintech initiatives so that banks can speed up rolling out their innovative products;

- (b) support financial innovation — Cyberport launched its designated incubation programme and a dedicated Fintech space of 4 300 square meters last year. The target is to provide support to 150 Fintech start-ups by 2020. Cyberport, the Hong Kong Applied Science and Technology Research Institute, HKMA and the industry have also implemented a number of programmes to nurture the next generation of Fintech talents;
- (c) promotion — Invest Hong Kong (InvestHK)’s dedicated Fintech team has been appealing to Fintech enterprises, investors as well as research and development (R&D) institutions to encourage them to establish a presence in Hong Kong. The team has also organised signature Fintech events, conferences and start-up competitions to showcase Hong Kong’s unique advantages in Fintech to Mainland and overseas stakeholders; and
- (d) funding — the “Enterprise Support Scheme” launched in 2015 by the Innovation and Technology Commission provides funding support for enterprises to conduct in-house R&D. It aims to encourage private sector investment in innovation and technology. In addition, the Government plans to launch the \$2 billion “Innovation & Technology Venture Fund” in the first half of this year to jointly invest with venture capital funds in local technology start-ups.

The Chief Executive and the Financial Secretary have announced an array of measures to promote the development of Fintech in the 2017 Policy Address and 2017-18 Budget, including –

- (a) HKMA is developing a new Faster Payment System (FPS). When the FPS is completed next year, it will provide a round-the-clock inter-bank real-time payment platform allowing banks and SVF service providers to offer their customers faster, more convenient and comprehensive payment and fund transfer services;
- (b) the Government will actively explore new payment channels for settling government bills and fees, so as to facilitate the use of government services and to encourage more people to make use of innovative payment products and services;
- (c) the Government will continue to encourage the industry to develop and apply Fintech, such as distributed ledger technology and cyber security, and promote Hong Kong as a hub for the application and setting of standards for these technologies; and
- (d) HKMA will further its Cybersecurity Fortification Initiative in order to strengthen Hong Kong’s expertise and capability in cyber security as well as build a pool of talent.

The expenditure and manpower need arising from the Fintech initiatives spearheaded by research institutions and regulatory authorities will be absorbed by the relevant organisations. The Internal Coordination Group set up by the FSB with relevant parties will also continue to monitor the progress of Fintech-related initiatives, facilitate the smooth implementation of measures to promote the development of the industry, and keep track of the latest market developments. The related expenditure will be absorbed from within the FSB’s existing resources and manpower.

Furthermore, the Government provided about \$13.8 million for InvestHK's dedicated Fintech team in 2016-17. The Government has earmarked \$13.7 million and \$14.9 million in 2017-18 and 2018-19 respectively to continue to support the team. We will decide later how much resources should be provided in 2019-2020 to promote Fintech development having regard to the developments in the coming few years.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)053

(Question Serial No. 0864)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What specific efforts will the Government make to enhance Hong Kong as an offshore Renminbi business centre in the next 3 years? What will be the expenditure involved?

Asked by: Hon WONG Ting-kwong (Member Question No. 9)

Reply:

In the financial year 2016-17, Hong Kong maintained its status as the global offshore Renminbi (RMB) business hub. RMB trade settlement handled by banks in Hong Kong amounted to RMB4,542.1 billion in 2016, and the outstanding loan amount reached RMB294.8 billion as at end of 2016. In 2016, the average daily turnover on Hong Kong's RMB Real Time Gross Settlement (RTGS) system reached RMB860 billion. According to the Society for Worldwide Interbank Financial Telecommunication (SWIFT), around 70 per cent of the world's RMB payment transactions were processed via Hong Kong in 2016. As shown in the Bank for International Settlements' survey findings published last September, Hong Kong continued to rank top globally in terms of the volume of RMB foreign exchange transactions.

Hong Kong's offshore RMB investment product market offers a wide range of products, including listed and unlisted investment funds, insurance products, currency futures, real estate investment trusts, shares and derivative products.

Looking ahead, capitalising on the opportunities brought by the country's 13th Five-Year Plan and the Belt and Road Initiative, the Government will continue to closely engage relevant Mainland authorities and the industry to seek more policy headroom for further expanding the channels for two-way cross-border RMB fund flows. The Government will also strive to enhance financial infrastructure and strengthen RMB business links with overseas markets in order to facilitate RMB business activities between Hong Kong banks,

overseas financial institutions and enterprises, and promote our offshore RMB business platform through overseas seminars and roadshows.

The above work will be pursued jointly by the Government and relevant financial regulators. The related expenses will be absorbed from within existing resources in the Financial Services Branch. We do not have a separate breakdown.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)054

(Question Serial No. 0866)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the participation in the Belt and Road Initiative, what are the specific works and expenditure estimated to be involved in respect of the financial services industry in the coming three years?

Asked by: Hon WONG Ting-kwong (Member Question No. 10)

Reply:

The Government attaches great importance to the opportunities brought by the Belt and Road Initiative, and will continue to play the bridging role between the Mainland and the rest of the world. Being the world's largest offshore Renminbi (RMB) business hub and Asia's major asset management centre, Hong Kong's financial services can contribute to the below aspects –

- (1) International investment and financing centre: With the accelerated development of infrastructure in the Belt and Road region, enterprises can raise capital and seek financing in Hong Kong through diversified means such as initial public offerings, post-listing arrangement, bond issuance and bank loans;
- (2) Global offshore RMB business hub: With strengthening economic and trade connectivity between the Mainland and the Belt and Road countries, the RMB will be increasingly used in bilateral trade and investment in the region. Hong Kong can continue to play the role as the global hub for offshore RMB business when the demands from the offshore markets on RMB settlement, financing and fund management gradually increase ;
- (3) Islamic finance: Following the two sukuk issuances by the Government in 2014 and 2015, we successfully launched the third sukuk in February this year. This demonstrated that Hong Kong can be the financing platform for sukuk, serving the

Muslim economies along the Belt and Road region. The Government will continue its efforts to promote market knowledge of Islamic finance in Hong Kong; and

- (4) International asset management, risk management and corporate treasury centre (“CTC”): To provide a conducive environment for attracting multinational and Mainland corporations to centralise their treasury functions in Hong Kong, the Government amended the Inland Revenue Ordinance (Cap. 112) in 2016 to allow, under specified conditions, interest deduction in calculating profits tax for intra-group financing business of corporations operating in Hong Kong, and profits tax rate reduction by 50% for qualifying CTCs. This does not only enhance the competitiveness of our financial markets, but also supports Mainland enterprises “going global”.

The above work will be pursued jointly by the Government and relevant financial regulators on an on-going basis. The related expenses will be absorbed from within existing resources in the Financial Services Branch. We do not have a separate breakdown.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)055

(Question Serial No. 0968)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What is the specific work of the Government in promoting the development of the local bond market for the coming three years and the expenditure involved?

Asked by: Hon WONG Ting-kwong (Member Question No. 34)

Reply:

Since the introduction of the Government Bond Programme (GBP) in 2009, we have issued bonds of various types and tenors amounting to over HK\$200 billion, including institutional bonds, inflation-linked retail bonds and Silver Bond, as well as sukuk (i.e. Islamic bonds), which help diversify the development of the bond market in Hong Kong. In 2017-18, we will continue to implement the GBP, including issuing a second tranche of Silver Bond under the two-year pilot scheme.

The Government will continue to encourage statutory and other relevant bodies to consider raising funds through debt securities issuance in Hong Kong according to their business development and funding needs. In the past five years, debt securities issued by these statutory and other relevant bodies (such as the Hong Kong Mortgage Corporation, Airport Authority Hong Kong, the Hong Kong Science and Technology Parks Corporation, etc.) amounted to about \$65.3 billion. The Mass Transit Railway Corporation Limited also took the lead in raising capital through the issuance of green bonds last year to tap into the potential of the green finance market.

In addition, since 2009 the Ministry of Finance has issued Renminbi (RMB) sovereign bonds in Hong Kong on an annual basis. The total amount of RMB sovereign bonds issued in Hong Kong in the past eight years reached RMB164 billion. The RMB sovereign bonds provide a benchmark for the RMB bond market in Hong Kong and help enhance Hong Kong's status as an offshore RMB business hub.

As at end of this February, the outstanding amount of offshore RMB bonds in Hong Kong stood at around RMB300 billion. We will continue to promote Hong Kong's RMB business platform, and maintain close liaison with relevant Mainland authorities to strive for more facilitation measures for Mainland corporates to issue offshore bonds. Meanwhile, the Government is studying with the relevant Mainland authorities ways to further facilitate the participation of investors of both places in the bond market, with a view to improving the connectivity between market infrastructures.

Through the efforts of the Government and market, the Hong Kong bond market has continued to grow. Hong Kong dollar bonds issued by the non-public segment were over \$330 billion last year, growing by 50%. The Government and the regulators will continue to promote the advantages of our bond market to issuers and investors on the Mainland and overseas to deepen our bond market development.

The expenses involved in the above initiatives will be absorbed from within existing resources, whilst the expenses relating to the GBP will be borne by the Bond Fund. We do not have a separate breakdown.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)056

(Question Serial No. 1003)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary, Mr Paul CHAN, mentioned in his 2017-18 Budget Speech that Hong Kong possesses the right conditions for developing green finance. In this regard, what are the government plans to promote green financial business in the coming three years and the expenditure involved?

Asked by: Hon WONG Ting-kwong (Member Question No. 35)

Reply:

As an international financial centre, Hong Kong has a sound legal and regulatory system, a deep and liquid capital market, robust financial infrastructure, and possesses a wealth of financial intermediaries and talent. In addition, the Inland Revenue Ordinance provides for profits tax concession for qualifying debt instruments. The Government and regulatory authorities will continue to keep in view the global development in green finance. When undertaking marketing initiatives, we will strengthen efforts to promote our competitive capital market, highlight our edge in developing green financial products, and encourage the participation of the financial sector. To this end, according to market information, other than the Mass Transit Railway Corporation Limited, entities of different business nature also raised capital through the issuance of green bonds and other entities are exploring the feasibility of issuing green bonds to tap into the potential of the green finance market. The manpower and expenses involved in the above initiative will be absorbed from within our existing resources. We do not have a separate breakdown.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)057

(Question Serial No. 1007)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What is the specific work of the Government in formulating the operational details of the open-ended fund company regime for the coming three years and the expenditure involved?

Asked by: Hon WONG Ting-kwong (Member Question No. 36)

Reply:

According to the legal framework for open-ended fund companies (OFCs), the operational and procedural details of OFCs will be set out in the subsidiary legislation and code. The Securities and Futures Commission (SFC) and relevant departments are formulating the subsidiary legislation and code, and plan to consult the Legislative Council and the industry within this year so as to implement them as soon as possible and commence the OFC regime.

The SFC's estimated expenses for implementing the OFC regime have already been included in its budget for the financial year 2017-18. The Government's expenses will be absorbed from within the existing resources. We do not have a breakdown of the expenses.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)058

(Question Serial No. 1017)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Which tax jurisdictions will the Securities and Futures Commission negotiate with on mutual recognition of funds arrangements in the coming three years? What is the specific work and the expenditure involved?

Asked by: Hon WONG Ting-kwong (Member Question No. 37)

Reply:

In 2015 and 2016, the Securities and Futures Commission (SFC) implemented mutual recognition of funds arrangements with the Mainland and Switzerland respectively. The SFC is negotiating similar arrangements with other jurisdictions, including some in Europe. The estimated expenditure involved has already been included in the SFC's budget for the financial year 2017-18. The SFC does not have a breakdown of the expenses.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)059

(Question Serial No. 1028)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary, Mr Paul CHAN, put forward in his 2017-18 Budget Speech the initiative to explore the development of a centralised electronic platform for the Mandatory Provident Fund Scheme. What is the specific work of the Government in exploring the development of the centralised electronic platform for the coming three years and the expenditure involved?

Asked by: Hon WONG Ting-kwong (Member Question No. 40)

Reply:

We expect that the working group would be set up in mid-2017. As the eMPF centralised electronic platform involves developing a centralised administrative system and interconnecting it with trustees' existing electronic systems, we expect that the working group would need around one year to map out the target implementation date and the necessary expenditure.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)060

(Question Serial No. 1579)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As stipulated in the Mandatory Provident Fund Schemes Ordinance, withdrawal of accrued benefits is only allowed when Mandatory Provident Fund (MPF) scheme members reach the retirement age of 65. Only under certain circumstances may scheme members be exempted from the requirement. In this regard, will the Government advise this Committee of the following:

1. the amount of contributions to MPF and claims for payment of accrued benefits in each of the past five years;
2. a breakdown of the claims for payment of accrued benefits over the past five years on the grounds including:
 - (i) reaching the retirement age of 65;
 - (ii) early retirement at the age of 60;
 - (iii) permanent departure from Hong Kong;
 - (iv) total incapacity;
 - (v) small balance accounts;
 - (vi) death of scheme members; and
 - (vii) offsetting severance payment or long service payment;
3. the amount of claims for payment of accrued benefits on the ground of "terminal illness" since 1 August 2015; and
4. the number of scheme members withdrawing MPF accrued benefits by instalments since 1 February 2016 and the amounts involved.

Asked by: Hon WONG Ting-kwong (Member Question No. 63)

Reply:

- (1) According to the information which the Mandatory Provident Fund Schemes Authority (MPFA) collected from Mandatory Provident Fund (MPF) trustees, the amount of contributions received and accrued benefits paid in the past five years is set out below:

(\$million)

Year	Contributions Received	Accrued Benefits Paid
2012	47,694	11,516
2013	53,641	14,937
2014	59,676	18,527
2015	66,929	21,448
2016	69,923	22,486

- (2) According to the information which the MPFA collected from MPF trustees, the amount of accrued benefits withdrawn on different grounds in the past five years is set out below:

(\$ million)

Year	Retirement or early retirement (Note)	Permanent departure from Hong Kong	Total incapacity	Small balance account	Death	Offsetting severance payments or long service payments
2012	2,926	1,971	134	1	338	2,270
2013	3,976	2,646	155	1	377	2,678
2014	4,782	3,102	202	1	410	3,006
2015	5,556	3,528	172	1	505	3,354
2016	6,644	3,323	157	1	502	3,855

Note : Before 2016, the MPFA did not collect from trustees data about withdrawal of accrued benefits on the ground of retirement or early retirement respectively. In 2016, the accrued benefits paid on the ground of retirement and early retirement amounted to \$4,785 million and \$1,859 million respectively.

- (3) According to the information which the MPFA collected from the trustees, the amount of accrued benefits withdrawn on the ground of terminal illness from 1 August 2015 to 31 December 2016 was \$115 million.
- (4) From 1 February 2016 to 31 December 2016, a total of 1 100 claims were processed by trustees for payment of accrued benefits by instalments with a total amount of \$150 million. The MPFA does not have information on the number of scheme members who withdrew accrued benefits by instalments.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)061

(Question Serial No. 0670)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In respect of “promoting the development of financial technologies (Fintech) in Hong Kong, having regard to the recommendations made by the Steering Group on Financial Technologies”,

1. how many specific recommendations have been implemented and how much expenditure has been involved since the release of the report by the Steering Group?
2. what measures will be taken in 2017-18 to promote Fintech development and what is the estimated expenditure involved?
3. what are the manpower, establishment, ranks of responsible officials and expenditure currently involved in the general work of promoting Fintech development?

Asked by: Hon WU Chi-wai (Member Question No. 7)

Reply:

After considering the Steering Group's report, the Government, together with financial regulators and stakeholders, have introduced an array of measures on regulation, facilitation, talent, promotion and funding, including –

- (a) financial regulation — after the full commencement of the Payment Systems and Stored Value Facilities Ordinance, the 13 licenced stored value facility (SVF) operators are launching new or enhancing their services according to their business plans. Apart from the respective dedicated Fintech liaison platforms set up by the Hong Kong Monetary Authority (HKMA), the Securities and Futures Commission and the Office of the Commissioner of Insurance, HKMA established its Fintech Supervisory Sandbox in 2016 to allow banks to conduct live pilot testing of Fintech initiatives so that banks can speed up rolling out their innovative products;

- (b) support financial innovation — Cyberport launched its designated incubation programme and a dedicated Fintech space of 4 300 square meters last year. The target is to provide support to 150 Fintech start-ups by 2020. Cyberport, the Hong Kong Applied Science and Technology Research Institute, HKMA and the industry have also implemented a number of programmes to nurture the next generation of Fintech talents;
- (c) promotion — Invest Hong Kong (InvestHK)’s dedicated Fintech team has been appealing to Fintech enterprises, investors as well as research and development (R&D) institutions to encourage them to establish a presence in Hong Kong. The team has also organised signature Fintech events, conferences and start-up competitions to showcase Hong Kong’s unique advantages in Fintech to Mainland and overseas stakeholders; and
- (d) funding — the “Enterprise Support Scheme” launched in 2015 by the Innovation and Technology Commission provides funding support for enterprises to conduct in-house R&D. It aims to encourage private sector investment in innovation and technology. In addition, the Government plans to launch the \$2 billion “Innovation & Technology Venture Fund” in the first half of this year to jointly invest with venture capital funds in local technology start-ups.

The Chief Executive and the Financial Secretary have announced an array of measures to promote the development of Fintech in the 2017 Policy Address and 2017-18 Budget, including –

- (a) HKMA is developing a new Faster Payment System (FPS). When the FPS is completed next year, it will provide a round-the-clock inter-bank real-time payment platform allowing banks and SVF service providers to offer their customers faster, more convenient and comprehensive payment and fund transfer services;
- (b) the Government will actively explore new payment channels for settling government bills and fees, so as to facilitate the use of government services and to encourage more people to make use of innovative payment products and services;
- (c) the Government will continue to encourage the industry to develop and apply Fintech, such as distributed ledger technology and cyber security, and promote Hong Kong as a hub for the application and setting of standards for these technologies; and
- (d) HKMA will further its Cybersecurity Fortification Initiative in order to strengthen Hong Kong’s expertise and capability in cyber security as well as build a pool of talent.

The expenditure and manpower need arising from the Fintech initiatives spearheaded by research institutions and regulatory authorities will be absorbed by the relevant organisations. The Internal Coordination Group set up by the Financial Services Branch (FSB) with relevant parties will also continue to monitor the progress of Fintech-related initiatives, facilitate the smooth implementation of measures to promote the development of the industry, and keep track of the latest market developments. The related expenditure

will be absorbed from within the FSB's existing resources and manpower, including one Administrative Officer Staff Grade C, one Senior Economist and one Economist.

Furthermore, the Government has earmarked \$13.7 million in 2017-18 to continue to support InvestHK's dedicated Fintech team.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)062

(Question Serial No. 2862)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With reference to “examine the existing regulatory arrangements of money lenders and related intermediaries”, please provide information for the period since the tightening of moneylending conditions in December 2016 on the following:

1. the number of moneylenders and related intermediaries who have violated the new licensing conditions by category;
2. whether the licensing court or the relevant authorities have imposed any penalty on the above cases of violation? If yes, what are the details?
3. whether the police has received any complaints of malpractices since the implementation of the new licensing conditions. If yes, what are the number and details of the complaints?
4. the estimates for the promotion of the new licensing conditions in 2016-17 and 2017-18 respectively. Please provide details by item (such as community promotion and TV advertisements).

Asked by: Hon WU Chi-wai (Member Question No. 9)

Reply:

- 1.& 2. Since December last year, the Government has imposed additional licensing conditions on all money lender licences. The Companies Registry (CR) has taken various actions to follow up on the implementation and monitor the effectiveness of the additional licensing conditions, mainly through site inspections to the premises of money lenders and continued monitoring of money lenders' advertisements in the mass media and on the Internet. We note that a few money lenders have failed to fully comply with the new requirements on advertisements and record keeping.

As these actions are still on-going, final statistics on the number of non-compliance cases, types of cases and follow-up actions taken are not yet available at the moment.

At the same time, the CR has issued letters to those money lenders which failed to comply with the additional licensing conditions in full to reiterate the relevant requirements. If the situation persists, the CR will issue warning letters to the money lender concerned, and consider referring the case to the Police for further enforcement action and making an objection to the Licensing Court upon the licence renewal application of the money lender concerned.

3. Since the implementation of the additional licensing conditions and up to end January 2017, the Police has received 59 complaints against money lending-related financial intermediaries. According to past experience, complainants of unscrupulous intermediaries usually made a report to the Police only some months or even a year after the alleged malpractices had taken place. As the abovementioned overall figure includes cases taking place before 1 December 2016, it cannot be taken as an indicator of the effectiveness of the new measures.
4. As regards stepping up public education, we have allocated \$2.9 million and \$1.9 million in 2016-17 and 2017-18 respectively for rolling out public education activities to enhance public awareness on debt management. As for publicity on the details of the additional licensing conditions, we implemented the second phase of public education campaign in late 2016 which included (i) publishing of an information leaflet and posters (distribution channels include money lenders, banks, non-government organisations, Home Affairs Enquiry Centres of the Home Affairs Department, offices of members of the District Councils and the Legislative Council, etc.); the posters have also been sent to all Owners' Corporations and Mutual Aid Committees of public housing estates in Hong Kong; (ii) broadcasting announcements of public interest (API) on television and radio; the API has also been broadcast on public buses and at the lobbies of public housing estates; and (iii) displaying roadside banners at specified locations in all 18 districts. We will also print a risk warning message on envelopes of the Rating and Valuation Department and insert publicity leaflet in water bills. The Consumer Council also published an article in the Choice magazine in February 2017 to remind the public of points-to-note when borrowing, including the need to guard against traps of unscrupulous intermediaries and the details of the additional licensing conditions.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)063

(Question Serial No. 3138)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

On promoting the development of financial technologies, Hong Kong has not yet introduced legislation on equity crowdfunding.

1. Will the Government follow the United States or other countries in introducing legislation on equity crowdfunding?
2. As many innovative financial technologies fall short of the existing legislative requirements, will the Government take forward any legislative amendment exercises in 2017-18 to promote the development of financial technologies?

Asked by: Hon WU Chi-wai (Member Question No. 8)

Reply:

1. Under the existing legislative framework, there is room for the operation of equity crowdfunding (ECF) platforms. The market may consider making reference to the exemptions relating to professional investors under the existing regulatory framework for developing ECF platforms targetting professional investors in Hong Kong. The relevant regulator has set up a dedicated financial technologies (Fintech) liaison platform. Interested parties may approach the platform for more details.
2. Hong Kong has been keeping its regulatory framework up-to-date. After the full commencement of the Payment Systems and Stored Value Facilities Ordinance in 2016, the 13 licenced stored value facility operators are launching new or enhancing their services according to their business plans. The Government and regulators will continue to engage the industry to keep abreast of the dynamic Fintech landscape, and monitor any emerging opportunities and challenges on the international and local horizons.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)064****(Question Serial No. 3204)**

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Budget Speech that “Hong Kong has always sought to build connections with financial markets around the world”. Apart from collaborating with the Mainland, what efforts have the Government and regulatory authorities made to build connections with financial markets around the world? Please provide details of the various work plans, the establishment and ranks of officials responsible for collaboration with financial markets around the world, and the estimated expenditures involved.

Asked by: Hon YIU Chung-yim (Member Question No. 113)

Reply:

Hong Kong, as an international financial centre, has always sought to build contacts with financial markets around the world.

Hong Kong has been actively participating in international organisations and conferences, with a view to strengthening its contacts with the global financial market. For example, Hong Kong is a member of the Asia-Pacific Economic Cooperation (APEC), and strives to promote mutual growth among member economies by participating in the discussions of the APEC Finance Ministers' Meetings and other related meetings. Besides, through participating in the G20 Summits as a member of the Chinese delegation, Hong Kong closely communicates with major global economies in respect of economic cooperation, financial stability, etc. The Government also maintains regular dialogue with global financial institutions such as International Monetary Fund and major credit rating agencies, briefing them on Hong Kong's latest financial market development. In regard to Anti-Money Laundering (AML) and Counter-Financing of Terrorism (CFT), being an active member of the Financial Action Task Force, Hong Kong implements international standards on AML/CFT to deter and detect illicit fund flows in and out of our financial systems. The Secretary for Financial Services and the Treasury and colleagues in the Bureau will also make overseas duty visits and receive senior government officials / parliamentarians / think-tank members/ scholars from the overseas from time to time to

enhance understanding of each other's financial markets, as well as to strengthen financial cooperation.

Meanwhile, Asian Financial Forum (AFF), co-organised by the Government and the Hong Kong Trade Development Council, has become a signature event to provide a high-level platform for officials as well as leaders in business and finance around the world to exchange insights on emerging opportunities arising from the dynamic Asian economy, and to gain an in-depth understanding of Hong Kong's advantages as the premier international financial centre in the region. The 10th AFF, featuring the theme "Asia: Driving Change, Innovation and Connectivity", was held in January 2017 and attracted more than 2 900 participants from 50 countries and territories. To commemorate the 10th anniversary of AFF and the 20th anniversary of the establishment of the Hong Kong Special Administrative Region, the Government provided a one-off sponsorship of \$5 million to support the 10th AFF.

The Securities and Futures Commission (SFC) actively participates in global regulatory policymaking and works closely with regulators elsewhere to keep Hong Kong's regulatory framework aligned with global standards. Amongst others, the SFC plays an active role in the International Organization of Securities Commissions, which develops, implements, and promotes adherence to internationally recognised standards for securities regulation. Further, the SFC is active in facilitating market growth. For example, it reached an agreement on mutual recognition of funds with Switzerland in 2016 so that eligible public funds of the two places could be sold in each other's market through a streamlined vetting process. The SFC is negotiating similar arrangements with other jurisdictions, including some in Europe.

In tandem, the Hong Kong Monetary Authority (HKMA) maintained ongoing dialogues with other offshore renminbi (RMB) centres through active participation in industry events to promote Hong Kong's RMB business platform and our unique role in capitalising opportunities from China's opening up. Since 2011, the HKMA has conducted overseas roadshows to several destinations, and established cooperative arrangements with counterparts in other offshore centres including United Kingdom (UK), Australia, etc. Most recently, the HKMA successfully co-hosted the Hong Kong-London Financial Services Forum 2016 with Her Majesty's (HM) Treasury in December 2016, raising the profile of the annual RMB forum by expanding the scope beyond RMB business to cover new financial developments such as infrastructure financing and FinTech. Earlier in September 2016, the HKMA also conducted a roadshow in Frankfurt, Germany in the Hong Kong Trade and Development Council's "Think Asia, Think Hong Kong" campaign to promote the role of Hong Kong in supporting multinational companies to gain access to the growing opportunities on the Mainland. The HKMA will continue to explore collaboration avenues with other economies to consolidate Hong Kong's status as an international financial centre and the global offshore RMB business hub.

The HKMA and the UK Financial Conduct Authority (FCA) entered into a Co-operation Agreement on 7 December 2016 to foster collaboration between the two regulatory authorities in promoting financial innovation. According to the Agreement, the HKMA and the FCA will closely collaborate on a number of initiatives such as referrals of Fintech firms, work on joint innovation projects, information exchange and experience sharing, to facilitate financial innovation in Hong Kong and the UK, as well as to assist Fintech

companies of the two markets in enhancing their services and extending their global footprint.

On the other hand, the Office of the Commissioner of Insurance (OCI) actively participates in global insurance regulatory policymaking in connection with the International Association of Insurance Supervisors (IAIS) and works closely with foreign insurance supervisors to keep Hong Kong's regulatory framework for the insurance sector aligned with global standards. IAIS aims to promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders. OCI has been participating in an IAIS working group which is responsible for developing the first global risk-based Insurance Capital Standard with a target to achieve comparable capital requirements across jurisdictions. Apart from the above, OCI also participates in the Asian Forum of Insurance Regulators (AFIR), working with insurance supervisors in the Asia and Oceania regions to exchange information and experience. OCI is responsible for the work of the AFIR task force on strengthening the supervision of regional insurance groups.

The above work is pursued jointly by the Government and relevant financial regulators on an on-going basis. Except the one-off sponsorship for supporting the 10th AFF, the related expenses will be absorbed from within existing resources in the Financial Services Branch. We do not have a separate breakdown.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)065

(Question Serial No. 3230)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is noted that the Financial Services and the Treasury Bureau (Financial Services Branch) will “continue to advance financial co-operation with the Mainland”. With respect to this initiative, would the Government please inform this Committee of the operational expenses and payroll costs that the Bureau and the organisations concerned incurred in the past three years and will incur in the 2017-18 Estimates; the establishment and ranks of the officers responsible for this initiative; as well as the specific measures and their progress or timetable for 2017-18?

Asked by: Hon YIU Chung-yim (Member Question No. 114)

Reply:

On advancing financial co-operation with the Mainland, the progress and achievements made and the work plan for 2017-18 are as follow:

Offshore Renminbi (RMB) business in Hong Kong

In the financial year 2016-17, Hong Kong maintained its status as the global offshore RMB business hub. RMB trade settlement handled by banks in Hong Kong amounted to RMB4,542.1 billion in 2016, and the outstanding loan amount reached RMB294.8 billion as at end of 2016. In 2016, the average daily turnover on Hong Kong's RMB Real Time Gross Settlement (RTGS) system reached RMB860 billion. According to the Society for Worldwide Interbank Financial Telecommunication (SWIFT), around 70% of the world's RMB payment transactions were processed via Hong Kong in 2016. As shown in the Bank for International Settlements' survey findings published last September, Hong Kong continued to rank top globally in terms of the volume of RMB foreign exchange transactions.

Hong Kong's offshore RMB investment product market offers a wide range of products, including listed and unlisted investment funds, insurance products, currency futures, real estate investment trusts, shares and derivative products.

Looking ahead, capitalising on the opportunities brought by the country's 13th Five-Year Plan and the Belt and Road Initiative, the Government will continue to closely engage relevant Mainland authorities and the industry to seek more policy headroom for further expanding the channels for two-way cross-border RMB fund flows. The Government will also strive to enhance financial infrastructure and strengthen RMB business links with overseas markets in order to facilitate RMB business activities between Hong Kong banks, overseas financial institutions and enterprises, and promote our offshore RMB business platform through overseas seminars and roadshows.

Mutual access between financial markets in Hong Kong and the Mainland

Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect were launched in November 2014 and December 2016 respectively. They are of groundbreaking significance to mutual capital market access between Hong Kong and the Mainland. The Government will promote the realisation of mutual access of exchange-traded funds to expand the scope of eligible securities for trading.

Since the implementation of the mutual recognition of funds arrangement between the Mainland and Hong Kong in July 2015, 54 funds have been authorised or approved for public offering in the markets of the two places as of end-February 2017. The regulators of the two places will continue to process fund applications in accordance with the arrangement to enhance mutual access between the Mainland and Hong Kong capital markets.

The Government is also studying with the relevant Mainland authorities ways to further facilitate the participation of investors of both places in the bond market, with a view to improving the connectivity between market infrastructures.

The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and financial cooperation under other frameworks

The implementation of the Agreement on Trade in Services under the framework of CEPA in June 2016 basically achieved liberalisation of trade in services between the Mainland and Hong Kong. We will continue to seek further access of our financial services sectors to the Mainland market through CEPA and other regional cooperation platforms, including those of Hong Kong-Guangdong, Hong Kong-Shanghai and Hong Kong-Fujian. As announced in the 2017 Policy Address, the Government is exploring with the Mainland the expansion and enhancement of CEPA in the areas of investment, economic and technical cooperation, etc. and it is expected that concrete results could be achieved by the middle of this year.

The above work is pursued jointly by the Government and relevant financial regulators on an on-going basis. The related expenses will be absorbed from within existing resources in the Financial Services Branch. We do not have a separate breakdown.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)066

(Question Serial No. 1412)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With regard to the import and export of fresh produce and agricultural and fishery products, please advise on the following:

- (a) the total value of fresh produce and agricultural and fishery products supplied by the Mainland to Hong Kong in the past three years (i.e. from 2014-15 to 2016-17);
- (b) the total value of fresh produce and agricultural and fishery products supplied by overseas regions and countries to Hong Kong in the past three years (i.e. from 2014-15 to 2016-17);
- (c) the total value of local fresh produce and agricultural and fishery products exported to the Mainland in the past three years (i.e. from 2014-15 to 2016-17); and
- (d) the total value of local fresh produce and agricultural and fishery products exported to overseas regions and countries in the past three years (i.e. from 2014-15 to 2016-17).

Asked by: Hon HO Chun-yin, Steven (Member Question No. 21)

Reply:

- (a) The value of imports of fresh produce and agricultural and fishery products of the Mainland origin to Hong Kong in the past three calendar years i.e. 2014, 2015 and 2016, was about \$9,034 million, \$9,336 million and \$9,129 million respectively.
- (b) The value of imports of fresh produce and agricultural and fishery products of overseas origin to Hong Kong in the past three calendar years i.e. 2014, 2015 and 2016, was about \$18,083 million, \$18,194 million and \$21,139 million respectively.
- (c) Hong Kong had no domestic exports of fresh produce and agricultural and fishery products to the Mainland in the past three calendar years i.e. 2014, 2015 and 2016.

- (d) The value of domestic exports of fresh produce and agricultural and fishery products from Hong Kong to overseas regions and countries in the past three calendar years i.e. 2014, 2015 and 2016, was about \$1.4 million, \$1.6 million and \$4.6 million respectively.

Note: Fresh produce and agricultural and fishery products refer to live pigs, live cattle, live goat, live poultry, live fish, vegetables and fruits.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)067

(Question Serial No. 1094)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (4) General Statistical Services

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As regards the work mentioned in paragraph 16, please advise the following:

- (a) What concrete actions has the Department taken to “promote statistical literacy and application of statistics in the community” in the financial year 2016-17? What is the expenditure involved in taking such actions?
- (b) What specific measures has the Department implemented to “promote and facilitate further improvement of statistical services under the Department’s e-government strategy, including continuous enhancement of the Department’s website” in the financial year 2016-17? What is the expenditure involved in implementing such measures?
- (c) What specific measures has the Department implemented to “promote the re-dissemination of official statistics through data agencies and information providers in the private sector” in the financial year 2016-17? What is the expenditure involved in implementing such measures?
- (d) What specific measures has the Department implemented to “develop the overall information technology (IT) strategy of the Department, co-ordinate IT applications in statistical work and provide related business analysis and technical support” in the financial year 2016-17? What is the expenditure involved in implementing such measures?

Asked by: Hon IP LAU Suk-ye, Regina (Member Question No. 2)

Reply:

- (a) With a view to promoting statistical literacy and application of statistics in the community, the Census and Statistics Department (C&SD) organised a number of statistical talks and seminars for students and the public in 2016-17, set up an exhibition booth at the Hong Kong Book Fair 2016, and updated a teaching kit for secondary school teachers. The relevant expenses of these activities were absorbed from within existing resources. We do not have a separate breakdown.

- (b) To promote and facilitate further improvement of statistical services under C&SD's e-government strategy, an electronic approach was adopted for data collection in the 2016 Population By-census, with the use of online questionnaire for self-enumeration and use of tablets for face-to-face interviews. Moreover, more statistical datasets in machine readable formats (CSV, XLS or XML) have been made available in C&SD's website in 2016-17 to facilitate convenient use of data. The expenditure of these projects in 2016-17 was \$34.70 million.
- (c) From 2016-17, data agencies and information providers in the private sector can reuse all statistical tables available on the C&SD website free of charge for both commercial and non-commercial purposes. The relevant expenses have been absorbed from within existing resources. We do not have a separate breakdown.
- (d) C&SD has developed departmental information technology (IT) strategies to facilitate the effective use of IT in managing statistical and related processes and providing statistics and related services, with a view to enhancing its overall productivity, service quality and cost effectiveness. In 2016-17, three IT projects, including the Computer-assisted Telephone Interviewing System, Online Questionnaire System and Computer-assisted Face-to-face Interview System, were implemented. The total expenditure of these projects in 2016-17 was \$12.26 million.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)068****(Question Serial No. 2456)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (2) Social Statistics, (4) General Statistical Services, (5) Price/Industry/Service Statistics, (6) Labour StatisticsControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide the details for the surveys of various types conducted by contracting-out mode for the past three years.

Survey Items	Survey Scale	Contract Costs	Survey Period

Asked by: Hon LAM Kin-fung, Jeffrey (Member Question No. 1)Reply:

Surveys conducted by contracting-out mode by the Census and Statistics Department in the past three years (i.e. 2014-15, 2015-16 and 2016-17) are as follows:

Survey Items	Survey Scale (Sample Size)	Contract Costs* (HK\$ million)	Survey Period (Fieldwork Period)
2014-15			
Thematic Household Survey on Information Technology Usage and Penetration	About 10 000 households	2.77	June to August 2014
Thematic Household Survey on Housing Conditions	(i) For estimating the number of sub-divided units: about 2 300 buildings (ii) For collecting information on households living in sub-divided	1.40	June to November 2014

Survey Items	Survey Scale (Sample Size)	Contract Costs* (HK\$ million)	Survey Period (Fieldwork Period)
	units: about 5 000 households		
Survey on Households with School Children of South Asian Ethnicities	About 2 800 households	0.85	October 2014 to June 2015
2015-16			
Thematic Household Survey on Smoking Pattern, Use of Language and Personal Computer and Internet Penetration	About 10 000 households	3.00	May to August 2015
Thematic Household Survey on Housing Conditions	(i) For estimating the number of sub-divided units: about 2 100 buildings (ii) For collecting information on households living in sub-divided units: about 1 000 households	1.35	May to September 2015
Thematic Household Survey on Use of New Media and Enforcement of Maintenance Orders	About 10 000 households	2.25	October 2015 to January 2016
2016-17			
Thematic Household Survey on Information Technology Usage and Penetration	About 10 000 households	2.10	April to July 2016
Thematic Household Survey on Health-related Issues	About 10 000 households	2.10	October 2016 to January 2017

* Contract costs rounded to the nearest HK\$0.01 million.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)069****(Question Serial No. 2458)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (6) Labour StatisticsControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please advise the following:

- (1) Has the Department conducted any independent surveys in respect of labour shortage in specific sectors, particularly construction, nursing, etc? If so, what are the details and estimated expenditure? If not, what are the reasons?
- (2) Please tabulate the number of persons engaged and vacancies in the construction and elderly care industries in the past two years.
- (3) As regards "Matters Requiring Special Attention in 2017-18", the Department will continue to upkeep the Hong Kong Standard Industrial Classification. What are the details, objectives and costs involved?

Asked by: Hon LAM Kin-fung, Jeffrey (Member Question No. 19)Reply:

- (1) The Census and Statistics Department (C&SD) has been collecting information on job vacancies in establishments (including construction sites, nursing homes and residential care services for the elderly) on a quarterly basis through its regular statistical surveys to gauge labour shortage in various industries. The estimated cost for conducting the related surveys has already been included in the estimated expenditure for 2017-18 for Programme (6) – Labour Statistics, which amounts to \$88.3 million.
- (2) The number of persons engaged and vacancies in the construction and elderly care industries in the past two years are provided below:

Industry	Number of persons engaged		Number of vacancies ⁽¹⁾	
	2015 ⁽²⁾	2016 ⁽³⁾	2015 ⁽²⁾	2016 ⁽³⁾
Construction ⁽⁴⁾	95 103	106 275	795	699

Elderly care ⁽⁵⁾	22 999	23 931	2 057	2 124
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Notes: (1) Vacancies refer to unfilled job openings which are immediately available, and for which active recruitment steps are being taken by the employers concerned on the survey reference date.

(2) The figures refer to the average of the 4 quarters of the year.

(3) The figures refer to the average of the first 3 quarters of the year.

(4) The figures cover manual workers at construction sites only, with data mostly collected from main contractors.

(5) The figures cover nursing homes and residential care services for the elderly.

Source: Quarterly Report of Employment and Vacancies Statistics, Census and Statistics Department

- (3) The Hong Kong Standard Industrial Classification (HSIC) is a standard statistical classification framework for the compilation, analysis and dissemination of industry statistics in Hong Kong. Modelling on the “International Standard Industrial Classification of All Economic Activities” published by the United Nations Statistics Division (UNSD), the HSIC is devised and maintained by C&SD for classifying local establishments into relevant industry classes based on the nature of their major economic activities. C&SD will continue to upkeep the HSIC by keeping track of the work of the UNSD in related areas and changes in industrial structure of the local economy, so as to ensure that the HSIC can meet international standards as well as suitably reflect our emerging economic activities.

The relevant expenses of the above functions will be absorbed from within existing resources. We do not have a separate breakdown.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)070****(Question Serial No. 3270)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (-) Not SpecifiedControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide the details of printed publications targeting the public by the Census and Statistics Department in the past five years, as set out in the table below:

Title of the publication	Date of printing	Number of copies	Expenditure involved	Number of remaining copies

Asked by: Hon LEUNG Kenneth (Member Question No. 1.05)Reply:

Since 2012-13, the Census and Statistics Department (C&SD) has ceased production of printed publications targeting the public except for *Hong Kong in Figures* 《香港統計數字一覽》 which is one of the Budget supporting documents.

Relevant details of *Hong Kong in Figures* for the financial years 2012-13 to 2016-17 are given in the table below –

Title of the publication	Publication date	Quantity	Expenditure involved*	Number of remaining copies
香港統計數字一覽 二零一三年編訂	27.2.2013	24 050	\$124,200	2
Hong Kong in Figures, 2013 Edition	27.2.2013	19 430	\$113,600	2

Title of the publication	Publication date	Quantity	Expenditure involved*	Number of remaining copies
香港統計數字一覽 二零一四年編訂	26.2.2014	22 760	\$115,700	3
Hong Kong in Figures, 2014 Edition	26.2.2014	17 570	\$103,500	3
香港統計數字一覽 二零一五年編訂	25.2.2015	21 910	\$123,200	4
Hong Kong in Figures, 2015 Edition	25.2.2015	17 020	\$111,900	4
香港統計數字一覽 二零一六年編訂	24.2.2016	21 050	\$111,100	64
Hong Kong in Figures, 2016 Edition	24.2.2016	15 840	\$98,900	64
香港統計數字一覽 二零一七年編訂	22.2.2017	19 700	\$98,500	2 892
Hong Kong in Figures, 2017 Edition	22.2.2017	15 140	\$103,900	1 992

Remark:

* As *Hong Kong in Figures* is one of the Budget supporting documents, the expenditure involved is not charged to C&SD. Figures are rounded to the nearest hundred.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)071****(Question Serial No. 3271)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (2) Social StatisticsControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

As regards the surveys contracted out to private firms by the Department, please provide the following:

What criteria have been adopted by the Department to conduct surveys under a contracting-out mode instead of by internal recruitment?

Please provide the details of the surveys contracted out to private research firms by the Government in the past five years, as set out in the table below:

Survey item	Date	The name of organisation commissioned	Expenditure involved	Reasons for contracting out the survey item

What measures has the Department taken to ensure the validity and accuracy of statistics?

Asked by: Hon LEUNG Kenneth (Member Question No. 1.06)Reply:

In considering whether a survey is to be contracted out to a private firm, the Census and Statistics Department (C&SD) mainly takes into account the target respondents and sample size of the survey, as well as the complexity and sensitivity of the data items to be collected.

The table below lists the surveys conducted by contracting-out mode by C&SD in the past five years (i.e. 2012-13 to 2016-17). The target respondents of these surveys were the sampled households and their household members. The sample sizes and data topics involved were considered appropriate for adopting the contracting-out mode.

Survey Item	Date (Fieldwork Period)	The name of organisation commissioned	Expenditure involved* (HK\$ million)
2012-13			
Thematic Household Survey on Retirement Planning and the Financial Situation in Old Age, Utilisation of Child Health and Family Planning Services Provided by Maternal and Child Health Centres, Use of Language in Hong Kong and Personal Computer and Internet Penetration	February to May 2012	MOV Data Collection Center Ltd.	2.33
Thematic Household Survey on Information Technology Usage and Penetration	June to August 2012	MOV Data Collection Center Ltd.	2.24
Thematic Household Survey on Smoking Pattern and Chiropractor Consultation	September to November 2012	MOV Data Collection Center Ltd.	2.24
2013-14			
Thematic Household Survey on Crime and Its Victims in Hong Kong and Personal Computer and Internet Penetration	January to July 2013	MOV Data Collection Center Ltd.	4.98
Thematic Household Survey on Time Use Pattern and Hong Kong Residents Travelling Frequently and Regularly to the Mainland of China	September to December 2013	MOV Data Collection Center Ltd.	2.58
Thematic Household Survey on Health-related Issues	March to August 2014	The Nielsen Company (Hong Kong) Limited	2.25
2014-15			
Thematic Household Survey on Information Technology Usage and Penetration	June to August 2014	MOV Data Collection Center Ltd.	2.77
Thematic Household Survey on Housing Conditions	June to November 2014	Policy 21 Ltd.	1.40

Survey on Households with School Children of South Asian Ethnicities	October 2014 to June 2015	Policy 21 Ltd.	0.85
2015-16			
Thematic Household Survey on Smoking Pattern, Use of Language and Personal Computer and Internet Penetration	May to August 2015	MOV Data Collection Center Ltd.	3.00
Thematic Household Survey on Housing Conditions	May to September 2015	Policy 21 Ltd.	1.35
Thematic Household Survey on Use of New Media and Enforcement of Maintenance Orders	October 2015 to January 2016	The Nielsen Company (Hong Kong) Limited	2.25
2016-17			
Thematic Household Survey on Information Technology Usage and Penetration	April to July 2016	The Nielsen Company (Hong Kong) Limited	2.10
Thematic Household Survey on Health-related Issues	October 2016 to January 2017	The Nielsen Company (Hong Kong) Limited	2.10

* Refers to contract cost (rounded to the nearest HK\$0.01 million).

C&SD has put in place a host of measures to ensure the quality of the contract-out surveys and the validity of the survey results. These include requesting the contractors to set up independent data quality assurance teams, conduct sample checks on enumerated cases, set up various checking procedures on data processing work and review the accuracy of the survey results with reference to relevant statistics. In addition, C&SD would monitor the work of the contractors and undertake independent quality control measures to ensure that the quality of their services can meet professional standards.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)072****(Question Serial No. 2970)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (2) Social StatisticsControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide the respective numbers of households and residential units by types of quarters (public rental housing, Home Ownership Scheme flat, private residential flat, small house, village house, etc.) each year for the past five years.

Asked by: Hon SHIU Ka-chun (Member Question No. 17)Reply:

The Census and Statistics Department (C&SD) does not have statistics on domestic households and occupied quarters by type of quarters for 2012 to 2015. The relevant statistics for 2016 gathered from the 2016 Population By-census are as follows –

Type of quarters	Number of occupied quarters	Number of domestic households
Permanent quarters		
Public rental housing units	763 884	761 905
Subsidised sale flats	384 849	384 006
Private permanent housing units ⁽¹⁾	1 336 873	1 329 922
Non-domestic quarters	19 234 ⁽²⁾	12 651 ⁽³⁾
Temporary quarters ⁽⁴⁾	21 186	21 250
Total	2 526 026	2 509 734

Notes : (1) Including private residential flats, villas / bungalows / modern village houses and simple stone structures / traditional village houses.

(2) Including quarters in non-residential buildings and collective living quarters (such as elderly homes, hotels and student dormitories).

(3) Excluding households living in collective living quarters.

(4) Including occupied board vessels.

C&SD does not have a separate breakdown of statistics related to small house and village house.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)073

(Question Serial No. 2971)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the respective numbers of households and residential units concerning small houses by 18 Districts each year for the past five years.

Asked by: Hon SHIU Ka-chun (Member Question No. 18)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)074

(Question Serial No. 2972)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the respective numbers of households and residential units concerning village houses each year for the past five years.

Asked by: Hon SHIU Ka-chun (Member Question No. 20)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)075

(Question Serial No. 2974)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the respective numbers of households and residential units in rooftop houses for the past five years by 18 Districts.

Asked by: Hon SHIU Ka-chun (Member Question No. 21)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)076

(Question Serial No. 2982)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the numbers of households and persons living in private rental housing for the past five years.

Asked by: Hon SHIU Ka-chun (Member Question No. 27)

Reply:

The information concerned for 2016 was collected in the 2016 Population By-census and the relevant statistics will be available in mid-2017.

The Census and Statistics Department does not have the relevant statistics for 2012 to 2015.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)077

(Question Serial No. 2987)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the numbers of households and persons living in units by residential unit type (privately owned domestic units, private rental housing, Home Ownership Scheme flats, purchased public housing and public rental housing) for the past five years.

Asked by: Hon SHIU Ka-chun (Member Question No. 25)

Reply:

The information concerned for 2016 was collected in the 2016 Population By-census and the relevant statistics will be available in mid-2017.

The Census and Statistics Department does not have the relevant statistics for 2012 to 2015.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)078****(Question Serial No. 3001)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (2) Social StatisticsControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide the residential area, percentage of area to the residential land, and numbers of households, household members as well as the respective units by residential unit type (private residential units, public rental housing, Home Ownership Scheme flats, village houses, etc.) for the past five years.

Residential unit type	Residential area	Percentage of area to the residential land	Number of households	Number of household members	Number of residential units
Private residential units					
Public rental housing					
Home Ownership Scheme flats					
Village houses					
Total					

Asked by: Hon SHIU Ka-chun (Member Question No. 36)Reply:

The Census and Statistics Department (C&SD) does not have statistics on domestic households, population and occupied quarters by type of quarters for 2012 to 2015. The relevant statistics for 2016 gathered from the 2016 Population By-census are as follows –

Type of quarters	Number of occupied quarters	Number of domestic households	Population ⁽¹⁾
Permanent quarters			
Public rental housing units	763 884	761 905	2 131 553
Subsidised sale flats	384 849	384 006	1 161 166
Private permanent housing units ⁽²⁾	1 336 873	1 329 922	3 901 743
Non-domestic quarters	19 234 ⁽³⁾	12 651 ⁽⁴⁾	87 526
Temporary quarters ⁽⁵⁾	21 186	21 250	54 597
Total	2 526 026	2 509 734	7 336 585

Notes : (1) Including persons not living in domestic households.

(2) Including private residential flats, villas / bungalows / modern village houses and simple stone structures / traditional village houses.

(3) Including quarters in non-residential buildings and collective living quarters (such as elderly homes, hotels and student dormitories).

(4) Excluding households living in collective living quarters.

(5) Including occupied board vessels.

C&SD does not have statistics related to village house, residential area and percentage of area to residential land.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)079****(Question Serial No. 3017)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (2) Social StatisticsControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide by geographical region the rent and rent-to-income ratios for tenants of private housing units in Hong Kong (the lowest, the 25th, median, the 75th and the highest percentiles) for the past five years (including the latest information).

Asked by: Hon SHIU Ka-chun (Member Question No. 43)Reply:

According to the summary results of the 2016 Population By-census announced in end February 2017, the median monthly domestic household rent and the median rent to income ratio for households living in rental accommodation in private permanent housing in Hong Kong in 2016 are as follows –

Type of quarters	Median monthly domestic household rent (HK\$) ⁽¹⁾	Median rent to income ratio (%) ⁽²⁾
Private permanent housing		
Private residential flats	10,000	30.7
Other quarters in private permanent housing ⁽³⁾	6,000	20.6

Notes: (1) Refers to household rent paid in June 2016 by a domestic household renting the accommodation it occupies. Households with zero rent are excluded in the calculation.

(2) Refers to the percentage of household income paid on household rent in June 2016 of a domestic household renting the accommodation it occupies. Households with zero income and/or zero rent are excluded in the calculation.

(3) Including villas / bungalows / modern village houses and simple stone structures / traditional village houses.

The relevant statistics by geographical region and percentile will be available in mid-2017.

The Census and Statistics Department does not have the relevant statistics for 2012 to 2015.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)080****(Question Serial No. 3018)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (2) Social StatisticsControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide by family size the rent and rent-to-income ratios for tenants of private housing units in Hong Kong (the lowest, the 25th, median, the 75th and the highest percentiles) for the past five years (including the latest information).

Asked by: Hon SHIU Ka-chun (Member Question No. 44)Reply:

According to the summary results of the 2016 Population By-census announced in end February 2017, the median monthly domestic household rent and the median rent to income ratio for households living in rental accommodation in private permanent housing in Hong Kong in 2016 are as follows –

Type of quarters	Median monthly domestic household rent (HK\$) ⁽¹⁾	Median rent to income ratio (%) ⁽²⁾
Private permanent housing		
Private residential flats	10,000	30.7
Other quarters in private permanent housing ⁽³⁾	6,000	20.6

Notes: (1) Refers to household rent paid in June 2016 by a domestic household renting the accommodation it occupies. Households with zero rent are excluded in the calculation.

(2) Refers to the percentage of household income paid on household rent in June 2016 of a domestic household renting the accommodation it occupies. Households with zero income and/or zero rent are excluded in the calculation.

(3) Including villas / bungalows / modern village houses and simple stone structures / traditional village houses.

The relevant statistics by household size and percentile will be available in mid-2017.

The Census and Statistics Department does not have the relevant statistics for 2012 to 2015.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)081

(Question Serial No. 3019)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide by family size the rentals per square metre paid by tenants of private housing flats in Hong Kong (the lowest, the 25th, median, the 75th and the highest percentiles) for the past five years (including the latest information).

Asked by: Hon SHIU Ka-chun (Member Question No. 45)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)082

(Question Serial No. 3267)

Head: (116) Official Receiver's Office

Subhead (No. & title): ()

Programme: (1) Official Receiver's Office

Controlling Officer: Official Receiver (MCKENNA Phyllis)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in Matters Requiring Special Attention in 2017-18 that the Official Receiver's Office will continue to contract out summary liquidation cases, non-summary liquidation cases, preliminary examination, etc. to practitioners in the private sector.

Has the Administration made a cost comparison between the contractor staff and the officers within the Government establishment in undertaking the above work? If yes, what is the result? If not, what are the criteria for assessing whether it is necessary to contract out the above work to the private sector?

Besides, after outsourcing a considerable amount of work to the private sector, has the Administration assessed whether it is necessary to streamline the manpower for enhancement of cost-effectiveness? If yes, what are the details?

Asked by: Hon TSE Wai-chun, Paul (Member Question No. 80)

Reply:

For administration of bankruptcy and liquidation cases, the workload and time involved vary considerably. For example, the legal and practical complexity of individual cases would vary, while the investigation time and workload involved in the realisation of assets and distribution of dividends to creditors also differ from case to case. In general, the contractors charge fees from the petitioners' deposit, or from the assets realised on a time cost basis based upon the actual work involved in handling the cases. As each contractor has its own independent staffing establishment, it is not appropriate to make a comparison between the contractors and the Official Receiver's Office (ORO) in terms of their staffing establishment and costs.

Although the number of bankruptcy and liquidation cases has stabilised after increasing from 1 616 in 1998 to a record high of 26 620 in 2002, it remains at a relatively high level at around 9 000 to 10 000 per year in recent years. The outsourcing schemes can reduce the ORO's workload of handling a large number of cases. However, with the substantial number of outsourced cases, the ORO has to deploy resources for monitoring to ensure that

the practitioners in the private sector discharge their duties in accordance with the statutory provisions and the requirements as specified in the tenders. Moreover, the ORO also has to directly handle a significant caseload including 75% of all debtor-petition bankruptcy cases which fall outside of the outsourcing scheme, therefore ORO's staff still have to deal with a significant caseload and there is little room for streamlining the manpower. Nevertheless, we have taken steps from time to time to streamline the processes and procedures within the office to ensure the most efficient use of manpower in the ORO.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)083****(Question Serial No. 3300)**Head: (116) Official Receiver's OfficeSubhead (No. & title): ()Programme: (1) Official Receiver's OfficeControlling Officer: Official Receiver (MCKENNA Phyllis)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide the operational details of the Official Receiver's Office (ORO) for the financial years 2014-2015 to 2016-2017:

	2014-2015	2015-2016	2016-2017
Number of bankruptcy cases handled			
Average time required for handling cases			
Manpower required for handling cases			
Expenditure incurred from handling cases			
Number of outsourced cases			
Number of contractors			
Expenditure on outsourcing contracts			
Rate of outsourced cases			

Asked by: Hon TSE Wai-chun, Paul (Member Question No. 79)Reply:

The number of bankruptcy cases handled by the Official Receiver (OR), the number of cases outsourced under s.12(1A) of the Bankruptcy Ordinance (Cap. 6), and other relevant figures for the financial year from 2014-15 to 2016-17 are as follows:-

	2014-15	2015-16	2016-17 (up to Feb 2017)
Number of bankruptcy cases handled by OR (Note 1)	7 441	6 662	5 990
Average time required for handling cases	In respect of the bankruptcy cases which OR acts as trustee, we do not keep statistics on the processing time of these cases and therefore have no relevant average figure. Besides, as staff in the Official Receiver's Office responsible for handling these cases are also required to handle company winding-up cases at the same time, we do not keep separate statistics on manpower or expenditure relating to bankruptcy cases.		
Manpower required for handling cases			
Expenditure incurred from handling cases			
Number of cases outsourced under s.12(1A) scheme	2 667	2 634	2 183
Number of contractors	5	5	5
Range of required remuneration quoted in the tender (Note 2)	<ul style="list-style-type: none"> • \$880 to \$2,280 per case for 2014 and 2015 • \$1,080 to \$3,400 per case for 2016 and 2017 		
Rate of outsourced cases	About 25% of the debtor-petition summary bankruptcy cases	About 25% of the debtor-petition summary bankruptcy cases	About 25% of the debtor-petition summary bankruptcy cases

Note 1: Including all bankruptcy cases with bankruptcy order made (other than those outsourced under s.12(1A) scheme) where OR was appointed trustee or where OR was appointed provisional trustee and required to convene creditors' meeting for appointment of trustee.

Note 2: Under the tender scheme, the contractors charge a scale of fees from any assets realised in the bankruptcy estate. Whether or not there are any asset realisation, they are also entitled to charge the amount quoted in their tender as their required remuneration, which is payable from the amount of petitioner's deposit.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)084

(Question Serial No. 2710)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Customs and Excise Department is responsible for performing the regulatory functions of Money Service operators (MSOs) under the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615) (AMLO). The Government has announced initiatives to promote the development of financial technologies and Hong Kong as a FinTech hub, and the Hong Kong Monetary Authority (HKMA), and the Securities and Futures Commission (SFC) have set up dedicated platforms for FinTech.

- (a) Does the Customs and Excise Department have staff dedicated to dealing with FinTech-related MSOs; if so, what are the manpower and expenditure involved?
- (b) If not, does the Customs and Excise Department has plans to establish a platform or recruit staff dedicated to dealing with cases related to FinTech? If so, what is the timetable and specific work arrangements? If not, what are the reasons?

Asked by: Hon LEUNG Kenneth (Member Question No. 4)

Reply:

There are 34 Customs and Excise Department officers responsible for enforcing the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance, involving an expenditure of \$18.49 million. Since these officers have to handle FinTech cases in relation to money service operators at the same time, it would be difficult to separately quantify the expenditure and manpower involved.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)085

(Question Serial No. 2711)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Last September, the Hong Kong Monetary Authority (HKMA) launched a Fintech Supervisory Sandbox (FSS) to facilitate the pilot trials of Fintech.

- (a) Has Customs and Excise Department reviewed whether the HKMA's FSS initiative will affect the Department's responsibilities or duties? If so, what are the details and progress of such work involved?
- (b) Has the FSS affected the duties and responsibilities of the Customs and Excise Department since it was launched in September 2016? If so, what are the details of the cases involved?

Asked by: Hon LEUNG Kenneth (Member Question No. 5)

Reply:

In relation to the Fintech Supervisory Sandbox launched by the Hong Kong Monetary Authority last September, the Customs and Excise Department has conducted an evaluation and is of the view that it has no impact on the Department's enforcement work.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)086

(Question Serial No. 6834)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It was mentioned in last year's Budget Speech that the Government would issue "iBond" Silver Bond for two years. What is the latest progress?

Asked by: Hon LAW Kwun-chung, Nathan (Member Question No. 67)

Reply:

The Silver Bond Pilot Scheme was launched under the Government Bond Programme to provide senior citizens an investment product with steady returns, and encourage the local bond market to tap into the immense potential of silver bond by introducing a larger spectrum of appropriate products. We are formulating the issuance terms of the second Silver Bond, including the issuance size and tenor, in light of the market environment. The Hong Kong Monetary Authority will announce the details in due course.

Upon completion of the two-year Silver Bond Pilot Scheme, we will review the effectiveness and the arrangement of the Scheme.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)087

(Question Serial No. 5203)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Services and the Treasury Bureau (Financial Services Branch) stated that it would “continue to promote the development of the bond market” in which Hong Kong has been lagging behind. Would the Government advise this Committee of the operational expenses and emoluments involved in this matter in the past three years and the estimated expenditure for 2017-18; the establishment and ranks of responsible officials; as well as the specific work-related measures and their respective progress or schedule for 2017-18?

Asked by: Hon YIU Chung-yim (Member Question No. 115)

Reply:

Since the introduction of the Government Bond Programme (GBP) in 2009, we have issued bonds of various types and tenors amounting to over HK\$200 billion, including institutional bonds, inflation-linked retail bonds and Silver Bond, as well as sukuk (i.e. Islamic bonds), which help diversify the development of the bond market in Hong Kong. In 2017-18, we will continue to implement the GBP, including issuing a second tranche of Silver Bond under the two-year pilot scheme.

The Government will continue to encourage statutory and other relevant bodies to consider raising funds through debt securities issuance in Hong Kong according to their business development and funding needs. In the past five years, debt securities issued by these statutory and other relevant bodies (such as the Hong Kong Mortgage Corporation, Airport Authority Hong Kong, the Hong Kong Science and Technology Parks Corporation, etc.) amounted to about \$65.3 billion. The Mass Transit Railway Corporation Limited also took the lead in raising capital through the issuance of green bonds last year to tap into the potential of the green finance market.

In addition, since 2009 the Ministry of Finance has issued Renminbi (RMB) sovereign bonds in Hong Kong on an annual basis. The total amount of RMB sovereign bonds

issued in Hong Kong in the past eight years reached RMB164 billion. The RMB sovereign bonds provide a benchmark for the RMB bond market in Hong Kong and help enhance Hong Kong's status as an offshore RMB business hub.

As at end of this February, the outstanding amount of offshore RMB bonds in Hong Kong stood at around RMB300 billion. We will continue to promote Hong Kong's RMB business platform, and maintain close liaison with relevant Mainland authorities to strive for more facilitation measures for Mainland corporates to issue offshore bonds. Meanwhile, the Government is studying with the relevant Mainland authorities ways to further facilitate the participation of investors of both places in the bond market, with a view to improving the connectivity between market infrastructures.

Through the efforts of the Government and market, the Hong Kong bond market has continued to grow. Hong Kong dollar bonds issued by the non-public segment were over \$330 billion last year, growing by 50%. The Government and the regulators will continue to promote the advantages of our bond market to issuers and investors on the Mainland and overseas to deepen our bond market development.

The expenses involved in the above initiatives will be absorbed from within existing resources, whilst the expenses relating to the GBP will be borne by the Bond Fund. We do not have a separate breakdown.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)088

(Question Serial No. 6146)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Services Development Council published a paper entitled “Hong Kong as a Regional Green Finance Hub” in May 2016, with recommendations for developing green finance in Hong Kong. On the Government’s policy on promoting green finance in Hong Kong, please advise this Committee of the following:

1. The Government’s measures to promote green finance in Hong Kong in the past 3 years.
2. Has the Government planned to establish a Green Finance Advisory Council or similar body to provide on-going focus and assistance? If yes, what are the details? If no, what are the reasons?
3. Has the Government planned to further promote the development of Hong Kong’s bond market upon the issuance of sukuk by issuing benchmark “green bonds” as a reference for local investors and issuers? If yes, what are the details? If no, what are the reasons?
4. Has the Government planned to establish a Green Labelling Scheme covering green finance projects and securities to attract issuers and new investors to Hong Kong? If yes, what are the details? If no, what are the reasons?

Asked by: Hon LEUNG Kenneth (Member Question No. 3.18)

Reply:

As an international financial centre, Hong Kong has a sound legal and regulatory system, a deep and liquid capital market, robust financial infrastructure, and possesses a wealth of financial intermediaries and talent. In addition, the Inland Revenue Ordinance provides for profits tax concession for qualifying debt instruments. The Government and regulatory

authorities will continue to keep in view the global development in green finance. When undertaking marketing initiatives, we will strengthen efforts to promote our competitive capital market, highlight our edge in developing green financial products, and encourage the participation of the financial sector. To this end, according to market information, other than the Mass Transit Railway Corporation Limited, entities of different business nature also raised capital through the issuance of green bonds and other entities are exploring the feasibility of issuing green bonds to tap into the potential of the green finance market. We do not have any plan to introduce the measures suggested in Questions 2 to 4 above.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)089****(Question Serial No. 4998)**

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

Subhead (No. & title): (000) Operational expenses

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please advise on the reasons for the reduction in the number of directorate civil servants of the Financial Services Branch from 16 last year to 15 this year.

Asked by: Hon LEUNG Kwok-hung (Member Question No. 508)

Reply:

The relevant information is as follows –

Rank	Number	Reason for deletion
Administrative Officer Staff Grade C	-1	The post was created for completing the legislative and related work for the establishment of an independent Insurance Authority, and for taking forward the legislative exercise to establish a Policy Holders' Protection Scheme. It will expire on 31 December 2017.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)090****(Question Serial No. 4999)**

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

Subhead (No. & title): (000) Operational expenses

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What are the respective ranks, salaries and fringe benefits of the 15 directorate civil servants in the Financial Services Branch?

Asked by: Hon LEUNG Kwok-hung (Member Question No. 509)

Reply:

The information on the respective ranks and emoluments for the estimated 15 directorate posts in this Branch as at 31 March 2018 is as follows –

Rank	Establishment	Emoluments (including salaries, allowances, job-related allowances and personnel related expenses, if any) (\$ million)
Administrative Officer Staff Grade A1	1	3.28
Administrative Officer Staff Grade B1	1	2.63
Administrative Officer Staff Grade B	2	4.77
Administrative Officer Staff Grade C	7	14.69
Commissioner of Insurance	1	2.63
Assistant Commissioner of Insurance	3	6.17
Total	15	34.17

Expenditures on fringe benefits for the incumbents are included in other relevant heads of expenditure.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)091

(Question Serial No. 5000)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Matters Requiring Special Attention this year that the Financial Services Branch will examine the regulatory arrangements of money lenders and related intermediaries to enhance protection for borrowers, review the relevant provisions in the Money Lenders Ordinance (Cap. 163) when necessary, and step up public education to raise people's awareness of debt management. The content of this statement, which is no different from that in last year's estimates, suggests little hint of progress, casting doubt on the adequacy of the Branch's manpower and failing to address the needs of the public. With citizens falling victims to the harassment of unscrupulous money lenders while nothing can be done by the Police, it is necessary for the Government to review the legislation. In this regard, please advise this Committee of the manpower, establishment, salaries and remuneration of staff dedicated to supporting such work.

Asked by: Hon LEUNG Kwok-hung (Member Question No. 510)

Reply:

The Government has implemented various measures to tackle money lending-related malpractices, and has imposed additional licensing conditions on all money lender licences since December last year. The Companies Registry (CR) has taken various actions to follow up on the implementation of the additional licensing conditions, mainly through site inspections to the premises of money lenders, and continued monitoring of money lenders' advertisements in the mass media and on the Internet. We will keep in view the implementation of the new regulatory measures and will maintain close liaison with the Police, non-government organisations and money lending industry associations so as to better understand whether there is any change in the tactics of unscrupulous intermediaries. We will also gauge the views of frontline staff which could facilitate our formulation of more effective enforcement strategies.

We will review the effectiveness of the additional licensing conditions after six months of their implementation and will, in the light of the review results, consider if there is a need to

introduce additional improvement measures. The relevant review work will be undertaken by existing manpower (including one Administrative Officer Staff Grade C and one Senior Administrative Officer). As the abovementioned staff are also responsible for work under other policy areas, we do not have a separate breakdown on the expenses relating to the review work.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)092

(Question Serial No. 5001)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Of the \$100 million approved commitment for the pilot programme to enhance talent training for the insurance sector and the asset and wealth management sector, \$25 million was used in 2016-17. Being the drivers of development of Hong Kong's financial industry, the insurance sector and the asset and wealth management sector see an imminent need for talent training. Please inform this Committee of the details regarding the major items of expenditure in 2016-17.

Asked by: Hon LEUNG Kwok-hung (Member Question No. 511)

Reply:

There are four initiatives under the Pilot Programme for the insurance sector, namely the Public Education Programme, the Financial Incentive Scheme for Professional Training (FIS), the Work-and-learn Programme (WLP) and the Summer Internship Programme (SIP). As at end-February 2017, there were 601 attendances at the training courses under the FIS. Three student-workers have been recruited into the WLP which commenced in November 2016. During the 16-month traineeship, the student-worker will receive a total of \$40,000 training allowance from the Government on top of the annual remuneration of no less than \$120,000 paid by the participating employer. If the student-worker continues to be employed as a full time employee by the same employer upon graduation, the employer would offer an annual remuneration of no less than \$150,000. We have also started inviting applications for the SIP from non-final year undergraduates in January 2017. Under the SIP, an intern would work up to two months in a participating company. The Government will contribute up to 75% or \$7,000 (whichever is the lower) per month during the internship period. The application period is not yet closed. We expect the first batch of interns to start their internships in around June 2017.

As for the Pilot Programme for the asset and wealth management sector, there are three initiatives, namely Promotion and Education Initiatives, the FIS, and the SIP for Undergraduate Students. As at end-February 2017, we have organised a launching

ceremony-cum-industry promotion event for the Pilot Programme, as well as 45 seminars and briefing sessions for university students, educational institutions, and the industry. There were around 870 attendances in total. We have also set up a dedicated website for the Pilot Programme. As for the FIS, there were 429 attendances at the training courses, and six persons have submitted applications for course fees and have been reimbursed. In February 2017, we invited applications from non-final year undergraduates for the SIP, and are now in the process of matching student applicants to internship positions. Under the SIP, a student intern would work for a participating company for at least one month. Out of the monthly honorarium that a student intern will receive, the Government will provide a subsidy of up to 75% or \$7,000 (whichever is the lower), for a total period of up to two months. We expect the first batch of student interns to start their internships in around June 2017.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)093

(Question Serial No. 5045)

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

Subhead (No. & title): (000) Operational expenses

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Matters Requiring Special Attention in 2017-18 includes supporting the work of the Financial Services Development Council (FSDC) in policy research, promotion of the financial services industry and human capital development. In this connection, please advise this Committee of the following:

1. the estimated manpower, establishment, remuneration costs and departmental expenses involved in such work for this year; and
2. the above expenses of the FSDC since its establishment in table form.

Asked by: Hon LEUNG Kwok-hung (Member Question No. 567)

Reply:

1. The estimated expenditure of the FSDC in 2017-18 is about \$9.9 million, of which about \$2.2 million is for the salaries of the civil servants in the FSDC Secretariat. Expenditures on fringe benefits for these incumbents are included in other relevant heads of expenditure. The remaining about \$7.7 million is under departmental expenses, to be used for promotional activities, research, workshops, industry engagement, website and publication, rental of the Secretariat office and remuneration of contract staff, etc. In 2017-18, it is estimated that there will be four civil servants from the executive/clerical grade, two Government contract staff and three staff seconded respectively from the Hong Kong Monetary Authority, Hong Kong Trade Development Council, and Securities and Futures Commission in the Secretariat to provide support to the FSDC. The remuneration of the seconded staff is borne by the relevant organisations.
2. The FSDC was established in January 2013. Its actual expenditure from 2012-13 to 2015-16 and the revised estimates for 2016-17 are tabulated below:

	2012-13 (\$m)	2013-14 (\$m)	2014-15 (\$m)	2015-16 (\$m)	2016-17 (\$m)
Salaries of civil servants (Note 1)	0.8	4.1	4.2	3.2	2.4
Departmental Expenses	- (Note 2)	2.6	1.8	3.9	6.9
Total	0.8	6.7	6.0	7.1	9.3

Note 1: Expenditures on fringe benefits for the incumbents were included in other relevant heads of expenditure.

Note 2: We do not have a separate breakdown for the related departmental expenses for 2012-13.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)094

(Question Serial No. 5079)

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

Subhead (No. & title): (000) Operational expenses

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please tabulate the estimated expenditure of the following items in 2017-18, with a breakdown of details such as the staffing establishments, ranks, salaries and related allowances as well as personnel related expenses of the political team and the directorate civil servants:

1. The Financial Services Branch and the Financial Services Division;
2. 1) The International and Mainland Affairs Division, 2) the Financial Services Development Council Secretariat and 3) the Research Office under the Financial Services Division; and
3. The Office of the Commissioner of Insurance and its divisions (the General Business Division, Long Term Business Division, Enforcement Division, Policy and Development Division, Special Duties Team and Administration Unit).

Asked by: Hon LEUNG Kwok-hung (Member Question No. 2009)

Reply:

(1), (2) and (3):

	Rank	Establishment#	Emoluments (including salaries, allowances, job-related allowances and personnel related expenses, if any) (\$ million)
(1) Financial Services Branch (including Financial Services Division and Office of the Commissioner of Insurance)	Directorate	15	158.3
	Non-directorate	158	
(2.1) Financial Services Division - International and Mainland Affairs Division	Directorate	1	5.0
	Non-directorate	4	
(2.2) Financial Services Division - Financial Services Development Council Secretariat	Non-directorate	4	2.3
(2.3) Financial Services Division - Research Office	Non-directorate	2	2.6
(3) Office of the Commissioner of Insurance ^			
	Commissioner of Insurance	1	2.6
(3.1) General Business Division	Directorate	1	14.9
	Non-directorate	12	
(3.2) Long Term Business Division	Directorate	1	13.6
	Non-directorate	13	
(3.3) Enforcement Division	Non-directorate	7	6.5
(3.4) Policy and Development Division	Directorate	1	12.2
	Non-directorate	12	
(3.5) Special Duties Team	Non-directorate	2	2.1
(3.6) Administration Unit	Non-directorate	20	7.3

Projected establishment as at 31 March 2018.

^ Excluding nine vacant posts of Assistant Insurance Officer rank.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)095

(Question Serial No. 3428)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding outsourcing of service in your department, please inform this Committee of the following in respect of the past three years:

1. the total number of outsourced service staff employed by your department and the percentage of outsourced service staff against the total number of staff with the same types of duties in your department;
2. the total expenditure on staff of your department; the total amount paid to outsourced service providers; and the percentage of amount paid to outsourced service providers against the total expenditure on staff of your department; and
3. the nature of your department's outsourced services and the duration of the relevant contracts.

In addition, according to the Government's guidelines for tendering of outsourced services revised last year, if the procured service relies heavily on the deployment of non-skilled workers, and a marking scheme for assessing the tenders is adopted, the procuring department, when assessing the tenders, should include in the assessment criteria the evaluation of tenderers' proposed wage rates and working hours for non-skilled workers. In this regard, please inform this Committee of the following:

4. the current number of outsourced service contracts involving a large number of non-skilled workers awarded by your department since implementation of the guidelines;
5. the departments which have adjusted their assessment criteria in respect of wage rates and working hours for the outsourced service contracts involving a large number of non-skilled workers in the light of the new guidelines since their implementation; how your department has made adjustment; and if no relevant information is available, the reasons for it;
6. whether there have been any rises in the average wage rates for workers in the contracts of outsourced services that rely heavily on deployment of non-skilled workers since the

implementation of the guidelines; if yes, the number of contracts with rises in wage rates; if no relevant information is available, the reasons for it;

7. your department's measures to evaluate the effectiveness of the new tendering guidelines;
8. whether your department is required to adopt the existing mechanism of two-envelope assessment of the technical and price aspects when evaluating tenders for contracts of outsourced service; if no, the number of contracts awarded without adopting the existing mechanism of two-envelope assessment of the technical and price aspects in the past 3 years;
9. the annual numbers of cases of government service contractors breaching the service contracts, the Employment Ordinance or the Occupational Safety and Health Ordinance as revealed by the inspections conducted by your department, and the annual numbers of complaints lodged by the outsourced service staff;
10. the details of follow-up actions on the aforementioned non-compliance and complaint cases; and
11. the number and details of cases involving contractors being punished for non-compliance or sustained complaints.

Asked by: Hon LEUNG Yiu-chung (Member Question No. 153)

Reply:

(1)-(7)

From 2014-15 to 2016-17, the outsourced contracts in the Financial Services Branch (FSB) were mainly for promotion of policies and implementation of public education, and supporting this Branch in delivering its services. Duration of the contracts depended on the needs of the respective services and these contracts did not involve deployment of a large number of non-skilled workers. As most of the contract fees were not calculated on the basis of the total number of outsourced service staff employed for delivery of the services, we are not able to provide the total number of outsourced service staff employed and the percentage of outsourced service staff against the total number of staff with the same types of duties in our Branch. On the other hand, as the fees of most of these contracts covered expenditures other than the cost of outsourced service staff, we should not directly compare the amount paid to outsourced service providers against the total expenditure on staff of our Branch.

(8)-(11)

FSB will, in accordance with the "Stores and Procurement Regulations" and relevant guidelines of the Government, adopt appropriate mechanism to assess the quotations and proposals from outsourced service providers. We are not aware of any breach of service contracts, the Employment Ordinance or the Occupational Safety and Health Ordinance by the contractors and did not receive any complaints from outsourced service staff from 2014-15 to 2016-17.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)096

(Question Serial No. 3448)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Does your department provide sign language interpretation services? If yes, what are the manpower and expenditure involved? If no, what are the reasons?

Asked by: Hon LEUNG Yiu-chung (Member Question No. 196)

Reply:

This Branch does not provide sign language interpretation service as there has been no request for such service to date.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)097****(Question Serial No. 5143)**

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In respect of the public relations expenditure of government departments, please inform this Committee of the following:

1. the total expenditure and details of publishing advertisements, sponsored content or advertorials in newspapers registered under the Registration of Local Newspapers Ordinance by your department in the past year:

Date of publish (Day/Month/Year)	Status (one-off/ ongoing/done) (as at 28 February 2017)	Government or public organisation (including bureau/ department/ public organisation/ government advisory body)	Name and purpose of advertisement	Name of media organisation and newspaper	Frequency (as at 28 February 2017)	Expenditure (as at 28 February 2017)

2. the expenditure and details of sponsoring local free-to-air television stations, pay television stations and radio stations to provide information and produce programmes or materials by your department in the past year:

Date of broadcast (Day/Month/Year)	Status (one-off/ ongoing/done) (as at 28 February 2017)	Government or public organisation (including bureau/ department/ public organisation/ government advisory body)	Name and purpose of advertisement	Media organisation	Frequency (as at 28 February 2017)	Expenditure (as at 28 February 2017)

3. the media organisations which published or broadcasted advertisements/sponsored content of your department in the past year, as well as the frequency and total expenditure involved (in descending order):

Name of media organisation	Frequency	Total expenditure (\$)

4. the websites/network platforms on which your department published online advertisements/sponsored content in the past year, as well as the frequency, duration (days) and total expenditure involved (tabulated in descending order):

Website/ network platform	Content of advertisement	Frequency	Duration (days)	Hit rate, frequency of exposure and number of viewers	Total expenditure (\$)

Asked by: Hon MOK Charles Peter (Member Question No. 90)

Reply:

In the past year, Financial Services Branch had not incurred such expenses.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)098****(Question Serial No. 5160)**

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the records management work of your bureau and the departments under its purview over the past year:

1. Please provide information on the number and rank of officers designated to perform such work. If there is no officer designated for such work, please provide information on the number of officers and the hours of work involved in records management duties, and the other duties they have to undertake in addition to records management;
2. Please list in the table below information on programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal;

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred

3. Please list in the table below information on programme and administrative records which have been transferred to GRS for retention;

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred

4. Please list in the table below information on records which have been approved for destruction by GRS;

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred

Asked by: Hon MOK Charles Peter (Member Question No. 107)

Reply:

1. The day-to-day records management activities and the workload for implementing records management initiatives are absorbed by existing manpower. Among them, Financial Services Branch (FSB) and departments under its purview (i.e. Census and Statistics Department (C&SD) and Official Receivers' Office (ORO)) have designated Departmental Records Managers and Assistant Departmental Records Managers to coordinate records management matters.
2. Administrative and programme records which have been closed pending transfer to the GRS for appraisal:

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred
Administrative Records	1986 – 2016	263 (about 10.8 lm)	1 – 7 years	62 records are confidential	Still within the retention period
Programme Records	1976 – 2016	22 169^ (about 493 lm)	2 – 30 years	318 records are confidential	

3. Administrative and programme records which have been transferred to GRS for retention:

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred
Administrative Records	1997 – 2007	4 (about 0.2 lm)	Records were approved by GRS for permanent retention	All of them are confidential	Not applicable
Programme Records	1959 – 2008	1 298 (about 64.9 lm)		No	

4. Records which have been approved for destruction by GRS:

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred
Administrative Records	1965 – 2015	57 691# (about 140.8 lm)	6 months – 7 years, or retain until superseded / obsolete	125 records are confidential	Not applicable
Programme Records	1960 – 2015	5 066 697* (about 2 152.6 lm)	1 – 15 years	4 records are confidential	

^ Including 21 549 programme records of ORO.

Including 55 984 administrative records, voucher booklets and forms of C&SD.

* Including 5 052 180 questionnaires and survey forms of various statistical surveys and records relating to Trade Statistics, Social Statistics, National Accounts and Balance of Payments Statistics, General Statistical Services, Price/ Industry/ Service Statistics and Labour Statistics of C&SD.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)099****(Question Serial No. 5274)**

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please tabulate the details concerning the social media platforms set up and run by your bureau/departments/the public bodies under your purview and their subvented organisations (including out-sourced contractors or consultants) in 2016-17 (as at 28 February 2017).

Commencement Date (month/ year)	Status (keep updating/ ceased updating)	Bureau/ subvented organisations	Name	Social media platforms	Purpose of establishment and contents	No. of “likes”/ subscribers/ average monthly visits	Regular compilation of summary of comments and follow-up (yes/no)	Average no. of posts per day and average no. of interactions per post (total no. of “likes”, comments and shares)	Ranks and no. of officers responsible for the operation	Expendi- ture for setting up the platform s and daily operatio- nal expense s

Asked by: Hon MOK Charles Peter (Member Question No. 144)

Reply:

Financial Services Branch had not set up nor operated any social media platform in 2016-17.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)100****(Question Serial No. 6730)**

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1. Please provide, in table form, the number of requests for information under the Code on Access to Information received by the Financial Services and the Treasury Bureau and its subvented organisations in 2016-17 as well as the relevant details:

Bureau/ Department/ Organisation	Number of requests received	Information involved (items)	Number of requests being handled	Number of requests for which all information was provided	Number of requests for which some information was provided	Average number of days taken to handle the requests (working days)

2. the three pieces of information most frequently requested by the public and the number of such requests;
3. the five requests for information which took the longest time to handle, the number of days taken to handle such requests and the reasons; and
4. the content of the requests refused, the reasons for the refusal and the number of requests for reviews lodged by the public.

Asked by: Hon MOK Charles Peter (Member Question No. 163)

Reply:

1.

Bureau/ Department/ Organisation	Number of requests received	Information involved (items)	Number of requests being handled	Number of requests for which all information was provided	Number of requests for which some information was provided	Average number of days taken to handle the requests (working days)
Office of the Commissioner of Insurance (OCI)	3*	Please see (2) for details	0	2	0	Please see (3) for details

* including one withdrawn request.

2. The information requested is as follows:

- Employees Compensation insurance statistics (one request)
- Register of Insurance Brokers (one request)
- the applicant's insurance policies (one request) (as the information was not kept by OCI, the application was withdrawn by the applicant)

3. All information requests were processed and completed within ten days.

4. No request has been refused and we have not received any request for review.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)101

(Question Serial No. 7194)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please set out the following information in table form:

- (1) The expenditure incurred by the Financial Services and the Treasury Bureau (Financial Services Branch) on publicity on the Internet/social media in 2016-17, the manpower involved and the percentage this item accounts for in the total expenditure. Please provide a breakdown by publicity channel.
- (2) The means to be adopted by the Branch to assess the effectiveness and value for money of the above initiatives.
- (3) The estimated expenditure to be incurred by the Branch on the above initiatives in 2017-18 and the manpower to be involved.

Asked by: Hon TIEN Puk-sun, Michael (Member Question No. 54)

Reply:

The Financial Services Branch did not incur any expenditure on publicity on the Internet/social media in 2016-17. At present, no provision is made for such item in the coming year.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)102

(Question Serial No. 3304)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As the Financial Secretary mentioned in paragraph 93 of the Budget Speech, “also, we hope to further the development of our listing platform”. Please advise:

1. When will the Securities and Futures Commission and the Hong Kong Exchanges and Clearing Limited be expected to complete the consultation conclusions on the Joint Consultation on Proposed Enhancements to Decision-making and Governance Structure for Listing Regulation?
2. Does the Government have any initial position on the various reform proposals?
3. Regarding the statement that “also, we hope to further the development of our listing platform”, is there any direction at present?

Asked by: Hon TO Kun-sun, James (Member Question No. 28)

Reply:

- 1&2. The Securities and Futures Commission (SFC) and the Hong Kong Exchanges and Clearing Limited (HKEX) jointly conducted a consultation on proposed enhancements to the decision-making and governance structure for listing regulation last year. The consultation aimed to enable the listing regulatory structure and procedures to better respond to rapid developments in the market. A large number of submissions have been received. The SFC and the HKEX are considering and analysing the views carefully, and are planning to provide a progress report for the Legislative Council Panel on Financial Affairs. They will publish the consultation conclusions in due course.

3. We hope to further the development of our listing platform. The HKEX is studying ways to continuously enhance the competitiveness of the listing platform in Hong Kong. They include a review of the positioning of Growth Enterprise Market and an assessment of the feasibility of introducing a new board. Once more concrete progress is made, public consultation on the relevant conceptual proposals will be launched to map out the direction for long-term development.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)103

(Question Serial No. 3305)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the companies listed through initial public offerings (IPO) in Hong Kong, please inform us of:

1. the country of origin and number of these companies, the amount of equity funds raised through IPO and its percentage in the yearly total in each of the past five years;
2. besides a Brazilian company called Vale S. A., the number of companies that have voluntarily withdrawn listings in the past five years, as well as the details concerning the country of origin and effective date of withdrawing the listing application of these companies; and
3. the measures taken by the Government and relevant institutions to attract more overseas companies outside the Mainland to list by IPO or by secondary listing in Hong Kong.

Asked by: Hon TO Kun-sun, James (Member Question No. 29)

Reply:

1. The relevant information on companies that raised funds through initial public offerings in the past five years is set out at Annex 1.
2. The relevant information on companies that have voluntarily withdrawn listings in the past five years is set out at Annex 2.

3. As mentioned in the Budget, we hope to further the development of our listing platform. The Hong Kong Exchanges and Clearing Limited is studying ways to continuously enhance the competitiveness of the listing platform in Hong Kong. They include a review of the positioning of Growth Enterprise Market and an assessment of the feasibility of introducing a new board. Once more concrete progress is made, public consultation on the relevant conceptual proposals will be launched to map out the direction for long-term development.

Information on companies that raised funds through initial public offerings (IPO) from 2012-13 to 2016-17

Breakdown by Country/ Region	4/2012 – 3/2013			4/2013 – 3/2014			4/2014 – 3/2015			4/2015 – 3/2016			4/2016 – 2/2017 ⁽³⁾		
	IPO Funds Raised (\$ million)	% of Total IPO Funds Raised	No. of Co.	IPO Funds Raised (\$ million)	% of Total IPO Funds Raised	No. of Co.	IPO Funds Raised (\$ million)	% of Total IPO Funds Raised	No. of Co.	IPO Funds Raised (\$ million)	% of Total IPO Funds Raised	No. of Co.	IPO Funds Raised (\$ million)	% of Total IPO Funds Raised	No. of Co.
Hong Kong	1,524.43	1.72%	10	33,381.36	16.15%	26	14,539.60	7.03%	40	8,827.43	3.23%	43	11,052.42	6.33%	64
Japan	1,568.00	1.77%	1	516.06	0.25%	1	-	-	-	354.00	0.13%	1	1,339.91	0.77%	1
Macau	-	-		2,196.84	1.06%	1	-	-	-	-	-	-	209.50	0.12%	2
Malaysia	-	-		487.50	0.24%	1	2,024.10	0.98%	1	-	-	-	229.50	0.13%	3
Mainland China	85,104.84	96.26%	41	170,068.32	82.27%	77	189,058.23	91.44%	71	261,025.91	95.59%	68	161,144.08	92.30%	47
Singapore	216.13	0.24%	1	80.00	0.04%	1	122.50	0.06%	1	50.00	0.02%	1	563.79	0.32%	6
South Korea	-	-		-	-		1,016.60	0.49%	1	-	-	-	58.00	0.03%	1
USA	-	-		-	-		-	-	-	2,812.90	1.03%	2	-	-	-
Total⁽¹⁾⁽²⁾	88,413.40	100%	53	206,730.09	100%	107	206,761.03	100%	114	273,070.24	100%	115	174,597.20	100%	124

(1) Figures may not add up to the total due to rounding.

(2) Figures exclude ETF, listing by transfer from GEM to Main Board and introduction.

(3) Figures for 2016-17 up to end February.

Source: Hong Kong Exchanges and Clearing Limited

**Information on companies that have voluntarily withdrawn listings
from 2012-13 to 2016-2017**

Effective Date of Withdrawal of Listing	Country or Region of Origin of the Companies	No. of Companies
4/2012 – 3/2013	Germany, Hong Kong, Mainland China and Malaysia	6
4/2013 – 3/2014	Mainland China	2
4/2014 – 3/2015	Japan, Mainland China, Singapore and Taiwan	7
4/2015 – 3/2016	Hong Kong, Japan, Macau and Mainland China	7
4/2016 – 2/2017 ⁽¹⁾	Brazil, Hong Kong, Mainland China and Malaysia	10
Grand Total : 32 companies		

(1) The figure for 2016-17 up to end February.

Source: Hong Kong Exchanges and Clearing Limited

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)104

(Question Serial No. 3511)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What are the specific work plans of the Government to help Hong Kong participate in the Asian Infrastructure Investment Bank (AIIB) for the next three years? What will be the specific tasks after Hong Kong joins the AIIB? What will be the expenditure involved?

Asked by: Hon WONG Ting-kwong (Member Question No. 46)

Reply:

We have briefed the Panel on Financial Affairs regarding our participation and membership in the AIIB, and provided the details in a relevant document (LC Paper No. [CB\(1\)660/16-17\(03\)](#)). This task will be handled by existing manpower which does not involve any additional staff cost.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)105

(Question Serial No. 3512)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1. What is the annual premium of new investment-linked assurance schemes (ILAS) in Hong Kong over the past three years? What is its share in the annual overall premium income of new insurance policies?
2. What is the annual premium income related to ILAS over the past three years? What is its share in the annual overall premium income?
3. What are the numbers of surrender cases and cessation of payment cases involving ILAS over the past three years? What are the shares of these two types of cases in the annual total of surrender cases and cessation of payment cases respectively?
4. How many ILAS-related complaints were received by the Office of the Commissioner of Insurance/the Provisional Insurance Authority (PIA) and the 3 self-regulatory organisations over the past five years? What is the amount of premium involved?
5. How do the relevant authorities handle these complaints? What is the amount of expenditure involved?
6. How does the Government regulate the sale of ILAS products? Which department is responsible for the job? What are the manpower and expenditure involved?
7. Please provide details of the PIA's work in the past year as well as its working group's work plan on the tasks ahead.

Asked by: Hon WONG Ting-kwong (Member Question No. 59)

Reply:

1. Premium of new Investment-linked Assurance Scheme (ILAS) business from 2014 to 2016 –

	2014	2015	2016
Premium of new ILAS business (\$billion)	16.05	10.24	5.74
Percentage in the overall premium of new business	14.1%	7.8%	3.1%

2. Premium of inforce ILAS business from 2014 to 2016 –

	2014	2015	2016
Premium of inforce ILAS business (\$billion)	48.82	40.23	28.60
Percentage in the overall premium of inforce business	17.1%	12.6%	7.1%

3. Number of surrendered¹ ILAS policies from 2014 to 2016 –

	2014	2015	2016
Surrendered ILAS policies	113 228	103 691	98 129
Percentage in the total number of surrendered policies	27.3%	24.7%	20.8%

4. Number of ILAS-related complaints received by the Office of the Commissioner of Insurance (OCI) and three Self-Regulatory Organisations² (SROs) in the past five years –

	2012	2013	2014	2015	2016
Handled by OCI	51	50	75	92	78
Handled by SROs	270	319	277	247	167
Total	321	369	352	339	245

We do not have statistics on the amount of claims involved in these complaints.

¹ Includes policies lapsed due to the cessation of contributions.

² i.e. the Insurance Agents Registration Board, Hong Kong Confederation of Insurance Brokers and Professional Insurance Brokers Association.

5. If a policyholder lodges a complaint against an insurer regarding ILAS, OCI would review the content of the complaint and require the insurer to investigate. OCI would also require the insurer to report the progress and results of the investigation. For complaints related to the sale process, OCI would require the insurer to submit relevant sales documents to determine whether regulatory requirements have been complied with. If the investigation results show that the insurer has breached the requirements of the Insurance Companies Ordinance (ICO) (Cap. 41) or other regulatory requirements, OCI would require the insurer to handle the relevant complaint appropriately and enhance its internal controls.

If a complaint involves the conduct of insurance intermediaries, in accordance with the current self-regulatory system for insurance intermediaries, OCI would refer it to the SRO with which the insurance intermediary is registered to handle. OCI would follow up and ensure that the relevant SRO handles the complaint appropriately. Should there be any violation of the professional codes or regulations by an intermediary, the SRO concerned could take disciplinary action. The SROs would submit regular reports to OCI.

The expenses incurred by OCI in handling such complaints are absorbed from existing resources. We do not have a separate breakdown for these expenses.

6. ILAS products are insurance policies issued by authorised insurers and are subject to the regulation of OCI. According to ICO, in order to sell ILAS products, insurers are required to obtain authorisation from OCI for conducting Long Term Business Class C – Linked Long Term. To enhance protection for policyholders of ILAS products, OCI has issued a Guidance Note on Underwriting Class C Business (GN). The GN provides guidance on various areas such as product design, fees and charges, disclosure of information, commission system and selling process, etc. It stipulates that product design and fees and charges should be fair, and commensurate with the insurance protection offered by the particular ILAS product. On the sale of insurance products, the GN prescribes that insurers should set out in the Important Facts Statements (IFS) product features, including the long-term nature, fees and charges, and surrender penalties of ILAS products that may easily go unnoticed by policyholders. Policyholders are required to sign the IFS to confirm that they are fully aware of all such features. The GN also stipulates that every application for ILAS policy must include a duly completed Financial Needs Analysis and Risk Profile Questionnaire. If the result of the analysis shows that a potential policyholder has no insurance and investment needs, an insurance intermediary should not recommend any ILAS products and the insurer should not entertain any such application. To ensure policyholders are fully aware of the particulars and features of ILAS products, insurers are required to make post-sale confirmation calls to all ILAS clients and policyholders are allowed to cancel the policy within a 21-day cooling-off period.

Insurance intermediaries need to pass the relevant qualifying examinations and register with an SRO in order to sell insurance products. To ensure that intermediaries selling ILAS products are capable of giving appropriate advice to their clients, they are also required to pass the Investment-Linked Long Term Insurance Examination. Under the existing self-regulatory regime for insurance intermediaries, the three SROs are responsible for overseeing whether the sale conduct of insurance intermediaries is in conformity with the requirements of relevant codes of practice.

In addition, ILAS products and their offering documents are required to comply with the applicable provisions on specific disclosure of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products, as well as other applicable regulatory requirements issued by the Securities and Futures Commission.

The expenses incurred by OCI in the regulation of ILAS products are absorbed from existing resources. We do not have a separate breakdown for these expenses.

7. In the past year, the Provisional Insurance Authority (PIA) started preparatory work for the smooth transition from the existing regulatory regime to the new regime, including securing office accommodation, recruiting staff, procuring legal and auditing services, etc. PIA has also reviewed regulatory measures including the existing guidance notes and guidelines to identify, when it takes up the statutory functions of OCI on the regulation of insurance companies, new guidelines that need to be promulgated and amendments and updates to existing guidance notes and guidelines that are required in order to comply with the relevant statutory requirements.

PIA has established two Industry Advisory Committees (IACs) to advise it on matters in relation to the development of long term and general insurance business respectively. Committee members come from different lines of business with expertise within the insurance industry as well as from related fields. The first meeting of the IACs, at which members exchanged opinions on various issues, was held in early September 2016.

To achieve its long term objective of promoting Hong Kong as an insurance hub in the Asia Pacific region, PIA has set up a Future Task Force (Task Force) to explore the future of the insurance industry with stakeholders. Apart from ascertaining the implications of socioeconomic and demographic factors on the insurance industry, the Task Force will formulate suggestions to facilitate the sustainable development of the insurance industry and to protect policyholders. The Task Force held its first meeting on 14 December 2016 to discuss three topical issues, including the application of financial technologies in Hong Kong, risk-based capital framework for the insurance industry and promotion of the image of the insurance industry. Three working groups will be set up under the Task Force to further study the relevant topical issues.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)106

(Question Serial No. 6773)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Financial Secretary Paul CHAN mentioned in his 2017-18 Budget Speech that the Government hopes to further the development of Hong Kong's listing platform. In this regard, what is the specific work of the Government to promote the development of Hong Kong's listing platform in the coming three years? What is the expenditure involved?

Asked by: Hon WONG Ting-kwong (Member Question No. 32)

Reply:

We hope to further the development of our listing platform. The Hong Kong Exchanges and Clearing Limited is studying ways to continuously enhance the competitiveness of the listing platform in Hong Kong. They include a review of the positioning of Growth Enterprise Market and an assessment of the feasibility of introducing a new board. Once more concrete progress is made, public consultation on the relevant conceptual proposals will be launched to map out the direction for long-term development.

It is an ongoing task of the Financial Services Branch to formulate policies and measures to facilitate the development of our financial market. The expenses involved will be absorbed from within our existing resources. We do not have a separate breakdown.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)107

(Question Serial No. 6866)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Bureau will continue to advance financial co-operation with the Mainland this year.

1. As regards enhancing the offshore Renminbi business platform, please set out, in table form, the major initiatives and milestone co-operation projects for the past years and specify the changes in the amounts involved since the beginning.
2. Regarding deepening the mutual access between financial markets in Hong Kong and the Mainland, apart from the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect which were launched, what is the progress of the latest co-operation projects for mutual access in other areas such as funds, bonds, banks and insurance businesses? Please explain respectively.
3. What were the progress and effectiveness of the co-operation with free trade zones in the Mainland for the past years?
4. What were the changes in the Government's resources and manpower involved for advancing financial co-operation with the Mainland in the past three years? Does the Government anticipate an ongoing need for additional manpower?

Asked by: Hon WONG Ting-kwong (Member Question No. 62)

Reply:

Offshore Renminbi (RMB) business in Hong Kong

Major developments of Hong Kong's offshore RMB business are listed as follow –

Year and month of implementation	Major development of offshore RMB business in Hong Kong
January 2004	Personal RMB banking business provided by Hong Kong banks commenced
July 2007	The first issue of RMB bonds launched in Hong Kong
July 2009	Pilot scheme for RMB trade settlement commenced operation
August 2011	The Central Government announced a number of measures which were beneficial to the development of offshore RMB business, such as expanding the geographical coverage of the pilot scheme for RMB trade settlement to nationwide in the Mainland and allowing investments in the Mainland equity market by means of the RMB Qualified Foreign Institutional Investor (RQFII) scheme.
June 2012	The Central Government announced another series of new measures to support the development of offshore RMB business in Hong Kong, including the continued issuance of RMB sovereign bonds in Hong Kong and the further increase in investment quotas, enlargement of the range of participating entities, enrichment of the product variety and relaxation of the investment restrictions in relation to the RQFII scheme
June 2013	The Treasury Markets Association of Hong Kong launched the CNH Hong Kong Interbank Offered Rate fixing.
November 2014	The Shanghai-Hong Kong Stock Connect was officially launched. The RMB conversion limit for Hong Kong residents of RMB20,000 per day was removed.
July 2015	The mutual recognition of funds between the Mainland and Hong Kong was implemented. The first batch of authorized funds was announced on 18 December 2015.
December 2016	The Shenzhen-Hong Kong Stock Connect was officially launched.

Mutual access between financial markets in Hong Kong and the Mainland

Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect were launched in November 2014 and December 2016 respectively. They are of groundbreaking significance to mutual capital market access between Hong Kong and the Mainland. The Government will promote the realisation of mutual access of exchange-traded funds to expand the scope of eligible securities for trading.

Since the implementation of the mutual recognition of funds arrangement between the Mainland and Hong Kong in July 2015, 54 funds have been authorised or approved for public offering in the markets of the two places as of end-February 2017. The regulators of the two places will continue to process fund applications in accordance with the arrangement to enhance mutual access between the Mainland and Hong Kong capital markets.

The Government is also studying with the relevant Mainland authorities ways to further facilitate the participation of investors of both places in the bond market, with a view to improving the connectivity between market infrastructures.

Financial cooperation with the Mainland (including the various free trade zones)

In 2016, Hong Kong-funded financial institutions set up the first joint venture fund management company in Guangdong Free Trade Zone and the first joint venture multi-licensed securities company in Shanghai Free Trade Zone through the Supplement X of the CEPA, further deepening the financial cooperation between Hong Kong and the various free trade zones. We also welcome Guangdong's implementation of policy measures put forward in the "Guiding Opinions of the People's Bank of China on Providing Financial Support for the Establishment of the China (Guangdong) Pilot Free Trade Zone" (Guiding Opinions) in April 2016. The Government will liaise with the Guangdong authorities to gradually take forward the implementation of relevant measures in the Guiding Opinions, in order to promote two-way cross-border flows of RMB and financial business activities between Hong Kong and Guangdong.

We will continue to seek further access of our financial services sectors to the Mainland market through CEPA and other regional cooperation platforms, including those of Hong Kong-Guangdong, Hong Kong-Shanghai and Hong Kong-Fujian.

The above work is pursued jointly by the Government and relevant financial regulators on an on-going basis. The related expenses will be absorbed from within existing resources in the Financial Services Branch. We do not have a separate breakdown.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)108****(Question Serial No. 7209)**

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Dispute Resolution Centre has been in operation for four and a half years since 19 June 2012.

- Over the past four and a half years, how much financial resources were deployed by the Government to conduct training courses and continuing professional training workshops for mediators and arbitrators? What are the financial resources for this year?

Asked by: Hon WONG Ting-kwong (Member Question No. (60))

Reply:

Between 2012 and 2016, the number of mediators and arbitrators of the Financial Dispute Resolution Centre (FDRC) increased from 31 to 65. The amount deployed in the past four and a half years and the amount reserved for 2017 by the FDRC for the training courses and continuing professional training workshops for FDRC mediators, arbitrators and case officers (FDRC case officers are required to fulfil the relevant training requirements to administer the Financial Dispute Resolution Scheme and/or become mediators) are provided below –

Year	Amount deployed/reserved for training courses and continuing professional training workshops
2012(from 19 June)	\$141,000
2013	\$104,000
2014	\$20,000
2015	\$47,000
2016	\$56,000
2017	\$159,000 (estimated figure)

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)109

(Question Serial No. 5204)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned that the Financial Services and the Treasury Bureau (Financial Services Branch) will “continue to promote the development of financial technologies in Hong Kong”. Will the Government inform this Committee of the Bureau’s operational expenses and salary expenses for this initiative in the past 3 years and the estimates of such expenses for 2017-18, the staff establishment and rank of officials tasked with the initiative, and the progress or schedule of the specific work for 2017-18?

Asked by: Hon YIU Chung-yim (Member Question No. 116)

Reply:

The Government established the Steering Group on Financial Technologies (Fintech) chaired by the Secretary for Financial Services and the Treasury in March 2015 to advise on measures required to develop Hong Kong into a Fintech hub. The Steering Group submitted its report to the Financial Secretary in February 2016. In 2015-16, the secretariat support to the Steering Group was provided from within the Financial and Services Branch (FSB)’s existing resources and manpower, including one Administrative Officer Staff Grade C, one Senior Economist and one Economist.

After the Steering Group completed its work in March 2016, the Internal Coordination Group set up by the FSB with relevant parties has continued to monitor the progress of Fintech-related initiatives, facilitate the smooth implementation of measures to promote the development of the industry, and keep track of the latest market developments. The related expenditure was provided from within the FSB’s existing resources and manpower, including one Administrative Officer Staff Grade C, one Senior Economist and one Economist.

Invest Hong Kong has also set up a dedicated Fintech team. In addition to appealing to Fintech enterprises, investors as well as research and development (R&D) institutions to encourage them to establish a presence in Hong Kong, the team will organise signature

Fintech events, conferences and start-up competitions. The Government provided about \$13.8 million for the team in 2016-17, and the team has recruited four staff to support its operation, namely, one Investor Relations Officer and two Investor Support Officers in Hong Kong Head Office as well as one Investor Support Officer in the Hong Kong and Economic Trade Office in London. The Government has earmarked \$13.7 million in 2017-18 to continue to support the team.

The Chief Executive and the Financial Secretary have announced an array of measures to promote the development of Fintech in the 2017 Policy Address and 2017-18 Budget, including –

- (a) the Hong Kong Monetary Authority (HKMA) is developing a new Faster Payment System (FPS). When the FPS is completed next year, it will provide a round-the-clock inter-bank real-time payment platform allowing banks and stored value facility service providers to offer their customers faster, more convenient and comprehensive payment and fund transfer services;
- (b) the Government will actively explore new payment channels for settling government bills and fees, so as to facilitate the use of government services and to encourage more people to make use of innovative payment products and services;
- (c) the Government will continue to encourage the industry to develop and apply Fintech, such as distributed ledger technology and cyber security, and promote Hong Kong as a hub for the application and setting of standards for these technologies; and
- (d) HKMA will further its Cybersecurity Fortification Initiative in order to strengthen Hong Kong's expertise and capability in cyber security as well as build a pool of talent.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)110

(Question Serial No. 5416)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the records management work of your bureau and the departments under its purview over the past year:

Please provide information on the number and rank of officers designated to perform such work. If there is no officer designated for such work, please provide information on the number of officers and the hours of work involved in records management duties, and the other duties they have to undertake in addition to records management.

On programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal, please advise on the category, years covered, number and linear metres, retention period approved by GRS, whether they are confidential documents, and reasons for not having been transferred.

On programme and administrative records which have been transferred to GRS for retention, please list in a table the category, years covered, number and linear metres, the year they were transferred to GRS, retention period approved by GRS, and whether they are confidential documents.

On records which have been approved for destruction by GRS, please list in a table their category, name, years covered, number and linear metres, the year they were transferred to GRS, retention period approved by GRS, whether they are confidential documents, reasons for not having been transferred, and reasons for having been approved for destruction.

Asked by: Hon YIU Chung-yim (Member Question No. 190)

Reply:

The day-to-day records management activities and the workload for implementing records management initiatives are absorbed by existing manpower. Among them, Financial Services Branch (FSB) and departments under its purview (i.e. Census and Statistics Department (C&SD) and Official Receivers' Office (ORO)) have designated Departmental Records Managers and Assistant Departmental Records Managers to coordinate records management matters.

Administrative and programme records which have been closed pending transfer to the Government Records Service (GRS) for appraisal:

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred
Administrative Records	1986 – 2016	263 (about 10.8 lm)	1 – 7 years	62 records are confidential	Still within the retention period
Programme Records	1976 – 2016	22 169 [^] (about 493 lm)	2 – 30 years	318 records are confidential	

Administrative and programme records which have been transferred to GRS for retention:

Category of records	Years covered by the records	Number and linear metres of records	Year that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents
Administrative Records	1997 – 2007	4 (about 0.2 lm)	2016	Records were approved by GRS for permanent retention	All of them are confidential
Programme Records	1959 – 2008	1 298 (about 64.9 lm)			No

Records which have been approved for destruction by GRS:

Category of records	Name of records	Years covered by the records	Number and linear metres of records	Year that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents	Reasons for not having been transferred
Administrative Records	Policy	1978 – 2009	94# (about 3.7 lm)	Not applicable	2 – 7 years	50 records are confidential	Not applicable
	Routine	1965 – 2013	10 076# (about 96.1 lm)		1 – 7 years, or retain until superseded / obsolete	75 records are confidential	
	Others	1976 – 2015	47 521# (about 41 lm)		6 months – 7 years, or retain until superseded / obsolete	No	
Programme Records	General correspondence, Departmental matters and files relating to general administrative matters of the Insider Dealing Tribunal's office	1971 – 2004	34 (about 1.2 lm)	Not applicable	10 years	No	Not applicable
	Statement of Accounts relating to Insurance Companies	1990 – 2008	2 148 (about 2.1 lm)		7 years		
	Questionnaires and survey forms of various statistical surveys and records relating to Trade Statistics, Social Statistics, National Accounts and Balance of Payments Statistics,	1960 – 2015	5 052 180 (about 1 136 lm)	Not applicable	1 – 15 years	4 records are confidential	

	General Statistical Services, Price/ Industry/ Service Statistics and Labour Statistics						
Programme Records	Records of bankruptcy cases and compulsory winding-up cases	1976 – 2006	11 941 (about 298 lm)	2007	2 years	No	Not applicable
	Seized documents on insolvency cases	1993 – 2011	394 (about 715.3 lm)	Not applicable	3 years		

^ Including 21 549 programme records of ORO.

Including 55 984 administrative records, voucher booklets and / or forms of C&SD.

Reasons for approving the destruction of records:

These records no longer possessed any administrative, operational, fiscal and legal values and were appraised by the Government Records Service (GRS) as having no archival value. After they became time-expired according to the retention periods as set out in the corresponding records retention and disposal schedules, they were destroyed after the prior agreement of the GRS Director was obtained.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)111

(Question Serial No. 5417)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the expenditure on entertainment and gifts of your bureau and the departments under your purview in the past two years, please provide details of the following: the office of the Secretary of Department or Director of Bureau/bureau/branch/department and the year concerned; the estimated expenditure on entertainment and gifts; the actual expenditure on entertainment and gifts; the expenditure limit for entertainment (including beverages) per head; the expenditure limit for gift per guest; and the number of receptions held and total number of guests entertained.

Regarding the expenditure on entertainment and gifts of your bureau and the departments under your purview incurred on each occasion in the past year, please provide details of the following: the office of the Secretary of Department or Director of Bureau/bureau/branch/department concerned; the date of reception; the departments/organisations and titles of the guests entertained (grouped by department/organisation and indicating the number of guests); the food expenses incurred; the beverage expenses incurred; the gift expenses incurred; and the venue of the reception (department office/restaurant in government facilities/private restaurant/others (please specify)).

Please provide the estimated expenditure on entertainment and gifts for the coming year, with details of the following: the office of the Secretary of Department or Director of Bureau/bureau/branch/department concerned; the estimated expenditure on entertainment and gifts; and the expenditure limit for entertainment per guest.

Asked by: Hon YIU Chung-yim (Member Question No. 191)

Reply:

As a general rule, all civil servants should observe the same principles in the provision of official meals. They are required to exercise prudent judgement and economy in order to avoid any public perception of extravagance and act in accordance with the relevant

regulations and administrative guidelines. According to the existing guidelines, the expenditure limits on entertainment in the form of official meals should not exceed \$450 per person for lunch or \$600 per person for dinner, inclusive of all expenses incurred on food and beverages consumed on the occasion, service charges and tips. The Financial Services Branch and departments under its purview (i.e. Census and Statistics Department and Official Receiver's Office) follow the same principles and guidelines on official entertainment. In 2015-16 and 2016-17 (as at 28 February 2017), the actual expenses on official entertainment incurred by the Financial Services Branch and departments under its purview were about \$150,000 and \$120,000 respectively. The estimated expenditure for 2017-18 is about \$210,000.

In line with the Government's green policy, public officers should as far as possible refrain from bestowing gifts/souvenirs to others during the conduct of official activities. According to the existing guidelines, where bestowal of gifts/souvenirs is necessary or unavoidable due to operational, protocol or other reasons, the gift/souvenir items should not be lavish or extravagant and the number should be kept to a minimum. Also, the exchange of gifts/souvenirs should only be made from organisation to organisation. As we do not specifically maintain separate accounts for the expenses on the procurement of gifts and souvenirs, relevant statistics are not available.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)112****(Question Serial No. 5419)**

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide information regarding consultancy studies (if any) commissioned by the Financial Services and the Treasury Bureau and the departments under its purview for the purpose of formulating and assessing policies.

Please provide information on the studies on public policy and strategic public policy for which funds were allocated over the past two financial years in terms of the following:

Name of Consultant; mode of award (public bidding/tender/others (please specify)); title, content and objectives of project; consultancy fee (\$); start date; progress of study (under planning/in progress/completed); follow-ups taken by the Government on the study reports and their progress (if any); if completed, have they been made public? If yes, through what channel(s)? If not, what were the reasons?

Are there any projects for which funds have been reserved for conducting internal studies this year? If yes, please provide the following information: title, content and objectives of project; start date; progress of study (under planning/in progress/completed); follow-ups taken by the Government on the study reports and their progress (if any); for the projects that are expected to be completed this year, is there any plan to make them public? If yes, through what channel(s)? If not, what are the reasons?

Are there any projects for which funds have been reserved for conducting consultancy studies this year? If yes, please provide the following information: name of consultant; mode of award (public bidding/tender/others (please specify)); title, content and objectives of project; consultancy fee (\$); start date; progress of study (under planning/in progress/completed); follow-ups taken by the Government on the study reports and their progress (if any); for the projects that are expected to be completed this year, is there any plan to make them public? If yes, through what channel(s)? If not, what are the reasons? What are the criteria for considering the award of consultancy projects to the research institutions concerned?

Asked by: Hon YIU Chung-yim (Member Question No. 192)

Reply:

Information on consultancy studies commissioned on public policy and strategic public policy for which funds had been allocated in 2015-16 and 2016-17:

Name of Consultant	Mode of award (public bidding/ tender/ others (please specify))	Title, content and objectives of project	Consultancy fee (\$)	Start date	Progress of study (under planning/ in progress/ completed)	The Administration's follow-ups on the study reports and their progress (if any)	For completed studies, have they been made public? If yes, through what channel(s)? If no, why?
Tricor Consulting Limited	Quotation	<p>Consultancy Study on the Funding for the Operation of the Financial Reporting Council (FRC) under the Proposed Regulatory Regime for Listed Entity Auditors.</p> <p>The Study aims to assist the Government to consider the levies on securities transactions, listed entities and listed entity auditors for funding the operation of the FRC under the proposed regulatory regime for listed entity auditors.</p>	1.22 million	8 April 2016	Completed	The study findings are for internal reference.	The study findings are for internal reference.

Dr William M. F. Wong, SC	Quotation	Consultancy Study on Cross-border Insolvency Legislation in Hong Kong. The study aims to assist the Government to preliminarily study the feasible options for cross-border insolvency legislation in Hong Kong.	360,000	29 August 2016	Completed	The study findings are for internal reference.	The study findings are for internal reference.
KPMG	Tendering	Consultancy study on formulation of detailed rules for a risk-based capital framework for the insurance industry of Hong Kong.	9.8 million (part of the consultancy fee to be paid in 2017-18)	29 September 2016	In progress	Not applicable	Not applicable

We have not earmarked any funds for conducting internal studies and other consultancy studies this year.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)113

(Question Serial No. 5422)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In regard to the growing cross-boundary co-operation between Hong Kong and the Mainland in recent years, please provide relevant information on Hong Kong/Mainland cross-boundary projects or programmes in which your offices/secretaries of departments/bureau and the departments under your purview have been involved:

For each of the Hong Kong/Mainland cross-boundary projects or programmes for the past two years, please provide information, including: (1) the title, details and objective of the project/programme, and whether it is related to the Framework Agreement on Hong Kong/Guangdong Co-operation or the Belt and Road Initiative; the expenditure, Mainland official(s) and department(s)/organisation(s) involved; (2) Has any agreement been signed and made public? If not, what are the reasons? Have any minutes of the meetings been taken? If so, have they been made public? What is the progress (percentage completed, commencement date, target completion date)? Have the details, objectives, amount involved or impact on the public, society, culture and ecology been released to the public? If yes, through what channel(s) and what were the manpower and expenditure involved? If not, what were the reasons? Has any public consultation on the cross-boundary project been conducted in Hong Kong? What are the details of the legislative amendments or policy changes involved in the programme?

Apart from the projects or programmes mentioned above, were there any other modes of Hong Kong/Mainland cross-boundary co-operation involving your bureau and the departments under your purview for the past two years? If yes, in what modes were they taken forward? What were the manpower and expenditure involved?

Asked by: Hon YIU Chung-yim (Member Question No. 194)

Reply:

The Financial Services and the Treasury Bureau attaches great importance to enhancing financial cooperation between Hong Kong and the Mainland. In this connection, we have

been maintaining close liaison with relevant Mainland authorities, with a view to seizing the opportunities arising from the Mainland's economic and financial development, so as to reinforce Hong Kong's status as an international financial centre.

Hong Kong-Guangdong Co-operation Framework Agreement

In accordance with the agreement to establish the Expert Group on Hong Kong-Guangdong Financial Cooperation signed in 2009, the financial services departments, regulators and exchanges of Hong Kong and Guangdong held the 7th and the 8th Meeting of the Expert Group on Hong Kong-Guangdong Financial Cooperation on 19 November 2015 and 1 November 2016 respectively. At both meetings, the two sides exchanged views on ways of further promoting cross-border Renminbi (RMB) business; encouraging the two-way opening up of both sides' capital markets; and enhancing collaboration of the insurance industries. Press releases covering the key contents of the above two meetings were released on the days on which the meetings were held.

In addition, the 22nd Working Meeting of the Hong Kong/Guangdong Co-operation Joint Conference was held on 23 February 2017 in Guangzhou, during which both sides formulated the 2017 Work Plan. Items relating to financial services cover RMB business, banking, insurance and securities. Press release setting out the key contents of the meeting and the full 2017 Work Plan was released on the day.

Belt and Road Initiative

The Government established the Belt and Road Office in 2016 to co-ordinate work between government departments and liaison with the central ministries, provincial and municipal authorities so as to better capitalize on the opportunities brought by the Belt and Road Initiative. On financial services, we have been strengthening Hong Kong's status as the international investment and financing centre, global offshore RMB business hub, and the centre for international asset management, risk management and corporate treasury, in order to contribute to the Belt and Road Initiative.

The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and financial cooperation under other frameworks

The implementation of the Agreement on Trade in Services under the framework of CEPA in June 2016 basically achieved liberalisation of trade in services between the Mainland and Hong Kong. We will continue to seek further access of our financial services sectors to the Mainland market through CEPA and other regional cooperation platforms, including those of Hong Kong-Shanghai and Hong Kong-Fujian. As announced in the 2017 Policy Address, the Government is exploring with the Mainland the expansion and enhancement of CEPA in the areas of investment, economic and technical cooperation, etc. and it is expected that concrete results could be achieved by the middle of this year.

The above work will be pursued jointly by the Government and relevant financial regulators on an on-going basis. The related expenses will be absorbed from within existing resources in the Financial Services Branch. We do not have a separate breakdown.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)114

(Question Serial No. 5423)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In regard to the growing cross-boundary co-operation between Hong Kong and the Mainland in recent years, please provide relevant information on Hong Kong/Mainland cross-boundary projects or programmes in which your offices/secretaries of departments/bureau and the departments under your purview have been involved:

Have provisions been earmarked for the Hong Kong/Mainland cross-boundary projects or programmes for this year? If yes, for each of the Hong Kong/Mainland cross-boundary projects or programmes for this year, please provide information, including: (1) the title, details and objective of the project/programme, and whether it is related to the Framework Agreement on Hong Kong/Guangdong Co-operation or the Belt and Road Initiative; the expenditure, Mainland official(s) and department(s)/organisation(s) involved; (2) Has any agreement been signed and made public? If not, what are the reasons? Have any minutes of the meetings been taken? If so, have they been made public? What is the progress (percentage completed, commencement date, target completion date)? Have the details, objectives, amount involved or impact on the public, society, culture and ecology been released to the public? If yes, through what channel(s) and what were the manpower and expenditure involved? If not, what were the reasons? Has any public consultation on the cross-boundary project been conducted in Hong Kong? What are the details of the legislative amendments or policy changes involved in the programme?

Apart from the projects or programmes mentioned above, are there any other modes of Hong Kong/Mainland cross-boundary co-operation involving your bureau and the departments under your purview this year? If yes, in what modes are they taken forward? How much financial and manpower resources have been earmarked in the Estimates this year?

Asked by: Hon YIU Chung-yim (Member Question No. 195)

Reply:

The Financial Services and the Treasury Bureau attaches great importance to enhancing financial cooperation between Hong Kong and the Mainland. In this connection, we have been maintaining close liaison with relevant Mainland authorities, with a view to seizing the opportunities arising from the Mainland's economic and financial development, so as to reinforce Hong Kong's status as an international financial centre.

Hong Kong-Guangdong Co-operation Framework Agreement

The 22nd Working Meeting of the Hong Kong/Guangdong Co-operation Joint Conference was held on 23 February 2017 in Guangzhou, during which both sides formulated the 2017 Work Plan. Items relating to financial services cover Renminbi (RMB) business, banking, insurance and securities. Press release setting out the key contents of the meeting and the full 2017 Work Plan was released on the day.

In addition, in accordance with the agreement regarding the Expert Group on Hong Kong-Guangdong Financial Cooperation signed in 2009, the financial services departments, regulators and exchanges of Hong Kong and Guangdong will hold the annual meeting of the Expert Group in 2017 to explore how financial cooperation between the two places could be further enhanced. The date and arrangements of the meeting are yet to be confirmed.

Belt and Road Initiative

The Government established the Belt and Road Office in 2016 to co-ordinate work between government departments and liaison with the central ministries, provincial and municipal authorities so as to better capitalize on the opportunities brought by the Belt and Road Initiative. On financial services, we have been strengthening Hong Kong's status as the international investment and financing centre, global offshore RMB business hub, and the centre for international asset management, risk management and corporate treasury, in order to contribute to the Belt and Road Initiative.

The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and financial cooperation under other frameworks

The implementation of the Agreement on Trade in Services under the framework of CEPA in June 2016 basically achieved liberalisation of trade in services between the Mainland and Hong Kong. We will continue to seek further access of our financial services sectors to the Mainland market through CEPA and other regional cooperation platforms, including those of Hong Kong-Shanghai and Hong Kong-Fujian. As announced in the 2017 Policy Address, the Government is exploring with the Mainland the expansion and enhancement of CEPA in the areas of investment, economic and technical cooperation, etc. and it is expected that concrete results could be achieved by the middle of this year.

The above work will be pursued jointly by the Government and relevant financial regulators on an on-going basis. The related expenses will be absorbed from within existing resources in the Financial Services Branch. We do not have a separate breakdown.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)115

(Question Serial No. 3720)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Will the Department increase the manpower and financial provision in 2017-18 to enhance the accuracy of data verification of the General Household Survey? What are the details, estimated expenditure and manpower involved?

Asked by: Hon Tanya CHAN (Member Question No. 551)

Reply:

Since 2013-14, the Census and Statistics Department (C&SD) has deployed additional manpower from existing resources to strengthen data verification of the General Household Survey. C&SD will continue to implement the same verification system in 2017-18 to ensure accuracy of data.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)116****(Question Serial No. 6854)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (2) Social StatisticsControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

1. Please provide the details of tablet computers (tablets) purchased for conducting surveys on social statistics by the Census and Statistics Department (C&SD) in the past five years, as set out in the table below:

Year	Number of tablets purchased	Brand and model of tablets	Number of damaged tablets	Maintenance costs of tablets	Number of tablets that are still in use
2012-13					
2013-14					
2014-15					
2015-16					
2016-17					

2. Please advise on the brand, model, number of and expenditure on tablets to be purchased for conducting surveys on social statistics by C&SD in 2017-18.

Asked by: Hon CHAN Tanya (Member Question No. 44)Reply:

1. Details of tablet computers (tablets) procured by the Census and Statistics Department for conducting surveys on social statistics during the past five years are as follows -

Year	Number of tablets purchased	Brand and model of tablets	Number of damaged tablets	Maintenance costs of tablets	Number of tablets that are still in use
2012-13	-	-	-	-	-
2013-14	-	-	-	-	-
2014-15	200 ⁽¹⁾	Asus, Alcatel and Lenovo ⁽²⁾	-	-	-

Year	Number of tablets purchased	Brand and model of tablets	Number of damaged tablets	Maintenance costs of tablets	Number of tablets that are still in use
2015-16	5 901 ⁽¹⁾	Sky Cloud and Lenovo ⁽³⁾	42	\$48,000	100
2016-17	-	-	-	-	-

Notes: (1) The tablets were purchased for the 2016 Population By-census (16BC). A total of 5 084 tablets were donated to non-government organisations (NGOs) providing youth / elderly services for educational purpose from October to November 2016 upon completion of fieldwork of the 16BC. C&SD will continue to explore the possibility of donating the remaining tablets to other interested NGOs.

(2) Models include Asus Fonepad 7 (Dual SIM) 7", Alcatel One Touch Pop 7 7" Tablet P310X, Lenovo TAB2 A7-30, Lenovo A5500 (A8-50) 8" Tablet and Lenovo Tab 2 A8-50LC.

(3) Models include Sky Cloud G808 and Lenovo Tab2 A8-50LC.

2. The Census and Statistics Department has no plan to procure tablets for conducting surveys on social statistics in 2017-18.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)117

(Question Serial No. 6136)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1. Median (rent) to income ratio of households living in sub-divided units by decile group of monthly household income in 2013 and 2014
2. Median (rent) to income ratio of households living in sub-divided units by decile group of per capita monthly household income in 2013 and 2014

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2404)

Reply:

Based on data obtained from the Thematic Household Survey on Housing Conditions (Survey) conducted by the Census and Statistics Department (C&SD) in 2014, figures on median rent-to-income ratio of households living in sub-divided units (SDUs) by (1) decile group of monthly household income and (2) decile group of per capita monthly household income are at Annex 1 and Annex 2 respectively.

C&SD does not have the relevant figures for 2013 since C&SD did not conduct the Survey that year.

Median rent-to-income ratio of households* living in SDUs^ by decile group of monthly household income in 2014

Decile group of monthly household income	Median rent-to-income ratio (%)
1 st (lowest)	90.0
2 nd	52.2
3 rd	44.4
4 th	35.6
5 th	33.8
6 th	26.7
7 th	26.2
8 th	24.6
9 th	20.3
10 th (highest)	14.9
Overall	30.8

Notes : * Excluding households whose units were provided by employers, households in rent-free units, households without income, and households which refused to provide information on monthly household income.

^ Referring to SDUs in private domestic / composite buildings (excluding village houses) aged 25 and above in Hong Kong.

Median rent-to-income ratio of households* living in SDUs^ by decile group of per capita monthly household income in 2014

Decile group of per capita monthly household income	Median rent-to-income ratio (%)
1 st (lowest)	64.3
2 nd	48.9
3 rd	34.9
4 th	33.3
5 th	29.5
6 th	29.1
7 th	25.5
8 th	28.9
9 th	24.4
10 th (highest)	18.2
Overall	30.8

Notes : * Excluding households whose units were provided by employers, households in rent-free units, households without income, and households which refused to provide information on monthly household income.

^ Referring to SDUs in private domestic / composite buildings (excluding village houses) aged 25 and above in Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)118****(Question Serial No. 6139)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (2) Social StatisticsControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

The number of households living in subdivided units by the number of facilities (fresh water supply, independent toilet, windows, independent electricity meter or kitchen cooking area) households lacking in the units in 2013 and 2014.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2405)Reply:

Based on data obtained from the Thematic Household Survey on Housing Conditions (Survey) conducted by the Census and Statistics Department (C&SD) in 2014, the number of households living in sub-divided units (SDUs) lacking the facilities of fresh water supply, independent toilet, windows, independent electricity meter or kitchen / cooking area are as follows –

Facility [#] lacking in the SDUs [^]	No. of households [*]
Fresh water supply	4 700
Independent toilet	5 500
Windows	5 900
Independent electricity meter	8 000
Kitchen / cooking area	25 300

Notes: [^] Referring to SDUs in private domestic / composite buildings (excluding village houses) aged 25 and above in Hong Kong.

[#] Referring to facilities in the SDUs at the time of enumeration. Households might lack more than one of the facilities concerned.

^{*} The total number of households living in SDUs was 85 500.

C&SD does not have the relevant figures for 2013 since C&SD did not conduct the Survey that year.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)119

(Question Serial No. 6150)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The number of households with household income less than half of median household income of corresponding household size living in subdivided units by the number of facilities (fresh water supply, independent toilet, windows, independent electricity meter or kitchen cooking area) households lacking in the units in 2013 and 2014.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2406)

Reply:

Owing to sample size constraint, the Thematic Household Survey on Housing Conditions (Survey) conducted by the Census and Statistics Department (C&SD) in 2014 could not provide reliable data for compiling the requested statistics.

C&SD does not have the relevant figures for 2013 since C&SD did not conduct the Survey in 2013.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)120****(Question Serial No. 6152)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (2) Social StatisticsControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

1. Median rent to income ratio of households living in sub-divided units with household income less than median household income by household size.
2. The number of households living in sub-divided units with household income less than half of median household income of corresponding household size by reason for living in the unit.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2407)Reply:

1. Based on data obtained from the Thematic Household Survey on Housing Conditions (Survey) conducted by the Census and Statistics Department (C&SD) in 2014, figures on median rent-to-income ratio of households living in sub-divided units (SDUs) with household income less than the median household income by household size are as follows –

Household size	Median rent-to-income ratio of households [*] living in SDUs [^] with household income less than the median household income (%)
1	48.3
2	41.1
3	40.0
4	40.0
≥ 5	40.0
Overall	40.9

Notes : ^{*} Excluding households whose units were provided by employers, households in rent-free units, households without income, and households which refused to provide information on monthly household income.

[^] Referring to SDUs in private domestic / composite buildings (excluding village houses) aged 25 and above in Hong Kong.

2. Owing to sample size constraint, the Survey could not provide reliable data for compiling the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)121****(Question Serial No. 6160)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (2) Social StatisticsControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

1. Annual and monthly nominal wage index from 1997 to 2015.
2. Annual and monthly real wage index from 1997 to 2015.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2409)Reply:

The nominal wage index and real wage index from 2011 to 2015 are as follows –

Year	Month/Annual	Nominal wage index	Real wage index
2011	3	166.9	113.4
	6	173.4	116.3
	9	177.2	127.1
	12	178.3	117.9
	Annual	174.1	118.8
2012	3	180.3	117.5
	6	182.1	118.2
	9	185.6	127.7
	12	187.5	118.9
	Annual	183.9	120.6

Year	Month/Annual	Nominal wage index	Real wage index
2013	3	188.8	118.3
	6	191.6	118.9
	9	194.6	127.5
	12	195.2	118.7
	Annual	192.6	120.8
2014	3	196.7	118.3
	6	200.3	119.8
	9	202.3	117.9
	12	203.3	115.8
	Annual	200.7	117.9
2015	3	204.8	115.8
	6	209.4	120.1
	9	211.3	120.7
	12	211.9	117.7
	Annual	209.4	118.6

Notes : The nominal wage index and real wage index are compiled based on wage data obtained from the Labour Earnings Survey. The Census and Statistics Department only compiles monthly wage indices for March, June, September and December, as well as annual wage indices.

Wage includes basic wage and other regular and guaranteed allowances and bonuses.

The real wage indices are obtained by deflating the nominal wage indices by the Consumer Price Index (A) (CPI(A)). The real wage indices for reference periods prior to 2016 have been revised following the release of a new series of 2014-15-based CPI(A) in April 2016.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)122****(Question Serial No. 6163)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (2) Social StatisticsControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

1. Median household income of households (excluding foreign domestic helpers) from 2009 to 2015.
2. Median household income of households of corresponding household size (excluding foreign domestic helpers) by the size of households from 2009 to 2015.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2410)Reply:

Based on the data obtained from the General Household Survey conducted by the Census and Statistics Department, the median monthly household income by household size (excluding foreign domestic helpers) for 2011 to 2015 is as follows –

Household size (excluding foreign domestic helpers)	Median monthly household income (HK\$) (excluding foreign domestic helpers)				
	2011	2012 [^]	2013 [^]	2014 [^]	2015 [^]
1	7,000	7,500	7,600	8,000	8,500
2	15,000	16,100	17,100	17,900	18,500
3	21,500	23,700	25,400	26,700	28,400
4	26,000	29,000	31,000	33,000	35,600
5	27,500	30,000	33,000	34,600	37,000
6+	30,000	32,400	35,300	38,400	39,900
Overall	19,600	20,800	22,000	23,000	24,500

[^] Revised figures

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)123

(Question Serial No. 6194)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Has the Department conducted any territory-wide survey on the per capita area of domestic units for the past ten years? If yes, what are the results? What is the per capita living area of Hong Kong?

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 1957)

Reply:

The information concerned for 2016 was collected in the 2016 Population By-census. The relevant statistics on per capita floor area of accommodation occupied by domestic households will be available by the end of 2017.

The Census and Statistics Department does not have the relevant statistics for 2007 to 2015.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)124****(Question Serial No. 6196)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (2) Social StatisticsControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide the residential area, percentage of area to the residential land, and numbers of households, household members as well as the respective units by residential unit type (private residential units, public rental housing, Home Ownership Scheme flats, village houses, etc.) for the past five years.

Residential unit type	Residential area	Percentage of area to the residential land	Number of households	Number of household members	Number of residential units
Private residential units					
Public rental housing					
Home Ownership Scheme flats					
Village houses					
Total					

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 1958)Reply:

The Census and Statistics Department (C&SD) does not have statistics on domestic households, population and occupied quarters by type of quarters for 2012 to 2015. The relevant statistics for 2016 gathered from the 2016 Population By-census are as follows –

Type of quarters	Number of occupied quarters	Number of domestic households	Population ⁽¹⁾
Permanent quarters			
Public rental housing units	763 884	761 905	2 131 553
Subsidised sale flats	384 849	384 006	1 161 166
Private permanent housing units ⁽²⁾	1 336 873	1 329 922	3 901 743
Non-domestic quarters	19 234 ⁽³⁾	12 651 ⁽⁴⁾	87 526
Temporary quarters ⁽⁵⁾	21 186	21 250	54 597
Total	2 526 026	2 509 734	7 336 585

Notes : (1) Including persons not living in domestic households.

(2) Including private residential flats, villas / bungalows / modern village houses and simple stone structures / traditional village houses.

(3) Including quarters in non-residential buildings and collective living quarters (such as elderly homes, hotels and student dormitories).

(4) Excluding households living in collective living quarters.

(5) Including occupied board vessels.

C&SD does not have statistics relating to village houses, residential area and percentage of area to residential land.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)125

(Question Serial No. 6201)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please advise on the average and median sizes of residential units in Hong Kong for the past five years.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 1948)

Reply:

The information concerned for 2016 was collected in the 2016 Population By-census. The relevant statistics on floor area of accommodation occupied by domestic households will be available by the end of 2017.

The Census and Statistics Department does not have the relevant statistics for 2012 to 2015.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)126

(Question Serial No. 6363)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Has the government departments received any complaints from ethnic minorities on the non-provision of timely service due to language barrier for the past three years? If yes, what are the numbers of complaints received by each department? If no, what are the reasons?

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 1545)

Reply:

The Census and Statistics Department does not have the relevant information.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)127****(Question Serial No. 6396)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (2) Social StatisticsControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide the respective numbers of households and domestic units each year for the past five years by 18 Districts.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 1923)Reply:

According to the results of the 2016 Population By-census, statistics on domestic households and occupied quarters by District Council district in 2016 are as follows –

District Council district	Number of domestic households	Number of occupied quarters
Central and Western	87 057	88 557
Wan Chai	65 196	65 719
Eastern	187 134	187 751
Southern	85 505	86 697
Yau Tsim Mong	126 540	127 197
Sham Shui Po	148 304	149 353
Kowloon City	142 409	143 682
Wong Tai Sin	145 489	145 928
Kwun Tong	226 487	227 168
Kwai Tsing	174 800	175 681
Tsuen Wan	109 079	109 552
Tuen Mun	173 378	174 283
Yuen Long	207 336	208 351
North	106 483	107 262
Tai Po	99 339	100 164
Sha Tin	221 821	223 647

District Council district	Number of domestic households	Number of occupied quarters
Sai Kung	147 945	149 203
Islands	55 035	55 434
Total	2 509 337	2 525 629

The Census and Statistics Department does not have the relevant statistics for 2012 to 2015.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)128

(Question Serial No. 6399)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the respective numbers of households and residential units concerning small houses each year for the past five years.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 1924)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)129

(Question Serial No. 6402)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the respective numbers of households and residential units concerning small houses by 18 Districts each year for the past five years.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 1925)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)130

(Question Serial No. 6404)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the respective numbers of households and residential units concerning village houses each year for the past five years.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 1926)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)131

(Question Serial No. 6406)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the respective numbers of households and residential units concerning village houses by 18 Districts each year for the past five years.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 1927)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)132

(Question Serial No. 6414)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the respective numbers of units with mortgage payment by mortgage level (primary mortgage, second mortgage, tertiary mortgage...) in the territory for the past five years (and the latest information).

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 1959)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)133

(Question Serial No. 6415)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the respective numbers of domestic units with mortgage payment by mortgage level (primary mortgage, second mortgage, tertiary mortgage...) in the territory for the past five years (and the latest information).

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 1961)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)134****(Question Serial No. 6460)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (2) Social StatisticsControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide the respective numbers of households and residential units by types of quarters (public rental housing, Home Ownership Scheme flats, private residential flats, small houses, village houses, etc.) each year for the past five years.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 1919)Reply:

The Census and Statistics Department (C&SD) does not have statistics on domestic households and occupied quarters by type of quarters for 2012 to 2015. The relevant statistics for 2016 gathered from the 2016 Population By-census are as follows –

Type of quarters	Number of occupied quarters	Number of domestic households
Permanent quarters		
Public rental housing units	763 884	761 905
Subsidised sale flats	384 849	384 006
Private permanent housing units ⁽¹⁾	1 336 873	1 329 922
Non-domestic quarters	19 234 ⁽²⁾	12 651 ⁽³⁾
Temporary quarters ⁽⁴⁾	21 186	21 250
Total	2 526 026	2 509 734

Notes : (1) Including private residential flats, villas / bungalows / modern village houses and simple stone structures / traditional village houses.

(2) Including quarters in non-residential buildings and collective living quarters (such as elderly homes, hotels and student dormitories).

(3) Excluding households living in collective living quarters.

(4) Including occupied board vessels.

C&SD does not have a separate breakdown of statistics related to small house and village house.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)135

(Question Serial No. 6481)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the respective numbers of households and residential units in rooftop houses for the past five years by 18 Districts.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 1931)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)136

(Question Serial No. 6557)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the average ratios of monthly repayment to monthly income of the applicants among the newly approved applications for residential mortgage for the past five years.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 1970)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)137

(Question Serial No. 6564)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the ratios of annual repayment to income among the newly approved applications for residential mortgage for the past five years.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 1973)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)138****(Question Serial No. 6578)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (-) Not SpecifiedControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide by district the rent-to-income ratios for tenants of private housing units in Hong Kong (the lowest, the 25th, median, the 75th and the highest percentiles) for the past five years (including the latest information).

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2278)Reply:

According to the summary results of the 2016 Population By-census announced in end February 2017, the median rent to income ratio for households living in rental accommodation in private permanent housing in Hong Kong in 2016 are as follows –

Type of quarters	Median rent to income ratio (%) ⁽¹⁾
Private permanent housing	
Private residential flats	30.7
Other quarters in private permanent housing ⁽²⁾	20.6

Notes: (1) Refers to the percentage of household income paid on household rent in June 2016 of a domestic household renting the accommodation it occupies. Households with zero income and/or zero rent are excluded in the calculation.

(2) Including villas / bungalows / modern village houses and simple stone structures / traditional village houses.

The relevant statistics by geographical region and percentile will be available in mid-2017.

The Census and Statistics Department does not have the relevant statistics for 2012 to 2015.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)139

(Question Serial No. 6580)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide by family size the unit rent for tenants of private housing units in Hong Kong (the lowest, the 25th, median, the 75th and the highest percentiles) for the past five years (including the latest information).

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2279)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)140

(Question Serial No. 6582)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide by district the unit rent for tenants of private housing units in Hong Kong (the lowest, the 25th, median, the 75th and the highest percentiles) for the past five years (including the latest information).

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2280)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)141

(Question Serial No. 6586)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide by district the rentals for tenants of private housing units with an area less than 40 square metres in Hong Kong (the lowest, the 25th, median, the 75th and the highest percentiles) for the past five years (including the latest information).

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2281)

Reply:

The information concerned for 2016 was collected in the 2016 Population By-census. The relevant statistics analysed by floor area of accommodation occupied by domestic households will be available by the end of 2017.

The Census and Statistics Department does not have the relevant statistics for 2012 to 2015.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)142

(Question Serial No. 6588)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide by family size the rental-to-income ratios for tenants of private housing units with an area less than 40 square metres in Hong Kong (the lowest, the 25th, median, the 75th and the highest percentiles) for the past five years (including the latest information).

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2282)

Reply:

The information concerned for 2016 was collected in the 2016 Population By-census. The relevant statistics analysed by floor area of accommodation occupied by domestic households will be available by the end of 2017.

The Census and Statistics Department does not have the relevant statistics for 2012 to 2015.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)143

(Question Serial No. 6592)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Has the government or Central Policy Unit conducted any survey on the value of the capital assets of Hong Kong people for the past ten years? If yes, what are the results? Please list out the numbers of families and persons by the value of capital assets (\$0 – \$50,000 ; \$50,000 – \$100,000 ; \$100,000 – \$200,000 ; \$200,000 – \$500,000 ; \$500,000 – \$1,000,000 ; \$1,000,000 – \$2,000,000 ; \$2,000,000 – \$5,000,000).

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2384)

Reply:

Neither the Census and Statistics Department nor the Central Policy Unit has the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)144

(Question Serial No. 6611)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide by district the rental-to-income ratios for tenants of private housing units with an area less than 40 square metres in Hong Kong (the lowest, the 25th, median, the 75th and the highest percentiles) for the past five years (including the latest information).

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2293)

Reply:

The information concerned for 2016 was collected in the 2016 Population By-census. The relevant statistics analysed by floor area of accommodation occupied by domestic households will be available by the end of 2017.

The Census and Statistics Department does not have the relevant statistics for 2012 to 2015.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)145

(Question Serial No. 6612)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide by family size the unit rent for tenants of private housing units with an area less than 40 square metres in Hong Kong (the lowest, the 25th, median, the 75th and the highest percentiles) for the past five years (including the latest information).

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2294)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)146

(Question Serial No. 6613)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide by district the unit rent for tenants of private housing units with an area less than 40 square metres in Hong Kong (the lowest, the 25th, median, the 75th and the highest percentiles) for the past five years (including the latest information).

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2295)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)147****(Question Serial No. 6626)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (-) Not SpecifiedControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide by family size the rental-to-income ratios for tenants of private housing units in Hong Kong (the lowest, the 25th, median, the 75th and the highest percentiles) for the past five years (including the latest information).

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2269)Reply:

According to the summary results of the 2016 Population By-census announced in end February 2017, the median rent to income ratio for households living in rental accommodation in private permanent housing in Hong Kong in 2016 are as follows –

Type of quarters	Median rent to income ratio (%) ⁽¹⁾
Private permanent housing	
Private residential flats	30.7
Other quarters in private permanent housing ⁽²⁾	20.6

Notes: (1) Refers to the percentage of household income paid on household rent in June 2016 of a domestic household renting the accommodation it occupies. Households with zero income and/or zero rent are excluded in the calculation.

(2) Including villas / bungalows / modern village houses and simple stone structures / traditional village houses.

The relevant statistics by household size and percentile will be available in mid-2017.

The Census and Statistics Department does not have the relevant statistics for 2012 to 2015.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)148****(Question Serial No. 6641)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (2) Social StatisticsControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide by district the rentals for tenants of private housing units in Hong Kong (the lowest, the 25th, median, the 75th and the highest percentiles) for the past five years (including the latest information).

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 2266)Reply:

According to the summary results of the 2016 Population By-census announced in end February 2017, the median monthly domestic household rent for households living in rental accommodation in private permanent housing in Hong Kong in 2016 are as follows –

Type of quarters	Median monthly domestic household rent (HK\$) ⁽¹⁾
Private permanent housing	
Private residential flats	10,000
Other quarters in private permanent housing ⁽²⁾	6,000

Notes: (1) Refers to household rent paid in June 2016 by a domestic household renting the accommodation it occupies. Households with zero rent are excluded in the calculation.

(2) Including villas / bungalows / modern village houses and simple stone structures / traditional village houses.

The relevant statistics by geographical region and percentile will be available in mid-2017.

The Census and Statistics Department does not have the relevant statistics for 2012 to 2015.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)149****(Question Serial No. 6758)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (2) Social StatisticsControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide the population distribution of infants and young children in Hong Kong in the past five years.

	The population of infants and young children		
	Aged 0	Aged 1	Aged 2
Central and Western			
Eastern			
Islands			
Southern			
Wan Chai			
Kwai Tsing			
Tsuen Wan			
Tuen Mun			
Yuen Long			
North			
Sha Tin			
Tai Po			
Kowloon City			
Kwun Tong			
Sai Kung			
Sham Shui Po			
Wong Tai Sin			
Yau Tsim Mong			

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 5034)

Reply:

The information concerned for 2016 was collected in the 2016 Population By-census and the relevant statistics will be available in mid-2017.

The Census and Statistics Department does not have the relevant statistics for 2012 to 2015.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)150****(Question Serial No. 7066)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (2) Social StatisticsControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide the respective numbers of children for households with income less than 50%, 60%, 70% and 80% of the median household income.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 5083)Reply:

Based on data obtained from the General Household Survey conducted by the Census and Statistics Department, the number of persons aged below 18 residing in households with monthly household income less than 50%, 60%, 70% and 80% of median monthly household income of the corresponding household size (excluding foreign domestic helpers) for 2015 is as follows —

Number of persons aged below 18			
Monthly household income less than 50% of median monthly household income of the corresponding household size	Monthly household income less than 60% of median monthly household income of the corresponding household size	Monthly household income less than 70% of median monthly household income of the corresponding household size	Monthly household income less than 80% of median monthly household income of the corresponding household size
224 200	318 400	380 400	452 200

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)151

(Question Serial No. 7149)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Has the government departments received any complaints from ethnic minorities on the non-provision of timely service due to language barrier for the past three years? If yes, what are the numbers of complaints received by each department? If no, what are the reasons?

In respect of the above, how do the government departments follow up on and handle these complaints?

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 1546)

Reply:

The Census and Statistics Department does not have the relevant information.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)152****(Question Serial No. 4846)**Head: (26) Census and Statistics DepartmentSubhead (No. & title): ()Programme: (2) Social StatisticsControlling Officer: Commissioner for Census and Statistics (Leslie TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide the number of births from 2012 to 2016 in the table below:

Year	With parents being Hong Kong residents	With one of the parents being non-Hong Kong residents	With both parents being non-Hong Kong residents

Asked by: Hon. IP Kin-yuen (Member Question No. 144)Reply:

The live births information provided by the Immigration Department to the Census and Statistics Department does not include information on whether the babies' parents are Hong Kong residents. The total number of live births in Hong Kong and the figures of live births born in Hong Kong to Mainland women from 2012 to 2016 are as follows –

Year	Total no. of live births ⁽¹⁾	Of which no. of live births born in Hong Kong to Mainland women			
		whose spouses are Hong Kong Permanent Residents	whose spouses are not Hong Kong Permanent Residents ⁽²⁾	Others ⁽³⁾	Sub-total
2012	91 558	4 698	26 715	1 786	33 199
2013	57 084	4 670	790	37	5 497
2014	62 305	5 179	823	22	6 024
2015	59 878	4 775	775	16	5 566

2016	60 843 [#]	4 370	606	3	4 979
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- Notes :
- (1) The figures refer to births actually taking place in that reference period.
 - (2) Including Hong Kong Non-permanent Residents (such as persons from the Mainland having resided in Hong Kong for less than 7 years) and non-Hong Kong residents.
 - (3) Mainland mothers did not provide the fathers' resident status during birth registration.
 - # Provisional figure.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)153

(Question Serial No. 5058)

Head: (26) Census and Statistics Department

Subhead (No. & title): (000) Operating expenses

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Census and Statistics Department expects that there will be a net decrease of 12 permanent posts in 2017–18. Yet, statistical work is important for social and economic development. Although the reduction of 12 posts from 1 255 permanent posts does not seem substantial, such reduction will have certain impacts on morale and workload. In this connection, please inform this Committee of the reasons for reducing such posts, and the job nature, ranks, salary points, salaries and fringe benefits of the 12 posts.

Asked by: Hon LEUNG Kwok-hung (Member Question No. 582)

Reply:

The net decrease of 12 permanent posts in 2017-18 results from the deletion of certain time-limited posts which will no longer be required upon completion of the 2016 Population By-census. These posts include Senior Systems Manager, Senior Statistician, Senior Statistical Officer, and Statistical Officer I. The annual salary provision for each post is \$1.37 million, \$1.37 million, \$0.71 million and \$0.54 million respectively.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)154

(Question Serial No. 5059)

Head: (26) Census and Statistics Department

Subhead (No. & title): (000) Operating expenses

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

There are seven directorate civil servants in the Census and Statistics Department this year. Please inform this Committee of the respective ranks, pay scales, salaries and fringe benefits of each of these seven directorate civil servants.

Asked by: Hon LEUNG Kwok-hung (Member Question No. 583)

Reply:

Of the seven directorate posts in the Census and Statistics Department, one is at the rank of Commissioner for Census and Statistics, one at the rank of Deputy Commissioner for Census and Statistics, and five at the rank of Assistant Commissioner for Census and Statistics. The annual salary provision for each post is \$2.8 million, \$2.39 million and \$2.06 million respectively. Expenditures on fringe benefits for these incumbents are included in other relevant heads of expenditure.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)155

(Question Serial No. 3323)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Does the Department provide sign language interpretation services? If yes, what are the manpower and expenditure involved? If no, what are the reasons?

Asked by: Hon LEUNG Yiu-chung (Member Question No. 62)

Reply:

The Census and Statistics Department does not provide sign language interpretation service as there has been no request for such service to date.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)156

(Question Serial No. 3345)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding outsourcing of service in your department, please inform this Committee of the following in respect of the past 3 years:

1. the total number of outsourced service staff working for your department and the percentage of outsourced service staff against the total number of staff with the same types of duties in your department;
2. the total expenditure on staff of your department; the total amount paid to outsourced service providers; and the percentage of amount paid to outsourced service providers against the total expenditure on staff of your department; and
3. the nature of your department's outsourced services and the duration of the relevant contracts.

In addition, according to the Government's guidelines for tendering of outsourced services revised last year, if the procured service relies heavily on the deployment of non-skilled workers, and a marking scheme for assessing the tenders is adopted, the procuring department, when assessing the tenders, should include in the assessment criteria the evaluation of tenderers' proposed wage rates and working hours for non-skilled workers. In this regard, please inform this Committee of the following:

4. the current number of outsourced service contracts involving a large number of non-skilled workers awarded by your department since implementation of the guidelines;
5. the departments which have adjusted their assessment criteria in respect of wage rates and working hours for the outsourced service contracts involving a large number of non-skilled workers in the light of the new guidelines since their implementation; how your department has made adjustment; and if no relevant information is available, the reasons for it;

6. whether there have been any rises in the average wage rates for workers in the contracts of outsourced services that rely heavily on deployment of non-skilled workers since the implementation of the guidelines; if yes, the number of contracts with rises in wage rates; if no relevant information is available, the reasons for it;
7. your department's measures to evaluate the effectiveness of the new tendering guidelines;
8. whether your department is required to adopt the existing mechanism of two-envelope assessment of the technical and price aspects when evaluating tenders for contracts of outsourced service; if no, the number of contracts awarded without adopting the existing mechanism of two-envelope assessment of the technical and price aspects in the past 3 years;
9. the annual numbers of cases of government service contractors breaching the service contracts, the Employment Ordinance or the Occupational Safety and Health Ordinance as revealed by the inspections conducted by your department, and the annual numbers of complaints lodged by the outsourced service staff;
10. the details of follow-up actions on the aforementioned non-compliance and complaint cases; and
11. the number and details of cases involving contractors being punished for non-compliance or sustained complaints.

Asked by: Hon LEUNG Yiu-chung (Member Question No. 90)

Reply:

(1)-(7)

From 2014-15 to 2016-17, the outsourced contracts in the Census and Statistics Department (C&SD) were mainly for the conduct of statistical surveys as well as the provision of information technology services and other services supporting this Department in delivering its services. Duration of the contracts depended on the needs of the respective services and these contracts did not involve deployment of a large number of non-skilled workers. As most of the contract fees were not calculated on the basis of the total number of outsourced service staff employed for delivery of the services, we are not able to provide the total number of outsourced service staff employed and the percentage of outsourced service staff against the total number of staff with the same types of duties in C&SD. On the other hand, as the fees of most of these contracts covered expenditures other than the cost of outsourced service staff, we should not directly compare the amount paid to outsourced service providers against the total expenditure on staff of C&SD.

(8)-(11)

C&SD will, in accordance with the "Stores and Procurement Regulations" and relevant guidelines of the Government, adopt appropriate mechanism to assess the quotations and proposals from outsourced service providers. We are not aware of any breach of service

contracts, the Employment Ordinance or the Occupational Safety and Health Ordinance by the contractors and did not receive any complaints from outsourced service staff from 2014-15 to 2016-17.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)157

(Question Serial No. 4329)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please advise on the average and median sizes of residential units in Hong Kong by residential unit type (private residential units, Home Ownership Scheme flats and public rental housing) for the past five years.

Asked by: Hon SHIU Ka-chun (Member Question No. 34)

Reply:

The information concerned for 2016 was collected in the 2016 Population By-census. The relevant statistics on floor area of accommodation occupied by domestic households will be available by the end of 2017.

The Census and Statistics Department does not have the relevant statistics for 2012 to 2015.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)158

(Question Serial No. 4330)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please advise on the per capita living area and median sizes of residential units in Hong Kong by residential unit type (private residential units, Home Ownership Scheme flats and public rental housing) for the past five years.

Asked by: Hon SHIU Ka-chun (Member Question No. 35)

Reply:

The information concerned for 2016 was collected in the 2016 Population By-census. The relevant statistics on floor area and per capita floor area of accommodation occupied by domestic households will be available by the end of 2017.

The Census and Statistics Department does not have the relevant statistics for 2012 to 2015.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)159

(Question Serial No. 4333)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the average ratios of monthly repayment to monthly income of the applicants and ratios of annual repayment to income among the newly approved applications for residential mortgage for the past five years.

Asked by: Hon SHIU Ka-chun (Member Question No. 47)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)160

(Question Serial No. 4340)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the numbers of property owners in Hong Kong for the past five years by listing the figures for each year according to the numbers of properties owned by the property owners (i.e. owners of one property; owners of two to ten properties; owners of 11 to 30 properties; owners of 31 to 50 properties; owners of 51 to 100 properties; and owners of over 100 properties).

Asked by: Hon SHIU Ka-chun (Member Question No. 58)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)161

(Question Serial No. 4342)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Has the Department conducted any territory-wide survey on small houses and village houses, including the respective numbers of residential units and households as well as the household characteristics for the past ten years? If yes, what are the details? If no, what are the reasons?

Asked by: Hon SHIU Ka-chun (Member Question No. 71)

Reply:

Information concerning households and population of all types of quarters in Hong Kong was collected in the 2011 Population Census and the 2016 Population By-census. However, the Census and Statistics Department does not have a separate breakdown of statistics related to small houses and village houses.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)162

(Question Serial No. 4346)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide by district the number of buildings involved in private redevelopment projects, the number of residential units and the number of households affected in the past five years.

Asked by: Hon SHIU Ka-chun (Member Question No. 80)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(FS)163****(Question Serial No. 5205)**

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (6) Labour Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In its work on labour statistics, the Census and Statistics Department (C&SD) states that it will “enhance the labour statistics compilation framework so that comprehensive, timely and reliable statistics can be made available to facilitate the related policy reviews and formulation”. Yet, there is inconsistency in the industry classification among the publications and tables of labour force. For example, the “Manpower Requirement Projection to 2018 by Economic Sector” is presented based on major industry groups (according to Hong Kong Standard Industrial Classification Version 2.0), in which the retail trade, import and export trade as well as wholesale are subsumed under the statistical category “MG5”. However, the retail trade and accommodation and food services are grouped together in the table on number of employed persons by industry and occupation (possibly by making reference to the grouping of industries in SS5 Tourism under strategic sectors and sub-sectors). This will cause confusion when the public make reference to the statistics. In this connection, will the Government inform this Committee whether C&SD will review the way of presentation when releasing the relevant statistics in the future, such as using a more detailed statistical classification? If yes, please provide information on the expected progress of work? If no, what are the reasons?

Asked by: Hon YIU Chung-yim (Member Question No. 117)

Reply:

The Census and Statistics Department (C&SD) basically adopts the Hong Kong Standard Industrial Classification Version 2.0 in classifying the industry breakdowns of the labour statistics it compiled. At the same time, C&SD also compiles and disseminates statistics on industry segments of general interest (such as the consumption- and tourism-related segment, viz. the retail, accommodation and food services industries as a whole) to cater for the needs of data users. The statistical tables released by C&SD through its website and statistical reports constitute only a portion of the statistics that can be provided, and users are most welcome to contact the Department when they require more detailed statistics or statistics classified in a different way. Moreover, C&SD conducts reviews annually on the statistical tables

released, taking into account users' views and latest data needs and will enhance the presentation format of the tables and provide more detailed industry breakdowns as appropriate.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)164

(Question Serial No. 5206)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the work of social statistics, the Census and Statistics Department states that population censuses/ by-censuses will be conducted at five-yearly intervals, in which data will also be collected in Tertiary Planning Units (TPUs) based on the classification by the Planning Department. A TPU with less than 1 000 persons is merged with adjacent TPU(s) for production of the fact sheet. Although the aforesaid arrangement can take into account data precision, it is difficult for the public to understand the situation of individual areas with sparse population. In this connection, will the Government inform this Committee whether the merging of sparsely populated TPUs will be cancelled when the relevant statistics are handled in the future? If no, what are the reasons? Please also advise on the establishment and ranks of staff responsible for reviewing the statistical method and classification of population censuses.

Asked by: Hon YIU Chung-yim (Member Question No. 118)

Reply:

In disseminating the results of population censuses / by-censuses, the Census and Statistics Department (C&SD) must safeguard the privacy of individual respondents. If figures relating to sparsely populated districts are disseminated and data users are familiar with the characteristics of the people therein, individual respondents may be identified. Moreover, C&SD must consider the precision and reliability of the figures.

Having regard to the above, in disseminating statistics of a sparsely populated Tertiary Planning Unit (TPU), the TPU is grouped with adjacent TPU(s) in the released figures. C&SD has no plan to change this arrangement.

Within C&SD, one Senior Statistician and one Statistician are responsible for the overall planning of population censuses / by-censuses, including statistical methodology and classification.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)165

(Question Serial No. 5355)

Head: (26) Census and Statistics Department

Subhead (No. & title): ()

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide a breakdown of persons working or attending schools in other districts by different modes of transport in the past three years.

Asked by: Hon YIU Chung-yim (Member Question No. 163)

Reply:

The information concerned for 2016 was collected in the 2016 Population By-census and the relevant statistics will be available in mid-2017.

The Census and Statistics Department does not have the relevant statistics for 2014 and 2015.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)166

(Question Serial No. 3363)

Head: (116) Official Receiver's Office

Subhead (No. & title): ()

Programme: Not Specified

Controlling Officer: Official Receiver (MCKENNA Phyllis)

Director of Bureau: Not Specified

Question:

Regarding the outsourced services in your department, please advise this Committee on:

1. the total numbers of outsourced workers and their percentages against the total numbers of staff engaged in similar duties in your department over the past 3 years;
2. the total staff costs of your department, the total amount paid to outsourced service providers, and the percentages of payment for outsourced service providers against the total staff costs of your department over the past 3 years;
3. the nature of the outsourced services and the length of contracts for your department over the past 3 years.

Besides, the Government revised the guidelines on tendering for outsourced services last year, stating that if the outsourced services involve employment of a large number of non-skilled workers and assessment of tenders through the marking scheme, then in evaluating the tenders, the procuring departments have to include the wages and working hours of non-skilled workers as proposed by the tenderers as items of assessment. In this regard, please advise this Committee on:

4. the number of existing outsourced service contracts involving a large number of non-skilled workers which were awarded by your department after implementation of the guidelines;
5. the departments revising the assessment criteria on wages and working hours in the outsourced service contracts which involve a large number of non-skilled workers as a result of implementation of the new guidelines, the revision(s) made by your department, and if such information is not available, the reasons for that;
6. whether the average wages for outsourced service contracts involving a large number of non-skilled workers have increased after implementation of the guidelines; if yes, the

number of contracts involving increase in wages; if such information is not available, the reasons for that;

7. the measures adopted by your department to assess the effectiveness of the new tendering guidelines;

8. whether your department has to adopt the existing mechanism of two-envelope assessment on “technical and price aspects” in evaluating the tenders for outsourced service contracts; if not, the number of contracts awarded without using the existing mechanism of two-envelope assessment on “technical and price aspects” over the past 3 years;

9. the respective yearly numbers of cases where outsourced service providers of the Government were found breaching the service contracts, the Employment Ordinance, and the **Occupational Safety and Health Ordinance** upon inspection by your department, as well as complaints received from outsourced workers;

10. details of the follow-up on such breaches and complaints;

11. the number and details of cases where the contractors were penalized as a result of substantiated breaches or complaints.

Asked by: Hon LEUNG Yiu-chung (Member Question No. 121)

Reply:

(1)-(7)

From 2014-15 to 2016-17, the outsourced contracts in the Official Receiver’s Office (ORO) were mainly for handling specified individual bankruptcy and company winding-up cases, and supporting ORO in delivering its services. Duration of the contracts depended on the needs of the respective services and these contracts did not involve deployment of a large number of non-skilled workers. As most of the contract fees were not calculated on the basis of the total number of outsourced service staff employed for the delivery of the services, we are not able to provide the total number of outsourced service staff employed. Also, the outsourced service providers and the ORO are different in terms of their staff establishment and job duties, and as such, it is difficult to make a comparison between the outsourced service providers and the number of staff engaged in similar duties within the ORO. On the other hand, as the fees of most of these contracts also covered expenditures other than the cost of outsourced service staff, we should not directly compare the amount paid to outsourced service providers against the total expenditure on staff of ORO.

(8)-(11)

ORO will, in accordance with the “Stores and Procurement Regulations” and relevant guidelines of the government, adopt appropriate mechanism to assess the quotations and proposals from outsourced service providers. No breach of the service contracts, Employment Ordinance or the Occupational Safety and Health Ordinance by the contractors had been found during our inspections and we did not receive any complaint from outsourced service staff from 2014-15 to 2016-17.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)167

(Question Serial No. 3385)

Head: (116) Official Receiver's Office

Subhead (No. & title): ()

Programme: Not Specified

Controlling Officer: Official Receiver (MCKENNA Phyllis)

Director of Bureau: Not Specified

Question:

Does your department provide sign language interpretation service? If yes, what are the number of staff and the staffing expenditure involved? If no, what are the reasons?

Asked by: Hon LEUNG Yiu-chung (Member Question No. 181)

Reply:

The Official Receiver's Office does not provide sign language interpretation service as there has been no request for such service to date.

- End -