

Proposal to Give a Sum of \$6,000 to Eligible Citizens

On March 2, 2011, the Financial Secretary announced a number of adjustments to the 2011-12 Budget. One of the proposals is to give each Hong Kong Permanent Identity Card holder aged 18 or above a sum of \$6,000. This proposal leaves wealth with the people and also responds to public demands.

2. According to Article 24 of the Basic Law and Hong Kong legislation, residents of HKSAR shall include permanent residents and non-permanent residents. It is estimated that there are about 6.1 million and 1.1 million people aged 18 or above who are holders of permanent identity cards and non-permanent identity cards respectively. Holders of non-permanent identity cards comprise different groups of people, such as new arrivals, imported labour, foreign domestic helpers and others who come to Hong Kong for work or study, etc. Extending the proposal to non-permanent residents may not fit in with the objective to leave wealth with the people. Under Hong Kong law, a person attains full age on attaining the age of 18 years. Therefore, we propose that only Hong Kong Permanent Identity Card holders aged 18 or above would be given a sum of \$6,000. This is in line with the aim of leaving wealth with the people, and is a reasonable arrangement.

3. We are now working out the implementation details of this proposal. Since other places (such as Macao and Singapore) have implemented similar measures, it is only natural that people will make comparison. We would like to highlight a few considerations. First, the legal requirements for the protection of personal data privacy may vary from place to place. In Hong Kong, we consider the proper handling of personal data one of the key consideration in the implementation of the proposal. Secondly, the Financial Secretary's proposal is not a so-called "cash handout". Those who apply and are eligible may, having regard to their own wish, withdraw the sum upfront or choose to defer withdrawal in order to accumulate "savings bonus". Therefore, we must provide ways for eligible persons to exercise their choice. Those who do not want to receive the \$6,000 may also choose not to register for receiving the payment.

4. We need to establish a platform which can facilitate people's registration for and

collection of the payment without compromising the protection of privacy. We are now discussing with banks to see if we can make use of the existing banking network in building that platform. We have adopted this approach because banks already have the infrastructure, systems and experience required for handling customers' personal data and providing deposit and withdrawal services. In addition, there are about 1,200 bank branches in Hong Kong and many eligible persons already have bank accounts. Making use of the banking network to process registration and handle payment should be convenient for members of the public.

5. Our preliminary view is that some staggering arrangements should be made when implementing the proposal. This is to avoid bunching of over six million registrations within a short period of time, which will cause inconvenience to the public and may overload the system. In doing so, we must be careful in striking the right balance. If we spread out the registration and payment over a longer period of time, the process may become smoother. However, some may consider it unfair if they have to wait longer before their cases will be handled.

6. As mentioned above, one of the features of the proposal is that if people choose to keep the \$6,000 as "savings" and defer withdrawal for a certain period of time, they will receive "bonus". This arrangement will provide the public with an extra option. It may also help stagger registrations.

7. As regards the implementation timetable, we will finalise the details of the proposal as soon as possible and submit it to the relevant Legislative Council Panel for discussion in accordance with the established procedures. We will then seek funding approval from the Finance Committee. Once funding approval is given, we will immediately take forward the specific arrangements and announce the details so that registration will start as soon as possible. Since we are still at the planning stage, the timetable for inviting registration and making payment has yet to be confirmed.

8. The total estimated expenditure for this proposal and the exact requirements in 2011-12 are not known at this stage. With a sum of \$6,000 each for some 6.1 million eligible persons, and allowing a margin for expenditure on savings bonus and administrative cost, our rough estimate is that the proposal will cost about \$37 billion. Assuming 80% of the total expenditure will be required in 2011-12, \$29.6 billion will be earmarked under Head 106 Subhead 789. As in the case of other measures which require the approval of the Finance Committee, we will seek funding approval from the Committee in accordance with the established mechanism as soon as we have

finalised the implementation details. We will also set out in the relevant paper the best estimates of the total expenditure for this proposal and the amount required in 2011-12. Subject to the approval of the Finance Committee, we will create a new item under Head 147 Subhead 700 for which the Permanent Secretary for Financial Services and the Treasury (Treasury) will be the Controlling Officer. The expenditure estimate for this item in 2011-12 will be deducted from Head 106 Subhead 789.