LCQ2: Various funds set up by the Government

Wednesday, June 29, 2011

Following is a question by Professor Hon Patrick Lau and a reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (June 29):

Question:

Each year, a significant amount of funding is earmarked in the Budget for the Government to set up various funds, through which subsidies are granted to individuals and institutions to organise programmes and activities for specific purposes. Regarding the subsidies granted from these funds, will the Government inform this Council:

(a) in the past five years, of the total amount of government funding allocated to the funds set up by it; and the respective percentages of the amount of subsidies granted from these funds in the amount of funding allocated (and the respective actual amounts), as well as the starting dates of accepting applications for subsidies and the deadlines for applications (list by the various funds);

(b) of the channels through which the Government had conducted publicity and encouraged members of the public, organisations or professional institutions to apply for subsidies under the aforesaid funds in the past five years; whether it had assessed their effectiveness; if it had, of the details; if not, the reasons for that; and

(c) whether it has assessed if the rates of subsidies granted in the past five years from various funds were on the low side; if the rates were on the low side, of the reasons for that; whether it has reviewed the existing mechanism, so as to improve the operation and utilisation of funding of various funds; if it has, of the details; if not, the reasons for that?

Reply:

President,

(a) From 2006-07 to 2010-11, the Government injected about $37 billion into 16 funds set up for specific purposes. During this five-year period, we also created new or increased existing non-recurrent commitments for eight funds, involving a total of about $4 billion.

The amount of government injection into individual funds and the actual amounts used by these funds during the above five-year period are listed in Annex I. The commitments created or increased for individual funds and their actual expenditure are listed in Annex II.

Of the 24 funds mentioned above, some (e.g. the Emergency Relief Fund) have set application periods with start and end dates only for some individual projects. For those set up as seed money funds, they mainly make use of the investment returns generated from the capital to meet their operational needs. In these cases, the percentage of government injection used does not reflect the utilisation of the funds concerned. We have set out the information requested by the Honourable Member in Annex I and Annex II where applicable, including the actual amounts used under the funds as a percentage of government injection for the period from 2006-07 to 2010-11.

I wish to point out that a number of funds were established before 2006-07 and had accumulated balances on April 1, 2006. Therefore, their expenditure for the period from 2006-07 to 2010-11 may be higher than the government injection in the same period. We have provided explanatory notes for the relevant items in the Annexes.

(b) and (c) Different funds provide different services and serve different target groups. Some of the funds (e.g. the Trust Fund for Severe Acute Respiratory Syndrome) no longer receive new applications and therefore have no further promotion plans in hand. The relevant policy bureaux, departments or funds mount publicity having regard to their target clients.

Some of the funds (e.g. the Hong Kong Paralympians Fund) may invite applications for grants from specific groups only, and therefore have not launched any extensive promotion campaign.

Most of the funds mount general publicity by:

1. Distributing leaflets, posters and pamphlets.

2. Publishing articles or placing advertisements for publicity and media coverage.

3. Introducing the funds in detail and announcing application information on the websites.

4. Issuing press releases, answering press enquiries and arranging media interviews.

5. Sending circulars and invitation letters to target applicants/clients such as schools/academic institutions, relevant sectors, trade associations, professional bodies, etc.

6. Organising seminars, briefings and experience sharing sessions to introduce the operation of the funds and explain details for making application.

The policy bureaux/departments responsible for managing the funds or the executive committees/management committees etc of the funds will monitor and review the operation of the funds, including their publicity programmes and utilisation.

Of the above-mentioned funds, four were set up as seed money funds. As mentioned in part (a) of my reply, the actual amounts used under such funds as a percentage of the government injection do not reflect their utilisation. As for the other funds, in the period from 2006-07 to 2010-11, the actual expenditure as a percentage of government injection/commitment was 75% or more for eight funds and 50% or more for another three funds. Three of the funds spent less than 10%, and more details are provided as follows -

1. The Pilot Green Transport Fund has only started taking applications in late March 2011.

2. The purpose of the Elder Academy Development Foundation is to sustain the long-term development of the Scheme rather than disbursement of its funding within a short period of time. The Labour and Welfare Bureau (LWB) considers that funding has been expended in tandem with the development of the Scheme.

3. The projects supported by the Child Development Fund are launched in batches and they all receive disbursement by instalment over a three-year period. As a result, the actual expenditure of the Fund will be relatively low in the initial years. The Fund's current expenditure does not provide a good basis for assessing its utilisation and effectiveness. LWB expects that when more projects come on stream, the expenditure of the Fund will increase significantly.

Ends