

**Special Meetings of the Finance Committee
to Examine the Estimates of Expenditure 2010-11
Secretary for Financial Services and the Treasury**

Public Finance

(12:30pm – 1:00 pm on 22 March 2010)

Speaking Notes

Chairman and Members,

This session is mainly for examining the expenditure estimates of the Treasury Branch and related departments. The Treasury Branch is responsible for the oversight of several programmes, which cover revenue and financial control, provision of support services within the Government and maintenance of government properties. Before the question session begins, I would like to brief Members on some points.

Estimates by Policy Areas

The estimated total recurrent expenditure for the above-mentioned programmes for 2010-11 is \$5.847 billion, with about \$2.8 billion on revenue and financial control, around \$2.2 billion on provision of support services within the Government, and about \$0.7 billion on maintenance of government properties. The estimated expenditure for these three programmes for 2010-11 only differ slightly to the revised estimate for 2009-10.

Key Areas of Work in the Coming Year

As regards the key areas of work in the coming year, we will continue to adhere to the basic principles of public finances, including fiscal prudence, keeping expenditure within the limits of revenues, and maintaining a low and simple tax regime.

I would like to highlight the following key areas of work:

- In last year's Budget, the Financial Secretary announced that we would introduce legislative amendments so that Hong Kong can adopt the latest international standard on exchange of information in **comprehensive double taxation agreements** (CDTAs). The relevant amendments took effect in the middle of this month. Last Saturday, the Financial Secretary signed a CDTA with Brunei. We will also sign CDTAs with the Netherlands and Indonesia today and tomorrow. We are now in negotiation over CDTAs with a number of countries and have almost reached agreement with them. I look forward to concluding more CDTAs with our trading partners in 2010-11, thereby enhancing Hong Kong's position as an international business and financial centre.

- We also plan to introduce a bill into the LegCo within this legislative session to **implement the initiatives** for the one-off **tax concession** and for accelerating the **tax deduction** for capital expenditure on environment-friendly vehicles as mentioned in the **2010-11 Budget**. Moreover, it is proposed in the Budget that capital expenditure on purchases of registered trademarks, copyrights and registered designs be entitled to profits tax deduction. We will prepare the detailed proposals for the bill to be introduced into the LegCo in order to implement these initiatives.
- To ensure more efficient use of land resources, we will formulate plans to gradually relocate the 27 policy bureaux/departments in the three **government office buildings at the Wan Chai waterfront** to other districts. We will start to identify suitable sites and study the feasibility of making use of old industrial buildings in the relocation of the departments affected. Because of its enormous scale, the relocation exercise is expected to take many years to complete.
- Regarding the maintenance of government buildings and facilities, we will step up our **preventive maintenance work** in light of the ageing of government buildings and facilities. Under the new strategy, we will formulate timely and appropriate preventive maintenance measures by conducting more regular inspections and comprehensive investigation, and developing a management and information system with details of the conditions of such buildings and facilities.
- Apart from the principles of value for money, openness and fairness, we will also continue to align our **procurement** with the green policy of the Government. Subject to market supply and resource availability, the Government Logistics Department will actively adopt the green specifications already developed in its procurement activities. Over the past two years, we have procured 12 electric motorcycles and 10 electric vehicles for the use of various government departments. We plan to purchase 10 to 20 electric vehicles in each of the following few years to replace some unserviceable vehicles.

Chairman, my colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.