

**Replies to initial written questions raised by Finance Committee Members
in examining the Estimates of Expenditure 2010-11**

**Director of Bureau : Secretary for Financial Services and the Treasury
Session No. : 4**

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

Reply Serial No.

FSTB(Tsy)001

Question Serial No.

0837

Head: 147 Government Secretariat: Financial Services and the Treasury Bureau
(The Treasury Branch) Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding “appointment of financial consultants to carry out various financial appraisals”, what appraisals are included? What are the specific items of expenditure involved? Please list the financial appraisals carried out by the financial consultants appointed by the Bureau in 2009-10 and the specific items of expenditure involved.

Asked by: Hon. CHAN Kam-lam

Reply:

In 2009-10, a sum of \$12.17 million has been earmarked for financial consultancy services, including provisions for financial advisory services in relation to the future financial arrangements for Hong Kong Disneyland and the railway development project of the West Island Line.

Signature _____

Name in block letters STANLEY YING

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

Date 15 March 2010

**List of minor building works projects pending approval in 2010-11
(with a project estimate of over \$1.4 million each)**

	Project Title	Project Estimate \$ million
1.	Improvement works for the re-opening of ex-Western Dental Clinic, Western District	4.442
2.	Improvement works for the re-opening of ex-Kennedy Town Dental Clinic, Western District	3.516
3.	Re-fitting-out works for the re-opening of ex-Sai Ying Pun Dental Clinic, Central	3.503
4.	Conversion works on 2/F, Blocks A and C in Centre for Health Protection, Kowloon City	7.100
5.	Installation of independent ventilation system at Agriculture, Fisheries and Conservation Department Airport Animal Hostel, Chek Lap Kok Airport, Lantau	3.000
6.	Installation of stair lift and vertical lift platform at Sai Ying Pun Jockey Club Polyclinic, Central	1.800
7.	Construction of a new transformer room in Ngau Tau Kok Market, Kwun Tong	1.600
8.	Construction of an operation depot at Deep Water Bay Beach, Southern District	13.900
9.	Reprovisioning of Lamma Police Post to Yung Shue Wan, Lamma Island	19.379
10.	Temporary reprovisioning of Police Tactical Unit and Police Dog Unit of Kowloon East Region to Kwun Tong Police Station, Kwun Tong	8.000
11.	Construction of linked access for the integration of the correctional and detention facilities of Lai Chi Kok Reception Centre and Lai Chi Kok Correctional Institution, Sham Shui Po	6.000
12.	Development of an open space at the new Central harbourfront between Tim Wa Avenue and Tim Mei Avenue, Central	20.800
	Total	93.040

List of minor building works projects approved in 2009-10 (up to 9 March 2010) (with an approved project estimate of over \$1.4 million each)

	Project Title	Approved Project Estimate \$ million
1.	Face-lifting and upgrading of Hong Kong – Macau Ferry Terminal	18.000
2.	Construction of a visitor centre with coach loading area at Hoi Ha	19.000
3.	Construction of a new metal workshop at Hei Ling Chau Addiction Treatment Centre	18.000
4.	Design and construction of the new Civic Education Resource Centre at 7/F of the Youth Square (formerly known as the Hong Kong Centre for Youth Development) in Chai Wan	19.700
5.	Construction of basketball court-cum-sitting-out area at Ko Po Tsuen, Kam Tin	17.210
6.	Fitting-out Works for Office Accommodation, Inspection Section and Kindergarten Inspection Section, Quality Assurance Division at Room 3603-08, 36/F, 248 Queen's Road East, Wan Chai for Education Bureau	2.440
7.	Addition of a multi-purpose room and four classrooms on the existing rooftops at Chiu Lut Sau Memorial Secondary School	11.870
8.	Installation of Power Supply Systems at Kwai Chung Customhouse	1.940
9.	Expansion of Sai Wan Ho Playground	7.400
10.	Upgrading works for Slope Feature No. 8SW-B/CR60 at Tai Mong Tsai Picnic Area and Pavilion, Sai Kung	2.100
11.	Upgrading of Hong Kong Park Edward Youde Aviary	5.800
12.	Office Accommodation for the project team of 2011 Population Census (11C) of Census and Statistics Department at 8/F (part) and 9/F Landmark East, 100 How Ming Street, Kwun Tong	10.140
13.	Fitting-out of Office Accommodation at 4/F (part), Tuen Mun Government Storage Centre for Government Records Service	3.550
14.	Fitting-out of Office Accommodation at Shop 307B, Sheung Tak Shopping Centre, Tseung Kwan O for Tseung Kwan O Security Services Field Unit, Social Welfare Department	4.640
15.	Expansion of Maternal and Child Health Centre and Alteration Works at School Immunization Team (Main Office) at Maurine Grantham Health Centre	4.060
16.	Fitting-out works for the base office of mobile library 3 and 10, Central Books Preparation Unit and closed stack for Tuen Mun Public Library	5.612

	Project Title	Approved Project Estimate \$ million
17.	Improvement works of Staff Room, Management Office, Store Rooms/Dangerous Goods Store Rooms and First Aid Room at the Jockey Club Yan Oi Tong Swimming Pool	3.550
18.	Upgrading Works for Slope No. 8SE-C/F 18 at Chong Hing Water Sports Centre, Sai Kung	3.100
19.	Upgrading Works for Slope No. 11NW-B/C 253 at Kowloon Tsai Park, Kowloon City	2.000
20.	Upgrading Works for Slope No. 11SW-A/F 174 at Conduit Road / Kotewall Road Rest Garden, Mid-Levels, Hong Kong	3.590
21.	Fitting-out Works for Office Accommodation for the Communications and Technology Branch of the Commerce and Economic Development Bureau at Room 3014 and Room 3408, Immigration Tower	2.250
22.	Fitting-out Works for Office Accommodation at G/F, Ancillary Block, Tin Ching Estate, Tin Shui Wai for Reprovisioning of Tin Shui Wai (North) Social Security Field Unit, Social Welfare Department	6.540
23.	Fitting-out Works for the Specialised Unit of Security Wing at 15/F, Arsenal House, Police Headquarters, Hong Kong	14.000
24.	Conversion of Vacant Space at 1/F of New Wan Chai Market Premises into Office Accommodation for Food Import Licensing and Registration Office	3.200
25.	Office Accommodation for the project team of 2011 Population Census (11C) of Census and Statistics Department at 8/F (part) and 10/F Landmark East, 100 How Ming Street, Kwun Tong	8.610
26.	Setting-up Port Health Office and Isolation Facilities at Macau Ferry Terminal	2.970
27.	Fitting-out of Office Accommodation at Shop B, G/F, Tsuen Kam Centre, 300-350 Castle Peak Road, Tsuen Wan for Independent Commission Against Corruption Regional Office	3.300
28.	Fitting-out of Office Accommodation for Family Health Service at 13/F (part) in Guardian House at 32 Oi Kwan Road, Wan Chai, Hong Kong for Department of Health	5.110
29.	Additional Office Accommodation for Social Welfare Department's Computerized Social Security System Management Section at 7/F Cornwall House, North Point	6.190
30.	Office Accommodation of Central Project Management Team for Education Bureau, 2 Harbourfront, 18-22 Tak Fung Street, Hung Hom	3.400
31.	Upgrading Works for Slope No. 8SW-B/C167(1) at Sheung Yiu Folk Museum, Sai Kung	1.760
32.	Extension of Office Area on 5/F (Roof Level) of Hong Kong Film Archive	6.200

	Project Title	Approved Project Estimate \$ million
33.	Fitting-out Works for the New Office of Lands Department at Room 1101-04 (part), 11/F, Stanhope House, 734 King's Road, North Point	1.750
34.	Office Accommodation of Kowloon Development Office for Civil Engineering and Development Department, Unit 304, 3/F, Empire Centre, 68 Mody Road, Kowloon	1.640
35.	Fitting-out of Office Accommodation at Rooms 5201-05 on 52/F Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for Education Bureau	5.000
36.	Fitting-out of Office Accommodation at Unit 12, 15-16, 6/F, Trade Square, Cheung Sha Wan for Student Financial Assistance Agency	3.000
37.	Demolition of ex-Lai Chi Kok Incineration Plant Staff Quarters	4.620
38.	Upgrading Works for Slope No. 8SE-C/F 21 at Chong Hing Water Sports Centre, Sai Kung	3.120
39.	Upgrading Works for Slope No. 11SE-B/FR8 at Yau Tong Fire Station, Yau Tong, Kowloon	4.420
40.	Upgrading Works for Slope Nos. 8SW-B/C15, 8SW-B/C225 and 8SW-B/F70 at Lady MacLehose Holiday Village, Sai Kung	8.310
41.	Conversion Works of Ma On Shan Sports Centre due to Reprovisioning of the Hong Kong Sports Institute	4.950
42.	Improvement of the Ancillary Facilities at Lai King Correctional Institution	11.850
43.	Enhancement of Pedestrian Facilities at Cape Collinson Columbarium	13.850
44.	Fitting-out works for temporary office of Registration and Electoral Office at ex-Electrical and Mechanical Services Department depot in Caroline Hill Road, Wan Chai	13.500
45.	Addition of two standard classrooms on the roof of Shau Kei Wan Government Secondary School, Shau Kei Wan	4.340
46.	Reprovisioning of Garden of Remembrance at Diamond Hill Crematorium, Wong Tai Sin	13.970
47.	Fitting-out works for expansion of Maternal and Child Health Centre at 8/F, Fanling Health Centre, Fanling	2.530
48.	Demolition of Kwun Chung Public Toilet, Kwun Chung Street, Jordan	1.900
49.	Reshuffling of existing offices at 3 locations - (i) Tai Lam Patrol Building, Tuen Mun (ii) Tuen Mun River Trade Terminal Dog Base, Tuen Mun (iii) 2/F Kwai Chung Customhouse, Kwai Tsing	8.520
50.	Improvement of security systems in Police Headquarters Complex, Wan Chai, and the associated works	7.200
	Total	341.702

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

Reply Serial No.

FSTB(Tsy)006

Question Serial No.

2854

Head: 147 Government Secretariat: Financial Services and the Treasury Bureau
(The Treasury Branch) Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Group of Seven started years ago to look into the preparation of Government's accounts and budgets on the accrual basis, and have been gradually taking steps to apply the accrual budgeting concept. However, the budgets of the Hong Kong Special Administrative Region Government (HKSARG) are still produced on the cash basis.

Please advise the Committee whether the Administration has carried out any research, with reference to overseas experience, on the feasibility of producing HKSARG's budgets on the accrual basis. If so, what are the research findings? If not, what are the reasons? If a research is underway, are there any implementation schedule and consultation plan?

If the concept is to be applied, how will the Administration deploy resources to facilitate the implementation? What is the estimate on the additional expenditure to be involved?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

We have always kept in view the development of accrual budgeting in the world. In August 2009, the Organisation for Economic Co-operation and Development released an overview of accrual accounting and budgeting practices in individual countries. Of the 29 countries covered, 20 countries adopted the full cash basis in preparing their budgets. Within the Group of Seven, only the United Kingdom adopts the full accrual basis for the budget approved by the Legislature. Canada and Italy adopt the accrual basis or both the cash and accrual bases in parallel, but with no capitalization or depreciation of assets.

HKSARG's budget has all along been prepared on a cash basis and this has worked well. Starting from 2002-03, the Administration prepares an additional set of accounts on accrual basis so as to present more comprehensive information on the financial position and performance of the Government. When we introduced the accrual-based accounts to the Panel on Financial Affairs in 2004, there were discussions on whether the accrual basis should be adopted in preparing the budget. We indicated that the Administration had no plan to adopt accrual budgeting. We will continue to keep in view discussions on the subject in the international arena and the experience of other countries.

Signature _____

Name in block letters STANLEY YING

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

Date 17 March 2010

Examination of Estimates of Expenditure 2010-11

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

Reply Serial No.

FSTB(Tsy)016

Question Serial No.

0621

Head: 147 Government Secretariat: Financial Services and the Treasury Bureau
(The Treasury Branch) Subhead (No. & title):

Programme: (1) Director of Bureau's Office

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please list the respective estimates of expenditure on the emoluments for the Secretary, Under Secretary and Political Assistant of the Financial Services and the Treasury Bureau for 2010-11.

Asked by: Hon. HO Chun-yan, Albert

Reply:

The provisions for the emoluments for the Secretary, Under Secretary and the Political Assistant of the Financial Services and the Treasury Bureau in the 2010-11 estimates are as follows:

	2010-11 Estimates (\$ million)
Secretary for Financial Services and the Treasury	3.41
Under Secretary	2.56
Political Assistant	1.89
Total	7.86

Signature _____

Name in block letters **STANLEY YING**

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

Date 17 March 2010

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

Reply Serial No.

FSTB(Tsy)018

Question Serial No.

0349

Head: 147 Government Secretariat: Financial Services and the Treasury Bureau
(The Treasury Branch) Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the appointment of financial consultants to carry out various financial appraisals, please provide the following information:

- (a) The original estimate and the revised estimate in 2009-10 for the appointment of financial consultants are \$21.75 million and \$12.17 million respectively. Why is the revised estimate of the relevant provision reduced by as high as 44%?
- (b) What are the details of the work in 2010-11?

Asked by: Hon. HO Chung-tai, Raymond

Reply:

- (a) The decrease in the provision in 2009-10 revised estimate as compared with 2009-10 original estimate is mainly attributable to the deferred provision for the revised timeline for appointment of consultants.
- (b) In 2010-11, a sum of about \$11.57 million has been earmarked for financial consultancy services, including provisions for financial advisory services for railway development projects and the review on target rates of return for Government utilities and trading funds.

Signature _____

Name in block letters STANLEY YING

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

Date 15 March 2010

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

Reply Serial No.

FSTB(Tsy)021

Question Serial No.

0908

Head: 147 Government Secretariat: Financial Services and the Treasury Bureau
(The Treasury Branch) Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- (a) What specific tasks will the Administration carry out in 2010-11 as preparations for the future disposal of Government assets? What are the financial resources involved and the breakdown of the expenditure for such tasks?
- (b) In 2010-11, regarding preparations for the future disposal of Government assets, does the Administration have any plan to conduct in-depth financial and technical studies on certain assets which are likely to be disposed of? If so, what are the particulars of the assets involved, the details of the studies and the breakdown of the expenditure on those studies? If not, what are the reasons?

Asked by: Hon. LEUNG Yiu-chung

Reply:

In 2010-11, we will continue with the sale of civil servants' housing loans. It is estimated that around \$183 million will be received from the sale of these loans. No additional resources will be required for the implementation of the programme for 2010-11.

The Government will keep the Asset Sale and Securitisation Programme (ASSP) under review, and will only dispose of its assets at a reasonable price and taking into account other factors, including the forms of disposal and market conditions.

Signature _____

Name in block letters _____ **STANLEY YING** _____

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

Date _____ 15 March 2010 _____

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

Reply Serial No.

FSTB(Tsy)024

Question Serial No.

0568

Head: 147 Government Secretariat: Financial Services and the Treasury Bureau
(The Treasury Branch) Subhead (No. & title):

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary indicated under paragraph 4 of his Budget Speech that the Government "implemented fiscal stimulus, job creation and relief measures amounting to \$87.6 billion". Please advise:

- (1) Among the \$87.6 billion, how much is used for job creation?
- (2) In the 2010-11 Budget, how much is provided for job creation?

Asked by: Hon. WONG Sing-chi

Reply:

- (1) To combat the financial tsunami, the Government has in 2008-09 and 2009-10 implemented a series of fiscal stimulus, job creation and relief measures amounting to \$87.6 billion, equivalent to 5.2% of our GDP. This figure has not yet included additional commitment of over \$100 billion in respect of loan guarantee schemes for small and medium enterprises and the related estimated default expenditure. These measures will help create and preserve jobs directly or indirectly, such as the Special Loan Guarantee Scheme, Operation Building Bright, the Internship Programme for University Graduates, and the education programme for Internet users.
- (2) The objectives of the 2010-11 Budget are consolidating the recovery, developing our economy and building a caring society. In Hong Kong, jobs and employment opportunities are market-driven. As such, the Government has committed to developing our economy through furthering regional co-operation, investing in infrastructure and promoting the development of industries. In addition, the Government will also put forth exceptional measures during exceptional times to create jobs. An example is the series of initiatives launched during the financial tsunami to create jobs during difficult times, such as the Internship Programme for University Graduates, the augmented Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme, and the education programme for Internet users. Some of these initiatives are still on-going.

Signature _____

Name in block letters Stanley YING

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

Date 16 March 2010

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

Reply Serial No.

FSTB(Tsy)025

Question Serial No.

0569

Head: 147 Government Secretariat: Financial Services and the Treasury Bureau
(The Treasury Branch) Subhead (No. & title):

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary indicated under paragraph 60 of his Budget Speech that the Government will “provide the necessary support in land resources...incentives... and will provide the necessary financial support” for the development of the six industries where we enjoy clear advantage. Please advise:

- (1) How will the Government provide the necessary financial support? What are the details and the amounts?
- (2) How many talents the Government expects to attract into the six industries in the next three years (i.e. from 2011 to 2013) through these financial and policy support? How much employment opportunities these incentives are expected to stimulate or provide?

Asked by: Hon. WONG Sing-chi

Reply:

- (1) The Government is committed to promoting the development of the six industries where we enjoy clear advantage. We will provide the necessary support from various fronts, financially or otherwise, so as to effectively promote their development. As such, relevant policy bureaux will, under their respective policy purview, provide the necessary support in land resources, human capital and incentives to facilitate the diversification of industries under the market mechanism. For example, for the medical and education services industries, the Government has reserved four and six pieces of land for the development of the two industries respectively. For the testing and certification industry, the Government has set up in September 2009 the Hong Kong Council for Testing and Certification to enhance the professional standards of the local testing and certification services as well as international recognition, thereby creating more business opportunities. For the next two years, the Government has allocated a funding of \$20 million to support the work of the Council, and an additional \$21 million to the Hong Kong Accreditation Service to strengthen services to the industry. In respect of the innovation and technology industry, the Government will proceed with the development of Hong Kong Science Park Phase 3. To promote the development of the creative industry, following the \$300 million CreateSmart Initiative unveiled last year the Government has further proposed extension of profits tax deduction to cover more intellectual property rights. As regards the green economy, the Government has proposed new measures including setting up a \$300 million Pilot Green Transport Fund. The support of measures from various fronts will help promote the development of the six industries.

- (2) In 2008, the private enterprises of the six industries employed about 380,000 people, representing about 11% of the total workforce. The Government will conduct another round of manpower projection in the first half of 2010 to get a better grasp of the manpower situation of the six industries, and the relevant bureaux will implement appropriate measures and ensure the provision of suitable training in the light of the findings. For the development of industries, the Government's role is to provide a conducive environment for their development under the market mechanism. The ultimate scale and employment situation of the industries will be decided by the market.

Signature _____

Name in block letters STANLEY YING

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

Date 16 March 2010

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

Reply Serial No.

FSTB(Tsy)027

Question Serial No.

1652

Head: 147 Government Secretariat: Financial Services and the Treasury Bureau
(The Treasury Branch) Subhead (No. & title):

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In 2010-11, the Treasury Branch will continue with the implementation of the Asset Sale and Securitisation Programme. What are the details of the projects, the timetable and the expenditure of the Programme?

Asked by: Hon. WONG Ting-kwong

Reply:

In 2010-11, we will continue with the sale of civil servants' housing loans. It is estimated that around \$183 million will be received from the sale of these loans. No additional resources will be required for the implementation of the programme for 2010-11.

Signature _____

Name in block letters STANLEY YING

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

Date 15 March 2010

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

Reply Serial No.

FSTB(Tsy)029

Question Serial No.

2852

Head: 106 Miscellaneous Services

Subhead (No. & title): 251, 789 and 689 Additional Commitments

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In the 2009-10 Estimates, provisions totalling \$9.5 billion had been made for the three above subheads under “additional commitments”. It was claimed that the provisions were “to meet funding for initiatives under planning and also any unavoidable recurrent expenditure, non-recurrent expenditure and capital expenditure that might arise during the year in excess of the amounts provided under other heads and subheads of the Estimates.” In the 2010-11 Estimates, the original estimate of “additional commitments” for 2009-10 has been reduced by 99.8% and revised to \$19.65 million only. Citing the same reasons, the provisions are substantially increased to a sum of \$17.489 billion in the 2010-11 Estimates. Setting aside these so-called “additional commitments”, the budget deficit for 2010-11 will substantially decrease by nearly 70% to \$7.688 billion only. Under a LegCo mechanism that has been established for years, the Administration may apply to the Finance Committee of the LegCo for funding approval if there is any unavoidable expenditure in excess of the amounts provided under the relevant head and subhead.

After reviewing the records, it is found that provisions of \$6.25 billion, \$8.84 billion, \$8.34 billion, \$9.4 billion and \$40.79 billion had been made under the subheads “additional commitments” for the recurrent and non-recurrent expenditure in compiling the Estimates for 2004-05 to 2008-09 respectively. However, according to the annual consolidated accounts for the relevant years, no payment was made from the aforesaid “additional commitments”. If these substantial “additional commitments” had not been counted as expenditure in compiling the Estimates for those respective years, the surpluses/(deficits) would change to (\$35.4 billion), (\$1.7 billion), \$13.92 billion, \$34.81 billion and 33.25 billion, instead of the original (\$42.65 billion), (\$10.55 billion), \$5.58 billion, \$25.41 billion and (\$7.54 billion). The fiscal position would have been very different and the means with which to alleviate people’s hardship would be significantly enhanced.

Please inform this Committee what specific information the Administration has in hand when making provisions for the said “additional commitments” at the time of compilation of the Estimates, so that it knows when and how to make these expenditure provisions. If Estimates are compiled in such a way without the expenditure details, would this handling method be easily made someone feel that the deficits are exaggerated and the surpluses are brought down? Does the Administration think that the past practice is appropriate and is there any room for improvement? Is there any intention to change the handling method?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

The provision for Additional Commitments is to meet funding for initiatives under planning and also any unavoidable expenditure that may arise during the year in excess of the amounts provided under other heads and subheads of the Estimates. The provision was assessed having regard to such needs. For 2010-11, initiatives under planning include further injections into Beat Drugs Fund, Arts and Sports Development Fund and Language Fund, matching grants for degree-awarding institutions, further provision for Operation Building Bright and other one-off payments announced in the Budget Speech.

Actual expenditure will not be charged directly to Head 106 itself. When the Administration needs to use the funding to meet the requirement of an item, it will, based on approval by the Finance Committee of the Legislative Council or by the Administration under authority delegated by the Committee, transfer funds from Additional Commitments to the head and subhead of the relevant bureau or department. In 2008-09, a total of \$39.3 billion (accounting for 96% of the Original Estimate under Additional Commitments subheads in the year) was transferred from Head 106 to other heads.

For 2009-10, the amount transferred will be finalized after the year end. Expenditure in 2009-10 for commitments approved on or before 18 Dec 2009 has been duly reflected in the Revised Estimate of other heads and subheads. The revised estimate of \$19.65 million under Additional Commitments is to reflect the estimated expenditure in 2009-10 for commitments approved by the Finance Committee after 18 Dec 2009. As stated in the Introduction to the Estimates, such commitments are not included in the Estimates of the respective head. Expenditure for these items is reflected in the Revised Estimate of Additional Commitments under Head 106. However, through the funds transfer arrangement, the actual expenditure will be incurred under other heads.

Signature _____

Name in block letters STANLEY YING

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

Date 17 March 2010

List of government buildings with roof greening

I. Completed Projects

- 1 Aberdeen Tennis & Squash Centre
- 2 APB Centre, 1/F, 4/F & R/F
- 3 Auxiliary Medical Service Sub-headquarters at Tung Chung
- 4 Causeway Bay Community Centre
- 5 Central Fire Station
- 6 Fanling Government Secondary School
- 7 Kong Wan Fire Station
- 8 Lei Cheng Uk Government Primary School
- 9 Ma On Shan Ambulance Training School
- 10 Man Kat Street Refuse Collection Point
- 11 Ngau Tau Kok Ambulance Depot
- 12 Ngau Tau Kok Municipal Services Building
- 13 Pokfulam Ambulance Depot
- 14 Quarry Bay Park - Toilet Block
- 15 Queen's College, Rear Portion
- 16 Queensway Government Offices, Low Block
- 17 Rescue Training Centre, Yuen Long Divisional Fire Station
- 18 Robinson Road Refuse Collection Point
- 19 Sai Wan Ho Playground
- 20 Shatin Ambulance Depot
- 21 Shaukeiwan Government Secondary School
- 22 Sheung Shing Street Park - Toilet Block
- 23 Sheung Shui Government Secondary School
- 24 Sheung Shui Swimming Pool - Roof next to office
- 25 Shing Mun Valley Park - Office Block
- 26 Sir Ellis Kadoorie (Sookunpo) Primary School - Extension Block
- 27 Sir Ellis Kadoorie (Sookunpo) Primary School - Main Building
- 28 Tai Po Ambulance Depot
- 29 Tin Ha Road Playground
- 30 Tong Mei Road Children's Playground - Toilet Block
- 31 Tsing Yi Fire Station
- 32 Tuen Mun Government Depot
- 33 Yuen Long Government Primary School
- 34 Yuen Long Public Secondary School

II. Projects under planning/construction

- 1 Barrack Block (18C) at Hei Ling Chau Correctional Institution
- 2 Belilios Public School
- 3 Central Government Pier No. 1
- 4 Chai Wan Fire Station
- 5 Charter Garden Public Toilet

- 6 Cheung Sha Wan Fire Station
- 7 District Maintenance Office in Police College in Aberdeen
- 8 Fanling Fire Station
- 9 Ho Tung Government Secondary School for Girls - School Hall Building
- 10 Hoi Pa Street Government Primary School
- 11 Kotewall Road Pest Control Storeroom
- 12 Kwei Chow Street Sitting-out-Area - Toilet Block
- 13 Kwun Tong Fire Station
- 14 Kwun Tong Police Station - Annexe Block
- 15 Lai Chi Kok Fire Station
- 16 Lai King Fire Services Workshop
- 17 Ma Tau Chung Fire Station
- 18 Ma Tau Wai Road Playground - Toilet Block
- 19 Mui Wo Fire Station
- 20 NT North Animal Management Centre
- 21 Nullah Road Refuse Collection Point
- 22 Perth Street Playground Management Office Block
- 23 Phoenix House
- 24 Po Lam Sub-Divisional Fire Station
- 25 Pokfulam Divisional Fire Station
- 26 Police Club at Boundary Street
- 27 Queen's College, Front Portion
- 28 Sai Tso Wan Neighbourhood Community Centre
- 29 Sham Tseng Fire Station
- 30 Shatin Government Secondary School
- 31 Shau Kei Wan Fire Station
- 32 South Tuen Mun Government Secondary School
- 33 Stanley Prison - Officer Married Quarter Covered Carpark
- 34 Tai Po Government Primary School
- 35 Tang Shiu Kin Victoria Secondary School
- 36 Tin Shui Wai Government Secondary School
- 37 Tsim Sha Tsui Police Station
- 38 Tsuen Wan Government Secondary School
- 39 Tuen Mun Government Secondary School
- 40 Western Wholesale Food Market
- 41 Wong Nai Chung Municipal Services Building
- 42 Wong Tai Sin Government Primary School
- 43 WSD Hong Kong and Island Regional Offices
- 44 Yau Tong Fire Station
- 45 Yuen Long Government Office (Flat Roof at 1/F)

**Existing government buildings covered by projects approved in 2009-10
For implementing green building features**

I. Completed Projects

- 1 Central Government Pier No. 1
- 2 Kwai Chung Police Station
- 3 Kwai Yung Court
- 4 Mui Wo Fire Station
- 5 Perfect Mount Garden
- 6 Sha Tau Kok Border Children's Playground
- 7 Sha Tau Kok Square
- 8 Shek Pik Maximum Prison
- 9 Shun Lee Disciplined Services Quarters
- 10 Stanley Prison Block 1 to 4
- 11 Stanley Prison Block A to I
- 12 Tai O Fire Station
- 13 Tuen Mun Government Offices
- 14 Tung Tau Correctional Institute - Block 1 to 4
- 15 Yuen Long Police Married Quarters

II. Projects under planning/construction

- 1 APB Centre
- 2 Caine House
- 3 Cheung Sha Wan Government Offices
- 4 Cheung Sha Wan Post Office Building
- 5 Cheung Sha Wan Wholesale Market Complex
- 6 China Ferry Terminal
- 7 Eastern Law Courts Building
- 8 Electrical Road Municipal Services Building - Market
- 9 Fire Services Headquarters Building
- 10 Fung Shing Street Disciplined Services Quarters
- 11 High Court
- 12 Homantin Government Offices
- 13 Hong Kong Cultural Centre
- 14 Hong Kong Observatory
- 15 Hong Kong Science Museum
- 16 Hung Hom Municipal Services Building
- 17 Java Road Municipal Services Building Market
- 18 Kowloon Public Library
- 19 Headquarters of Leisure and Cultural Services Department

- 20 Lok Ma Chau Control Point C & E Building
- 21 Ma Hang Prison
- 22 Ma Po Ping Prison
- 23 Mong Kok Government Offices
- 24 Mui Wo Government Offices
- 25 Mui Wo Indoor Games Hall
- 26 Mui Wo Indoor Recreation Centre
- 27 Museum of Art
- 28 North Point Government Offices
- 29 North Point Police Station
- 30 Pa Sha Wan Prison
- 31 Po Kong Village Indoor Games Hall
- 32 Police Headquarters Phase 1
- 33 Police Headquarters Phase 2
- 34 Quarry Bay Municipal Services Building
- 35 Queensway Government Offices
- 36 Sai Yin Pun Jockey Club Polyclinic
- 37 Sha Tsui Detention Centre
- 38 Shek Kip Mei Park Stage I
- 39 Sheung Wan Indoor Games Hall
- 40 Southorn Centre
- 41 Stanley Prisons - Reception Office, Cell Block D&E
- 42 Tai Po Ambulance Depot
- 43 Tai Shing Street Market
- 44 To Kwa Wan Government Offices
- 45 Tsim Sha Tsui Police Station
- 46 Tsim Sha Tsui Public Library
- 47 Tsing Yi Police Station
- 48 Tso Kung Tam Outdoor Recreation Centre
- 49 Tsz Wan Shan Service Reservoir Playground
- 50 Tuen Mun Castle Peak Police Station
- 51 Correctional Services Department's Married Staff Quarters in Tuen Mun
(Block G, H, I, J &K)
- 52 Wu Chung House
- 53 Zoological and Botanical Garden

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

Reply Serial No.

FSTB(Tsy)031

Question Serial No.

3162

Head: 25 Architectural Services Department Subhead (No. & title):

Programme: (2) Facilities Upkeep

Controlling Officer: Director of Architectural Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under Matters Requiring Special Attention of the Programme, the Administration states that it will promote roof greening and incorporate green building features in existing buildings.

- (a) What results were achieved by the promotion of roof greening and the incorporation of green building features in the past year? What was the expenditure involved?
- (b) What were the costs of roof greening works and installing green building features for government buildings in the past year?
- (c) What are the detailed plans, targets, estimates and manpower required for this matter in the coming year?

Asked by: Hon. IP Wai-ming

Reply:

- (a)&(b) For existing government buildings under the maintenance purview of the Architectural Services Department (ArchSD), we have recommended and encouraged management departments of these buildings to consider installation of green roofs and green building features whenever there are major maintenance and refurbishment projects. In 2009-10, we successfully initiated 40 projects of roof greening and 68 projects on installation of green building features in existing government buildings, while 19 projects on roof greening and 44 projects on installation of green building features have been completed or are near completion. The expenditure involved in roof greening works and installing green building features for government buildings in 2009-10 is estimated to be \$65 million.
- (c) In 2010-11, we will continue to explore the opportunities for installation of green roofs and green building features in existing government buildings and carry out the installation works. We estimate that \$114 million will be spent on 148 projects on installation of green roofs and green building features in government buildings which are at various stages of design, construction and finalisation, including 16 projects initiated in 2010-11. We plan to complete 90 projects in 2010-11. As these projects are undertaken by in-house staff who also handle other projects under the purview of ArchSD, a separate breakdown of manpower required for these greening projects is not available.

Signature _____

Name in block letters Mrs Marigold LAU

Post Title Director of Architectural Services

Date 18 March 2010

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

Reply Serial No.

FSTB(Tsy)033

Question Serial No.

2792

Head: 25 Architectural Services Department Subhead (No. & title):

Programme: (2) Facilities Upkeep

Controlling Officer: Director of Architectural Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the maintenance of government buildings and facilities, please provide the following information:

- (a) In general, what is the “agreed time scale” between the Architectural Services Department (ArchSD) and other government departments in terms of number of weeks?
- (b) Regarding the works orders issued by the ArchSD in each of the past three years (i.e. 2007-08 to 2009-10), please give a breakdown of the number of works orders for minor repair works and general repair works for completion within one week, two weeks, one month, three months, half a year and a year or above after notification and their respective expenditures. What was the number of works completed within the agreed time scale and what were the expenditures involved?

Asked by: Hon. LEE Wing-tat

Reply:

- (a) For minor repairs (repair works not exceeding \$1,000), the “agreed time scale” would be set as either one day, three days or 12 days depending on the urgency of the works. For general repairs (repair works exceeding \$1,000), and major maintenance and refurbishment works, the “agreed time scale” would vary depending on various factors, such as the complexity of the works, the area affected, etc. ArchSD would discuss with the relevant management departments according to the needs of the works in order to agree the time required to complete the works.
- (b) The number of works orders (WOs) issued by ArchSD and completed by contractors in response to repair requests received in the past three financial years and the expenditure involved are shown in the tables below :

(i) Financial Year 2007-08

Time for Completion (after commencement of works)	Minor Repairs		General Repairs	
	No. of WOs	Total Expenditure (\$)	No. of WOs	Total Expenditure (\$)
7 days or less	301 068	80,004,014	1 137	8,724,224
8 – 14 days	31 902	10,574,849	1 617	18,043,873
15 – 30 days	1 058	717,042	4 050	52,146,578
31 – 90 days	1 352	1,496,285	4 710	138,848,517
91 – 180 days	250	304,777	1 087	73,280,864
181 – 365 days	163	136,067	665	52,910,891
Over 365 days	87	24,442	183	14,737,975
Total :	335 880	93,257,476	13 449	358,692,922
WOs completed within the agreed time scale :	335 712	93,211,633	13 291	349,401,452

(ii) Financial Year 2008-09

Time for Completion (after commencement of works)	Minor Repairs		General Repairs	
	No. of WOs	Total Expenditure (\$)	No. of WOs	Total Expenditure (\$)
7 days or less	323 163	86,297,353	1 137	8,757,586
8 – 14 days	26 809	8,744,452	1 711	15,028,309
15 – 30 days	775	489,743	3 734	50,692,488
31 – 90 days	1 287	1,606,669	4 841	113,176,334
91 – 180 days	258	349,832	1 355	59,163,614
181 – 365 days	37	46,792	569	25,476,233
Over 365 days	3	813	77	5,511,847
Total :	352 332	97,535,654	13 424	277,806,411
WOs completed within the agreed time scale :	352 194	97,482,483	13 355	275,327,327

(iii) Financial Year 2009-10 (up to 28 February 2010)

Time for Completion (after commencement of works)	Minor Repairs		General Repairs	
	No. of WOs	Total Expenditure (\$)	No. of WOs	Total Expenditure (\$)
7 days or less	289 325	71,984,124	1 191	9,967,011
8 – 14 days	16 518	4,983,101	1 534	14,236,990
15 – 30 days	446	284,470	3 297	46,773,798
31 – 90 days	531	602,268	4 260	106,680,501
91 – 180 days	62	46,583	687	39,183,373
181 – 365 days	2	500	152	8,441,898
Over 365 days	0	0	6	117,745
Total :	306 884	77,901,046	11 127	225,401,316
WOs completed within the agreed time scale :	306 792	77,876,617	11 064	223,231,159

Signature _____

Name in block letters _____ Mrs Marigold LAU

Post Title _____ Director of Architectural Services

Date _____ 17 March 2010

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

Reply Serial No.

FSTB(Tsy)034

Question Serial No.

2924

Head: 25 Architectural Services Department Subhead (No. & title):

Programme: (2) Facilities Upkeep

Controlling Officer: Director of Architectural Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding Government premises and facilities upkeep, please advise on the following :

- (a) In each of the past three years (2007-08 to 2009-10), how many minor repairs and general repairs were entrusted to the Department? How many works orders did the Department issue each year for these entrusted works? What were the respective expenditures involved?
- (b) In each of the past three years (2007-08 to 2009-10), how many minor repairs and general repairs were delayed? How many of them were delayed by one week, two weeks, one month, three months, six months and one year? What were the respective original estimated expenditures? What were the additional expenditures incurred by such delays?
- (c) In each of the past three years (2007-08 to 2009-10), how many delays of minor repairs and general repairs were arisen from the quality of reports provided by clients? And how many from constraints imposed on the premises by clients? What were the respective original estimated expenditures? What were the additional expenditures incurred by such delays?

Asked by: Hon. LEE Wing-tat

Reply:

- (a) The number of works orders (WOs) issued by this Department and completed by contractors in response to minor repair requests and general repair requests received in the past three financial years and the expenditure involved are shown in the tables below :

- (i) Financial Year 2007-08

	No. of WOs	Total Expenditure (\$)
Minor Repairs	335 880	93,257,476
General Repairs	13 449	358,692,922

- (ii) Financial Year 2008-09

	No. of WOs	Total Expenditure (\$)
Minor Repairs	352 332	97,535,654
General Repairs	13 424	277,806,411

(iii) Financial Year 2009-10 (up to 28 February 2010)

	No. of WOs	Total Expenditure (\$)
Minor Repairs	306 884	77,901,046
General Repairs	11 127	225,401,316

(b)&(c) The number of WOs issued by this Department in the past three financial years which were completed late, and the original estimated expenditure involved are shown in the tables below :

(i) Financial Year 2007-08

Days of Delay	Minor Repairs		General Repairs	
	No. of WOs	Original Estimated Expenditure (\$)	No. of WOs	Original Estimated Expenditure (\$)
7 days or less	103	28,550	12	150,000
8 – 14 days	14	4,600	18	2,894,475
15 – 30 days	33	11,350	41	2,401,106
31 – 90 days	15	4,000	52	2,801,744
91 – 180 days	3	850	32	733,459
181 – 365 days	0	0	3	415,500
Over 365 days	0	0	0	0
Total :	168	49,350	158	9,396,284

(ii) Financial Year 2008-09

Days of Delay	Minor Repairs		General Repairs	
	No. of WOs	Original Estimated Expenditure (\$)	No. of WOs	Original Estimated Expenditure (\$)
7 days or less	93	24,800	9	181,450
8 – 14 days	11	4,000	7	198,700
15 – 30 days	15	4,550	14	476,024
31 – 90 days	12	3,350	25	1,308,046
91 – 180 days	5	1,250	13	514,900
181 – 365 days	2	1,250	1	1,500
Over 365 days	0	0	0	0
Total :	138	39,200	69	2,680,620

(iii) Financial Year 2009-10 (up to 28 February 2010)

Days of Delay	Minor Repairs		General Repairs	
	No. of WOs	Original Estimated Expenditure (\$)	No. of WOs	Original Estimated Expenditure (\$)
7 days or less	61	15,600	7	83,810
8 – 14 days	11	2,800	11	220,500
15 – 30 days	12	3,000	13	573,557
31 – 90 days	8	2,650	19	1,084,949
91 – 180 days	0	0	13	446,450
181 – 365 days	0	0	0	0
Over 365 days	0	0	0	0
Total :	92	24,050	63	2,409,266

WOs which require extension of time to complete the repair works owing to reasons beyond the control of this department, such as the quality of reports provided by clients and constraints imposed on the premises by clients, are not counted as “delay” cases. The statistics provided herewith cover those cases where delay is caused by default of contractors. No additional works expenditure has been incurred due to the delay of the above works as the contractors are not entitled to claim additional expenses due to delay caused by their own default.

Signature _____

Name in block letters _____ Mrs Marigold LAU

Post Title _____ Director of Architectural Services

Date _____ 17 March 2010

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

Reply Serial No.

FSTB(Tsy)035

Question Serial No.

2925

Head: 25 Architectural Services Department Subhead (No. & title):

Programme: (2) Facilities Upkeep

Controlling Officer: Director of Architectural Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the Department's Repair Call Centre, please advise on the following :

- (a) In the past three years (2007-08 to 2009-10), how many works items were completed in one week, two weeks, one month, three months, six months, and one year or more after the issue of works orders? What were the respective expenditures involved? How many items were completed within the agreed time scale? What were the respective expenditures involved?
- (b) How many minor repairs were delayed? How many of them were delayed by one week, two weeks, one month, three months, six months and one year? What were the respective original estimated expenditures? What were the additional expenditures incurred by such delays?
- (c) How many of the delays were arisen from the quality of reports provided by clients? And how many from constraints imposed on the premises by the clients?

Asked by: Hon. LEE Wing-tat

Reply:

- (a) The number of works orders (WOs) issued by this Department and completed by contractors in response to the reports received via the Repair Call Centre in the past three financial years and the expenditure involved are shown in the tables below :

- (i) Financial Year 2007-08

Time for Completion (after commencement of works)	No. of WOs	Total Expenditure (\$)
7 days or less	280 529	74,192,164
8 – 14 days	11 871	3,479,519
15 – 30 days	779	574,782
31 – 90 days	1 046	1,247,421
91 – 180 days	172	244,917
181 – 365 days	102	94,907
Over 365 days	65	18,092
Total :	294 564	79,851,802
WOs completed within the agreed time scale :	294 43	79,818,207

(ii) Financial Year 2008-09

Time for Completion (after commencement of works)	No. of WOs	Total Expenditure (\$)
7 days or less	298 072	79,088,495
8 – 14 days	12 742	3,689,945
15 – 30 days	497	353,392
31 – 90 days	990	1,304,091
91 – 180 days	177	252,040
181 – 365 days	25	26,051
Over 365 days	2	564
Total :	312 505	84,714,578
WOs completed within the agreed time scale :	312 395	84,676,713

(iii) Financial Year 2009-10 (up to 28 February 2010)

Time for Completion (after commencement of works)	No. of WOs	Total Expenditure (\$)
7 days or less	266 794	65,941,090
8 – 14 days	4 267	1,246,822
15 – 30 days	265	192,091
31 – 90 days	398	429,972
91 – 180 days	22	28,193
181 – 365 days	0	0
Over 365 days	0	0
Total :	271 746	67,838,168
WOs completed within the agreed time scale :	271 671	67,818,604

(b)&(c) The number of WOs issued by this Department in response to the reports received via the Repair Call Centre in the past three financial years which were completed late, and the original estimated expenditure involved are shown in the tables below :

(i) Financial Year 2007-08

Days of Delay	No. of WOs	Original Estimated Expenditure (\$)
7 days or less	84	23,750
8 – 14 days	9	2,750
15 – 30 days	23	6,500
31 – 90 days	8	2,250
91 – 180 days	1	350
181 – 365 days	0	0
Over 365 days	0	0
Total :	125	35,600

(ii) Financial Year 2008-09

Days of Delay	No. of WOs	Original Estimated Expenditure (\$)
7 days or less	84	22,550
8 – 14 days	8	3,000
15 – 30 days	10	2,750
31 – 90 days	7	2,000
91 – 180 days	0	0
181 – 365 days	1	250
Over 365 days	0	0
Total :	110	30,550

(iii) Financial Year 2009-10 (up to 28 February 2010)

Days of Delay	No. of WOs	Original Estimated Expenditure (\$)
7 days or less	53	13,450
8 – 14 days	8	2,000
15 – 30 days	10	2,500
31 – 90 days	4	1,000
91 – 180 days	0	0
181 – 365 days	0	0
Over 365 days	0	0
Total :	75	18,950

WOs which require extension of time to complete the repair works owing to reasons beyond the control of this department, such as the quality of reports provided by clients and constraints imposed on the premises by clients, are not counted as “delay” cases. The statistics provided herewith cover those cases where delay is caused by default of contractors. No additional works expenditure has been incurred due to the delay of the above works as the contractors are not entitled to claim additional expenses due to delay caused by their own default.

Signature _____

Name in block letters Mrs Marigold LAU

Post Title Director of Architectural Services

Date 17 March 2010

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

Reply Serial No.

FSTB(Tsy)038

Question Serial No.

2928

Head: 25 Architectural Services Department Subhead (No. & title):

Programme: (2) Facilities Upkeep

Controlling Officer: Director of Architectural Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

How many staff were responsible for vetting cases entrusted via the Repair Call Centre for each of the past three years (i.e. 2007-08 to 2009-10)? What was the expenditure involved? Please provide a breakdown by the 18 districts of the number of works vetted each year.

Asked by: Hon. LEE Wing-tat

Reply:

Six Chief Property Services Officers are responsible for auditing the cases received and the repair works arranged by the Repair Call Centre. They are also responsible for auditing other repair works under the purview of the Architectural Services Department (ArchSD). About 35% of their time is spent on handling the audits in relation to the repair works arranged by Repair Call Centre. The annual staff cost for auditing the cases received and the repair works arranged by the Repair Call Centre is around \$1.6 million. In the past three financial years, the number of audits handled by them in relation to the repair works arranged by the Repair Call Centre is as follows:-

Financial year	Total no. of audits
2007-08	56 571
2008-09	57 928
2009-10 (up to 28 February 2010)	45 052

ArchSD does not keep statistics on the audited cases by the 18 districts.

Signature _____

Name in block letters Mrs Marigold LAU

Post Title Director of Architectural Services

Date 17 March 2010

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

Reply Serial No.

FSTB(Tsy)039

Question Serial No.

2929

Head: 25 Architectural Services Department Subhead (No. & title):

Programme: (2) Facilities Upkeep

Controlling Officer: Director of Architectural Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In respect of the general repair works undertaken by the Architectural Services Department (ArchSD), please provide information on the following:

- (a) the number of general repair works entrusted to ArchSD in each of the past three years (i.e. from 2007-08 to 2009-10) and the expenditure involved;
- (b) the number of ArchSD staff responsible for general repair works and the expenditure involved, as well as the average time required by the Department for checking the nature of works, preparing their details and planning the budget in each of the past three years (i.e. from 2007-08 to 2009-10); and
- (c) the number of ArchSD staff responsible for monitoring the progress and quality of works and the expenditure involved, as well as a breakdown of the number of on-site inspections by 18 districts in each of the past three years (i.e. from 2007-08 to 2009-10).

Asked by: Hon. LEE Wing-tat

Reply:

- (a) The number of works orders (WOs) issued by ArchSD and completed by contractors in response to general repair requests received in the past three financial years and the expenditure involved are shown in the tables below:-

Financial Year	No. of works orders	Total Expenditure (\$)
2007-08	13 449	358,692,922
2008-09	13 424	277,806,411
2009-10 (up to 28 February 2010)	11 127	225,401,316

(b)&(c) About 250 staff of ArchSD are responsible for carrying out general repair works. Apart from general repairs, they are also responsible for refurbishment, alterations, additions and improvement works. About 25% of their time is spent on checking the nature, preparing the details and planning the budget of general repair works as well as monitoring the progress and quality of general repair works, and the related annual staff cost is approximately \$27 million.

The time required for checking the nature, preparing details and planning the budget of general repair works varies according to the nature and complexity of the works. In general, the average time required is two weeks. The number of on-site inspections for each project varies according to the complexity of the works. ArchSD does not keep statistics on the actual number of on-site inspections conducted each year.

Signature _____

Name in block letters Mrs Marigold LAU

Post Title Director of Architectural Services

Date 17 March 2010

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

Reply Serial No.

FSTB(Tsy)040

Question Serial No.

2930

Head: 25 Architectural Services Department Subhead (No. & title):

Programme: (2) Facilities Upkeep

Controlling Officer: Director of Architectural Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In respect of the general repair works undertaken by the Architectural Services Department, please provide information on the following :

- (a) the number and respective expenditure of the works completed one week, two weeks, one month, three months, six months and one year or more after the issue of works orders, as well as that of those completed within the agreed time scale in each of the past three years (i.e. from 2007-08 to 2009-10);
- (b) the number of general repair works not completed on schedule and that of those delayed by one week, two weeks, one month, three months, six months and one year, as well as a breakdown of their respective original estimated expenditure and the additional expenditure incurred by the delay; and
- (c) among the above-mentioned delay cases, the number of those attributable to the quality of reports provided or the constraints imposed by the clients.

Asked by: Hon. LEE Wing-tat

Reply:

- (a) The number of works orders (WOs) issued by this Department and completed by contractors for general repairs in the past three financial years and the expenditure involved are shown in the tables below :

- (i) Financial Year 2007-08

Time for Completion (after commencement of works)	General Repairs	
	No. of WOs	Total Expenditure (\$)
7 days or less	1 137	8,724,224
8 – 14 days	1 617	18,043,873
15 – 30 days	4 050	52,146,578
31 – 90 days	4 710	138,848,517
91 – 180 days	1 087	73,280,864
181 – 365 days	665	52,910,891
Over 365 days	183	14,737,975
Total :	13 449	358,692,922
WOs completed within the agreed time scale :	13 291	349,401,452

(ii) Financial Year 2008-09

Time for Completion (after commencement of works)	General Repairs	
	No. of WOs	Total Expenditure (\$)
7 days or less	1 137	8,757,586
8 – 14 days	1 711	15,028,309
15 – 30 days	3 734	50,692,488
31 – 90 days	4 841	113,176,334
91 – 180 days	1 355	59,163,614
181 – 365 days	569	25,476,233
Over 365 days	77	5,511,847
Total :	13 424	277,806,411
WOs completed within the agreed time scale :	13 355	275,327,327

(iii) Financial Year 2009-10 (up to 28 February 2010)

Time for Completion (after commencement of works)	General Repairs	
	No. of WOs	Total Expenditure (\$)
7 days or less	1 191	9,967,011
8 – 14 days	1 534	14,236,990
15 – 30 days	3 297	46,773,798
31 – 90 days	4 260	106,680,501
91 – 180 days	687	39,183,373
181 – 365 days	152	8,441,898
Over 365 days	6	117,745
Total :	11 127	225,401,316
WOs completed within the agreed time scale :	11 064	223,231,159

(b)&(c) The number of WOs issued by this Department for general repairs in the past three financial years which were completed late, and the original estimated expenditure involved are shown in the tables below :

(i) Financial Year 2007-08

Days of Delay	No. of WOs	Original Estimated Expenditure (\$)
7 days or less	12	150,000
8 – 14 days	18	2,894,475
15 – 30 days	41	2,401,106
31 – 90 days	52	2,801,744
91 – 180 days	32	733,459
181 – 365 days	3	415,500
Over 365 days	0	0
Total :	158	9,396,284

(ii) Financial Year 2008-09

Days of Delay	No. of WOs	Original Estimated Expenditure (\$)
7 days or less	9	181,450
8 – 14 days	7	198,700
15 – 30 days	14	476,024
31 – 90 days	25	1,308,046
91 – 180 days	13	514,900
181 – 365 days	1	1,500
Over 365 days	0	0
Total :	69	2,680,620

(iii) Financial Year 2009-10 (up to 28 February 2010)

Days of Delay	No. of WOs	Original Estimated Expenditure (\$)
7 days or less	7	83,810
8 – 14 days	11	220,500
15 – 30 days	13	573,557
31 – 90 days	19	1,084,949
91 – 180 days	13	446,450
181 – 365 days	0	0
Over 365 days	0	0
Total :	63	2,409,266

WOs which require extension of time to complete the repair works owing to reasons beyond the control of this department, such as the quality of reports provided by clients and constraints imposed on the premises by clients, are not counted as “delay” cases. The statistics provided herewith cover those cases where delay is caused by default of contractors. No additional works expenditure has been incurred due to the delay of the above works as the contractors are not entitled to claim additional expenses due to delay caused by their own default.

Signature _____

Name in block letters _____ Mrs Marigold LAU

Post Title _____ Director of Architectural Services

Date _____ 17 March 2010

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

Reply Serial No.

FSTB(Tsy)042

Question Serial No.

2856

Head: 31 Customs and Excise Department Subhead (No. & title):

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The actual number of licences and permits issued in respect of dutiable commodities dropped from 241 and 117 427 in 2006-07 to 97 and 78 881 in 2009-10, representing a drop of 60% and 33% respectively. At the same time, the duty collected also recorded a drop of 11.2% from \$7.03 billion in 2006-07 to \$6.24 billion in 2009-10. Moreover, there was a slight drop of 3% in terms of the financial provision of the government from \$129.8 million in 2006-07 to \$125.8 million in 2009-10, which led to a drop of 7.5% accordingly in terms of the revenue collected per \$1 provision during the same period from \$95.4 to \$88.2.

Please advise the Committee on –

- a. the reasons for the substantial decrease in the actual number of licences and permits issued from 2006-07 to 2009-10; and
- b. why no adjustment has been made to the financial provision in response to the substantial decrease in the actual number of licences and permits issued.

Asked by: Hon. CHAN Mo-po, Paul

Reply:

The number of licences and permits issued in respect of dutiable commodities dropped from 241 and 117 427 in 2007 to 97 and 78 881 in 2009 respectively, because the Government has exempted the duties of wine and alcoholic beverages (including beer) except spirits (with an alcoholic strength of not more than 30% by volume) since 27 February 2008 and also relaxed the administrative controls on the above liquors starting from 6 June 2008, under which traders are no longer required to apply for the relevant licences or permits for the import, export, manufacture, storage, movement or duty payment of these liquors. The relaxation of the administrative controls led to a drop in the number of licences and permits issued by the Customs and Excise Department (C&ED) in 2008 and 2009.

As for the corresponding estimated financial provision, the C&ED has deleted 13 posts in 2008-09 in the light of the zero wine duty and the removal of licensing/permit controls mentioned above, resulting in an annual saving of \$3.94 million. Since C&ED has to maintain enforcement action in relation to revenue protection and collection (such as combating illicit cigarettes and illicit fuel activities), a provision of \$125.8 million for 2009-10 is still necessary.

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 19.3.2010

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

Reply Serial No.

FSTB(Tsy)043

Question Serial No.

1459

Head: 31 Customs and Excise Department Subhead (No. & title):

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

How much manpower and expenditure were required for combating illicit cigarettes in 2008-09, 2009-10 and 2010-11 (estimated) respectively?

Asked by: Hon. CHEUNG Yu-yan, Tommy

Reply:

In 2003, the Customs and Excise Department (C&ED) set up an Anti-Illicit-Cigarette Investigation Division with an establishment of 35 officers, including 1 Assistant Superintendent, 2 Senior Inspectors, 4 Inspectors, 4 Senior Customs Officers and 24 Customs Officers, to combat illicit cigarette activities. Apart from the Division, C&ED will deploy additional manpower resources to support the enforcement against illicit cigarette activities when necessary.

The expenditure of the Anti-Illicit-Cigarette Investigation Division under the C&ED for 2008-09 was \$9.46 million. The annual estimated expenditure for 2009-10 and 2010-11 is about \$10 million.

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 17.3.2010

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

Reply Serial No.

FSTB(Tsy)044

Question Serial No.

1108

Head: 31 Customs and Excise Department Subhead (No. & title):

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In 2009, the actual number of cigarette seized by the Customs and Excise Department in its enforcement actions was 54.395 million sticks, representing a drop of nearly 20% when compared with that in 2008. Why is there a significant decrease in the number of cigarettes seized in the actions against “illicit cigarettes” and “duty-not-paid cigarettes”? Has the Department estimated the revenue loss in 2010 as a result of the proliferation of “illicit cigarettes” and “duty-not-paid cigarettes”? In response to the abolition of the duty-free concession on cigarettes for incoming passengers, does the Customs and Excise Department have any plans to combat the flow of “illicit cigarettes” and “duty-not-paid cigarettes” into the territory through illegal channels?

Asked by: Hon. FANG Kang, Vincent

Reply:

As compared with 2008, the number of illicit cigarettes seized during anti-illicit cigarette operations in 2009 has decreased while the number of cases has significantly increased. This was mainly because smugglers had reduced the quantity of illicit cigarettes for smuggling or transaction each time in order to reduce their loss upon being detected. Moreover, in 2008, the Customs and Excise Department (C&ED) detected 3 major cases of re-exporting smuggled cigarettes, resulting in total seizure of 14 million sticks of illicit cigarettes, whereas no similar case involving large quantities of illicit cigarettes was detected in 2009.

For duty revenue, though there was a drop in the number of duty-paid cigarettes after the increase in tobacco duty rates last year, the revenue generated from tobacco duty still recorded a growth as compared with 2008 due to the 50% increase in tobacco duty rates. In the coming year, C&ED will continue to take vigorous actions against illicit cigarette activities to protect the duty revenue.

The Financial Secretary proposed in the 2010-11 Budget to abolish duty-free concessions on tobacco products for incoming passengers. The new measure can help enhance C&ED's capability to tackle the problem of smuggling of duty-free cigarettes by “courier” passengers. After the new measure has come into effect, C&ED will strengthen co-operation with the Mainland to combat cross-boundary cigarette smuggling activities at source and sustain raiding operations at the retail level. C&ED will closely monitor the situation and step up surveillance and operation against illicit cigarette activities through internal staff redeployment if necessary

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 17.3.2010

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

Reply Serial No.

FSTB(Tsy)045

Question Serial No.

0123

Head: 31 Customs and Excise Department Subhead (No. & title):

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding anti-illicit cigarette enforcement, 68.291 million sticks of cigarettes were seized in 2008 and 1 027 persons were prosecuted in the same year. In 2009, 54.395 million sticks of cigarettes were seized and 2 070 persons were prosecuted. Relating to this, will the authorities provide the following information:

- (a) While the number of cigarettes seized has decreased, the number of persons prosecuted has doubled. Does this phenomenon reflect a change in the mode of smuggling cigarettes? How is this mode different from that in the past?
- (b) Have the authorities formulated strategies accordingly for combating such a new mode of operation? What are the specific details of the enforcement strategies?

Asked by: Hon. IP LAU Suk-ye, Regina

Reply:

- (a) Since the Government increased the tobacco duty rate in late February 2009, the Customs and Excise Department (C&ED) has stepped up its efforts to combat illicit cigarette activities and such illegal activities have been under control. The number of persons arrested in 2009 was higher than 2008 but the number of illicit cigarettes seized had decreased because smugglers had reduced the quantity of illicit cigarettes for smuggling or transaction each time in order to reduce their loss upon being detected. Furthermore, in 2008, C&ED detected 3 major cases of re-exporting smuggled cigarettes, resulting in a total seizure of 14 million sticks of illicit cigarettes, whereas no similar case involving large quantities of illicit cigarettes was detected in 2009.
- (b) C&ED will strengthen co-operation with the Mainland to target at cross-boundary cigarette smuggling activities and tackle the problem at source. It will also sustain raiding operations against such unlawful activities at the retail level. In addition, to enhance deterrent effect, C&ED will step up publicity to remind the public that anyone involved in the sale and purchase of illicit cigarettes commits an offence, and that buyers of illicit cigarettes will also be prosecuted and may be sentenced to imprisonment and have criminal record on conviction.

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 17.3.2010

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

Reply Serial No.

FSTB(Tsy)046

Question Serial No.

2979

Head: 31 Customs and Excise Department Subhead (No. & title):

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under this programme, on strengthening regional co-operation with other Customs administrations in combating smuggling of illicit cigarettes, please explain the details of work, the manpower involved and the estimated expenditure.

Asked by: Hon. LEE Kok-long, Joseph

Reply:

Cross-border cigarette smuggling is a matter of concern to different governments. The Customs and Excise Department (C&ED) has been co-operating with both the Mainland and overseas law enforcement agencies in combating cross-border cigarette smuggling activities. Under the initiative of the World Customs Organization, a monitoring and notification system has been set up among C&ED and 18 customs organizations in the Asia Pacific Region. Through mutual exchange of information on cigarette export, it enables members to monitor and combat cross-border cigarette smuggling activities effectively. C&ED will continue to deploy existing manpower and resources to carry out work under this area. The manpower involved and the estimated expenditure have been included in Programme (4). We do not have any breakdown of estimated resources required.

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 17.3.2010

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

Reply Serial No.

FSTB(Tsy)047

Question Serial No.

2980

Head: 31 Customs and Excise Department Subhead (No. & title):

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please explain the details, manpower and estimated expenditure involved in stepping up enforcement actions against distribution and peddling of illicit cigarettes.

Asked by: Hon. LEE Kok-long, Joseph

Reply:

The Customs and Excise Department (C&ED) is committed to combating illicit cigarette activities. In 2003, C&ED set up an Anti-Illicit-Cigarette Investigation Division to combat illicit cigarette activities with an establishment of 35 officers, including 1 Assistant Superintendent, 2 Senior Inspectors, 4 Inspectors, 4 Senior Customs Officers and 24 Customs Officers. Apart from the said Division, C&ED will deploy additional manpower resources to support enforcement action against illicit cigarette activities whenever necessary. In 2010-11, the estimated expenditure is about \$10 million.

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 17 March 2010

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

Reply Serial No.

FSTB(Tsy)049

Question Serial No.

1648

Head: 31 Customs and Excise Department Subhead (No. & title):

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Have the authorities reviewed the impact of the considerable increase in tobacco duty last year on government revenue? Was it effective in combating cigarette-smoking? Smuggling of cigarettes was rampant last year (i.e. 2009-10). Was the growth in the number of cases of cigarette smuggling mainly attributed to the considerable increase in tobacco duty? In his speech (paragraph 133), the Financial Secretary stated that the duty-free concessions on tobacco products for incoming passengers will be abolished this year. Have the authorities assessed the possibility of further aggravating the smuggling of cigarettes? Do the authorities have any plans to step up the efforts to combat the smuggling of cigarettes, as well as the distribution and sale of illicit cigarettes? Will it entail more manpower and expenditure?

Asked by: Hon. WONG Ting-kwong

Reply:

There has been a drop in the number of duty-paid cigarettes since the Government increased the tobacco duty rates last year. However, as the duty rates were increased by 50%, the revenue generated from tobacco duty still recorded a growth as compared with 2008.

As regards the effectiveness of tobacco duty in tobacco control, a study made by the World Health Organization (WHO) clearly indicates that price and tax measures are effective and important means to reduce tobacco consumption by various segments of the population, in particular young persons. According to the information from the Food and Health Bureau (FHB), a large number of enquiries have been received by the Department of Health, the Hospital Authority, the Tung Wah Group of Hospitals and the Youth Quitline of the University of Hong Kong since the Government increased the tobacco duty rates by 50% last year. The figures were several times of those before the increase in tobacco duty rates and there was also a considerable growth in the number of persons making use of smoking cessation services. It proves that the increase in tobacco duty rates is effective in encouraging smokers to quit smoking. In the coming year, FHB will monitor closely the effectiveness of various tobacco control measures (including the increase in tobacco duty rates).

Since the Government increased the tobacco duty rates last year, the Customs and Excise Department (C&ED) has stepped up enforcement action against illicit cigarette activities and such illegal activities have come under control. As compared with 2008, while the number of illicit cigarette cases detected has increased, the number of illicit cigarettes seized has decreased. This reflects that the overall illicit cigarette market has not expanded.

The Financial Secretary proposed in the 2010-11 Budget to abolish duty-free concessions on tobacco products for incoming passengers. The new measure will help enhance C&ED's enforcement efforts against the smuggling of duty-free cigarette by "courier" passengers.

After the new measure has come into effect, C&ED will strengthen co-operation with the Mainland to combat cross-boundary cigarette smuggling activities at source and carry out sustained enforcement operations against illegal activities at the retail level. C&ED will maintain full vigilance on the situation and step up inspection and enforcement action against illicit cigarette activities through internal staff deployment if necessary. No additional resources are required for the time being.

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 19.3.2010

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

Reply Serial No.

FSTB(Tsy)050

Question Serial No.

1661

Head: 31 Customs and Excise Department Subhead (No. & title):

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

On "Anti-illicit-cigarette enforcement" last year, the number of seizure cases has almost doubled as compared with that of the year before. However, the cigarettes seized are 13.896 million sticks less than that of the year before. What are the reasons? What is the total value of the illicit cigarettes seized? Is there any statistics compiled on the quantity of counterfeit cigarettes among the illicit cigarettes seized?

Asked by: Hon. WONG Ting-kwong

Reply:

Since the Government increased the tobacco duty rate in late February 2009, the Customs and Excise Department (C&ED) has stepped up its efforts to combat illicit cigarette activities and the activities have been under control. As compared with 2008, the number of illicit cigarette cases detected in 2009 has increased while the number of illicit cigarettes seized in 2009 has decreased. This was mainly because smugglers had reduced the quantity of illicit cigarettes for smuggling or transaction each time in order to reduce their loss upon being detected. Moreover, in 2008, C&ED detected 3 major cases of re-exporting smuggled cigarettes, resulting in total seizure of 14 million sticks of illicit cigarettes, whereas no similar case involving large quantities of illicit cigarettes was detected in 2009. In 2009, the total value of illicit cigarettes seized by C&ED in its operations was about \$100 million.

If C&ED suspects that the illicit cigarettes seized in the anti-illicit cigarette operations are counterfeit ones, it will follow the procedures for processing counterfeit goods by inviting the relevant trademark owners to examine such cigarettes so as to determine whether any offence under the Trade Descriptions Ordinance can be established. As the illicit cigarettes seized comprise many brands and many of the brands do not have their trademarks registered in Hong Kong, C&ED could not confirm the brand authenticity of the illicit cigarettes and could not therefore compile accurate statistics on the quantity of counterfeit cigarettes seized. According to our experience, counterfeit cigarettes account for about one-third of illicit cigarettes seized.

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 17.3.2010

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

Reply Serial No.

FSTB(Tsy)051

Question Serial No.

1662

Head: 31 Customs and Excise Department Subhead (No. & title):

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The proposal to abolish duty-free concessions on cigarettes for cross-boundary passengers in the new financial year may lead to an increase in the purchase of illicit cigarettes by smokers. Will the Department consider the need to step up action against illicit cigarettes, including employing more enforcement officers and increasing the number of anti-smuggling operations? Besides, will the Department consider allocating additional resources to undertake public education to increase their awareness that buying illicit cigarettes is an offence? If yes, what are the detailed plans? If no, what are the reasons?

Asked by: Hon. WONG Ting-kwong

Reply:

The Financial Secretary proposed in the 2010-11 Budget to abolish duty-free concessions on tobacco products for incoming passengers. The new measure will help to enhance C&ED's enforcement capability against the smuggling of duty-free cigarettes by the "courier" passengers.

After the new measure has come into effect, the Customs and Excise Department (C&ED) will strengthen co-operation with the Mainland to combat cross-boundary cigarette smuggling activities through intercepting illicit cigarettes at the source, and will also carry out sustained raiding operations at the retail level. C&ED will maintain full vigilance on the situation and step up inspection and action against illicit cigarette activities through internal staff redeployment when necessary. No additional resources are required for the time being.

To enhance public's awareness that it is an offence to buy or sell illicit cigarettes, C&ED has embarked on a series of publicity activities. In addition to putting up anti-illicit cigarette publicity posters in public housing estates and major cigarette outlets in the territory, anti-illicit cigarette publicity messages are being broadcast on all major radio and TV channels to strengthen public education.

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 17.3.2010

Examination of Estimates of Expenditure 2010-11

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

Reply Serial No.

FSTB(Tsy)052

Question Serial No.

2427

Head: 51 Government Property Agency Subhead (No. & title):

Programme:

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide details of the consultations on policy making and assessment under all programmes in the following format. Using the table below, please provide information on the consultations for which funds had been allocated in 2009-10:

Name / subject of consultation	Revised estimate (\$)	Progress of consultation (under planning/ in progress/ completed)	Mode of consultation (e.g. by means of written submissions, consultation sessions, focus groups), number of consultation exercises, name of organisations and number of people consulted /to be consulted	The Administration's follow-up actions on the consultation results and the progress made (if applicable)	For consultations already completed, were the results publicised? If so, what were the channels? If not, why not?

Asked by: Hon. EU Yuet-mee, Audrey

Reply:

The Agency has not allocated any funds in 2009-10 for conducting consultations on policy making and assessment.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 16 March 2010

Examination of Estimates of Expenditure 2010-11

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

Reply Serial No.

FSTB(Tsy)053

Question Serial No.

2428

Head: 51 Government Property Agency Subhead (No. & title):

Programme:

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide details of the consultations on policy making and assessment under all programmes in the following format. Have resources been earmarked for holding consultations in 2010-11? If so, please provide the following details.

Name/subject of consultation	Expenditure (\$)	Progress of consultation (under planning/ in progress/ completed)	Mode of consultation (e.g. by means of written submissions, consultation sessions, focus groups), number of consultation exercises, name of organisations and number of people consulted/to be consulted	For consultations scheduled for completion in the financial year 2010-11, will the results be publicised? If not, what are the reasons?

Asked by: Hon. EU Yuet-mee, Audrey

Reply:

The Agency has not earmarked any resources for holding consultations on policy making and assessment in 2010-11.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 16 March 2010

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

Reply Serial No.

FSTB(Tsy)054

Question Serial No.

0346

Head: 51 Government Property Agency Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Budget Speech (paragraph 62) that the Administration intends to relocate offices of government departments to other districts and examine the feasibility of making use of industrial buildings as new offices. As such, will the Administration advise this Committee:

- (a) the result of the study on relocating government departments in the three government office buildings at the Wan Chai waterfront;
- (b) the period of leases of commercial office premises occupied by government offices;
- (c) whether it has taken account of the fact that the services provided by these government offices may not be easily accessible to members of the public after their relocation to industrial districts? If so, will it consider improving the transport ancillary facilities for the new locations?

Asked by: Hon. HO Chung-tai, Raymond

Reply:

- (a) The results of the study show that the departments currently accommodated in the three buildings can be relocated to other districts. As the exercise would affect 27 bureaux/departments, we need to identify suitable sites for relocation and the relocation exercise would need to be phased over a number of years.
- (b) The terms for Government's leased offices are generally two to three years.
- (c) Government will consider making use of old industrial buildings in the relocation of government offices and facilities where appropriate. In assessing the feasibility of such an option, Government will take into account a range of factors such as location, accessibility and impact on delivery of public services.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 15 March 2010

The 76 Government premises identified as having new commercialisation opportunities during 2007 to 2009

- I. Government premises leased through tendering:
 1. Government canteen on portion of the 2nd floor, Government Flying Service Headquarters (HQs)
 2. Automatic Vending Machine in Passenger Terminal Building, Shenzhen Bay Port Hong Kong Area
 3. Canteen on portion of G/F, New Block, Yaumatei Police Station
 4. Canteen on portion of G/F, Block A, Government Dockyard, Stonecutter Island
 5. Canteen at Tsim Sha Tsui FSD HQs
 6. Canteen at RTHK
 7. Canteen at Kowloon Bay EMSD HQs

- II. Premises operated/to be operated as government canteens:
 1. Canteen at Arsenal Street Police HQs
 2. Tin Shui Wai Police Canteen
 3. Canteen in Fan Garden Police Driver and Traffic School
 4. Canteen at Ma Liu Shui Marine Police North Divisional HQs

- III. Cases in respect of which no positive response was received in relation to tender exercises/expression of interest exercises:
 1. Automatic Teller Machine (ATM) at Eastern Law Courts Building
 2. ATM at North Point Government Offices
 3. ATM at Queensway Government Offices
 4. ATM in Tuen Mun Government Offices
 5. ATM at Kowloon Government Offices
 6. ATM at Shatin Government Offices
 7. Tai Tam Gap Correctional Institution Staff Canteen
 8. Advertising areas on the external walls of Tsuen Wan Transport Complex
 9. ATM at Northbound Coach Pick-up Area in Lok Ma Chau Control Point
 10. ATM at Southbound Coach Drop-off Area in Lok Ma Chau Control Point
 11. ATM at Shun Lee Disciplined Services Quarters Shopping Arcade
 12. ATM at Tai Po Government Offices Building

- IV. Cases in respect of which tendering exercises are in progress:
 1. Advertising area at external wall of Murray Road Car Park
 2. Advertising space at Kowloon East Government Offices
 3. Proposed ATM at portion of the G/F of WSD Hong Kong Regional Building
 4. Advertising opportunity at Java Road Municipal Services Building
 5. Carpark at Eastern Law Court
 6. New canteen in Lo Wu Correctional Institution
 7. Canteen at Tai Hing Operational Base

- V. Cases for which detailed studies are being conducted:
 1. Aberdeen Police Station Canteen
 2. Advertising area at Admiralty Public Transport Interchange
 3. ATM in Passenger Terminal Building, Shenzhen Bay Port Hong Kong Area
 4. Advertising area on rooftop of pedestrian subway at Connaught Road Central
 5. Advertising area on the eastern external wall of Harbour Building
 6. Stanley Public Dispensary

7. Advertising area at front external walls of Trade and Industry Department Tower
8. Advertising area at side external walls of Trade and Industry Department Tower
9. Advertising areas on external wall of Yaumatei Carpark Building

VI. Government premises found not feasible to proceed with commercialisation after detailed analysis:

1. Carpark at ex-CAS building at Caroline Hill Road
2. Sai Kung Police Station Canteen
3. Ex-police Witness Centre at junction of Victoria Road and Mt. Davis Road
4. Additional bar/café at rooftop of Central Pier 8
5. Advertising area at Exchange Square Public Transport Interchange
6. Advertising area at rooftop of WSD Depot, Argyle Street
7. Advertising area at New Town Plaza Public Transport Interchange
8. Advertising area at Diamond Hill MTR Station Public Transport Interchange
9. Advertising area at Ma On Shan Town Centre Public Transport Interchange
10. Advertising sign on the slope adjacent to Hong Kong Adventist Hospital and Heart Centre, Wong Nai Chung Gap Road
11. Advertising area at ICAC HQs
12. ATM at ICAC HQs
13. Advertising areas at Western Wholesale Food Market
14. Office areas in Murray Road Carpark Building
15. Advertising Areas in Passenger Terminal Building, Shenzhen Bay Port Hong Kong Area*
16. ATM at Homantin Government Offices
17. Advertising area at Canton Road Government Offices
18. Advertising areas at Cheung Sha Wan Wholesale Food Market
19. ATM at To Kwa Wan Market and Government Offices
20. ATM at Kowloon East Government Offices
21. ATM at Ngau Tau Kok Government Offices
22. ATM at ex-Government Flying Service Headquarters Building
23. Advertising opportunity at Harbour-side dog park Wan Chai waterfront next to Hung Hing Road
24. Advertising opportunity near Wan Chai Interchange and Victoria Park Road (Site A to D)
25. Advertising area on portion of the rooftop and external wall of Wanchai Fire Station
26. Advertising area on Kwai Chung Incineration Plant
27. Refreshment kiosk in Tuen Mun Law Court Building
28. Sai Kung Central Primary School
29. Davis Street Pier
30. Kennedy Town Jockey Club Clinic (surplus areas only)
31. Advertising area on rooftop of Central Pier 3
32. Advertising areas on external wall of Hong Kong Coliseum
33. Kiosk (conversion of storage space) on G/F at Kowloon East Government Offices
34. Advertising area at Tsuen Wan Carpark Building Public Transport Interchange
35. ATM at Mong Kok Government Offices
36. Advertising opportunity at external wall of CEDD (Headquarters) Building in Homantin
37. Advertising areas in Passenger Terminal Building, Shenzhen Bay Port Hong Kong Area*

* *Item number 15 and 37 represent two different advertising areas in Passenger Terminal Building, Shenzhen Bay Port Hong Kong Area, which were identified as having new commercialisation opportunities in 2008 and 2009 respectively.*

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

Reply Serial No.

FSTB(Tsy)058

Question Serial No.

3017

Head: 51 Government Property Agency Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

To take the lead in injecting impetus to the revitalisation of industrial buildings, the Government will, where appropriate, consider making use of old industrial buildings in the relocation of its offices and facilities in future. What are the departments which have been earmarked and which are being considered for relocation? In which districts are the old industrial buildings concerned situated and what is the expenditure involved?

Asked by: Hon. LEUNG Mei-fun, Priscilla

Reply:

We are studying the feasibility of making use of industrial buildings to relocate government offices and facilities. In the process, the Government will take into account a range of factors such as location, accessibility, impact on delivery of public services, operational needs of departments and cost-effectiveness. No specific details have been fixed for the time being.

Signature _____

Name in block letters _____ K K Kwok _____

Post Title _____ Government Property Administrator _____

Date _____ 16 March 2010 _____

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

Reply Serial No.

FSTB(Tsy)059

Question Serial No.

2630

Head: 51 Government Property Agency Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

According to paragraph 62 of the 2010-11 Budget Speech, the Government has completed a study on relocating government departments in the three government office buildings at the Wan Chai waterfront. The Financial Secretary mentioned that some of these government departments would be relocated to old private industrial buildings. Given that the Government is now encouraging revitalisation of old industrial buildings, what measures will the Government adopt in order to ensure that it would not compete with the private sector for industrial building premises and further discourage the conversion or redevelopment of these old industrial buildings? When will the Government inform and discuss with this Council in regard of the said relocation study?

Asked by: Hon. SHEK Lai-him, Abraham

Reply:

The Financial Secretary announced in his 2010-11 Budget Speech that the Government will consider making use of old industrial buildings in the relocation of government offices and facilities. According to the assessment of the Development Bureau, given that more than 1 000 industrial buildings would meet the basic eligibility criteria for the policy measure to encourage wholesale conversion, the potential supply of industrial buildings suitable for conversion should be sufficient to meet the various needs of the private sector as well as the public sector. The Bureau believes that the Government's proposal to relocate some offices and facilities to industrial buildings would not result in a direct competition for converted industrial building premises with the private sector. On the contrary, successful conversion cases by the Government would inject impetus to the revitalisation of industrial buildings.

The study completed by the Government Property Agency indicates that the 27 bureaux/departments in the three government office buildings at the Wan Chai waterfront can be relocated to other districts. As and when appropriate we will relocate the departments concerned out of the Wan Chai waterfront. In view of the large number of bureaux/departments involved, we expect that the relocation exercise will need to be phased over a number of years. We will study the feasibility of making use of industrial buildings in drawing up the relocation plan. In the process, we will take into account a range of factors such as location, accessibility, impact on delivery of public services, operational needs of departments, and cost-effectiveness. We will consult the Legislative Council as and when appropriate.

Signature _____

Name in block letters _____ K K Kwok _____

Post Title _____ Government Property Administrator _____

Date _____ 16 March 2010 _____

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

Reply Serial No.

FSTB(Tsy)060

Question Serial No.

2312

Head: 51 Government Property Agency Subhead (No. & title): 000 Operational expenses

Programme:

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the following information on the procurement of services of employment agencies (EAs) by the department from 2006-07 to 2009-10 in the form of a table:

- a. the number of contracts signed with EAs;
- b. the contract sum and term of service for each EA;
- c. the number and duties of workers supplied under each contract signed with EAs;
- d. details of the pay of workers supplied under each contract signed with EAs, including monthly salaries and daily wages;
- e. the percentage changes in the number of EAs, the number of contracts, the number of workers employed and the total expenditure in each year over the previous year;
- f. if more than one EA was hired to supply workers, please list the number and total value of contracts awarded to each EA, and the number of workers supplied under it;
- g. the highest, median and lowest pay of workers supplied by each EA;
- h. the proportion of workers supplied by EAs in the existing staff in the department in each year; and
- i. the proportion of expenditure on procuring the services of EAs in departmental expenditure.

Asked by: Hon. WONG Kwok-hing

Reply:

The Agency has not engaged any employment agencies for provision of services from 2006-07 to 2009-10.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 16 March 2010

Examination of Estimates of Expenditure 2010-11

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

Reply Serial No.

FSTB(Tsy)061

Question Serial No.

2313

Head: 51 Government Property Agency Subhead (No. & title): 000 Operational expenses

Programme:

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide information on the employment and anticipated employment of temporary staff to provide services from 2007-08 to 2010-11:

	2010-11	2009-10	2008-09	2007-08
Number of temporary staff employed	()	()	()	()
Total expenditure on salaries of temporary staff employed	()	()	()	()
Percentage of temporary staff employed in the total number of staff in the department	()	()	()	()
<i>Figures in () denote year-on-year changes</i>				

Please provide a breakdown of the number of temporary staff by length or anticipated length of employment for each year from 2007-08 to 2010-11:

Length of employment	Number of staff in 2010-11	Number of staff in 2009-10	Number of staff in 2008-09	Number of staff in 2007-08
6 months	()	()	()	()
1 year	()	()	()	()
2 years	()	()	()	()
3 years	()	()	()	()
More than 3 years	()	()	()	()
<i>Figures in () denote year-on-year changes</i>				

Asked by: Hon. WONG Kwok-hing

Reply:

The Agency did not employ any temporary staff to provide services from 2007-08 to 2009-10 and has no plan to do so in 2010-11

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 16 March 2010

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

Reply Serial No.

FSTB(Tsy)062

Question Serial No.

2314

Head: 51 Government Property Agency Subhead (No. & title): 000 Operational expenses

Programme:

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the following information on the employment of non-civil service contract (NCSC) staff to provide services:

	2010-11	2009-10	2008-09	2007-08
Number of NCSC staff	()	()	()	()
Total expenditure on the salaries of NCSC staff	()	()	()	()
Number of NCSC staff converted to civil servants				
Number of NCSC staff who had chances for conversion to civil servants on permanent terms but failed in the relevant examinations	()	()	()	()
NCSC staff as a percentage of the total number of staff in the department	()	()	()	()

Figures in () denote year-on-year changes

Please provide a breakdown of the number of NCSC staff by length of employment for the financial years from 2007-08 to 2010-11 in the following table:

Length of employment	No. of NCSC staff in 2010-11	No. of NCSC staff in 2009-10	No. of NCSC staff in 2008-09	No. of NCSC staff in 2007-08
6 months – 1 year	()	()	()	()
1 year – 3 years	()	()	()	()
3 years – 5 years	()	()	()	()
5 years – 10 years	()	()	()	()
10 years – 15 years	()	()	()	()

Figures in () denote year-on-year changes

In the coming three years (i.e. from 2010-11 to 2012-13), how many NCSC staff will be able to convert to civil servants on permanent terms?

Asked by: Hon. WONG Kwok-hing

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

Reply Serial No.

FSTB(Tsy)063

Question Serial No.

2315

Head: 51 Government Property Agency Subhead (No. & title): 000 Operational expenses

Programme:

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1. Please provide information on outsourced services (including property management, security, cleansing, telecommunications and information technology, statistics, etc., but excluding construction works) in the format set out below:

	2010-11	2009-10	2008-09	2007-08
Total number of outsourced service contracts	()	()	()	()
Total value of outsourced service contracts	()	()	()	()
Total number of workers employed under outsourced service contracts	()	()	()	()
Number of posts under outsourced service contracts replaced by permanent staff employed by the Government	()	()	()	()

Figures in () denote year-on-year changes

2. For the next three years (i.e. 2010-11 to 2012-13), how many posts under outsourced service contracts can be replaced by permanent staff employed by the Government?

Asked by: Hon. WONG Kwok-hing

Reply:

1. Information on the Agency's outsourced services is set out below:

	2010-11	2009-10	2008-09	2007-08
Total number of outsourced service contracts	7 (0.0%)	7 (-12.5%)	8 (-11.1%)	9
Total value of outsourced service contracts	\$202,007,000 (+1.8%)	\$198,530,000 (+2.0%)	\$194,703,000 (+3.2%)	\$188,755,000
Total number of workers employed under outsourced service contracts	1 945 (+0.1%)	1 943 (+0.2%)	1 939 (-0.4%)	1 946
Number of posts under outsourced service contracts replaced by permanent staff employed by the Government	0	0	0	0

Figures in () denote year-on-year changes

2. During 2010-11 to 2012-13, the Agency does not have any posts under outsourced service contracts which can be replaced by permanent staff employed by the Government.

Signature _____

Name in block letters _____ K K Kwok _____

Post Title _____ Government Property Administrator _____

Date _____ 16 March 2010 _____

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

Reply Serial No.

FSTB(Tsy)064

Question Serial No.

2429

Head: 59 Government Logistics Department Subhead (No. & title):

Programme:

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide details of the consultations on policy making and assessment under all programmes in the following format. Using the table below, please provide information on the consultations for which funds had been allocated in 2009-10:

Name/subject of consultation	Revised estimate (\$)	Progress of consultation (under planning/ in progress/ completed)	Mode of consultation (e.g. by means of written submissions, consultation sessions, focus groups), number of consultation exercises, name of organisations and number of people consulted/to be consulted	The Administration's follow-up actions on the consultation results and the progress made (if applicable)	For consultations already completed, were the results publicised? If so, what were the channels? If not, why not?

Asked by: Hon. EU Yuet-mee, Audrey

Reply:

We have not earmarked any funds in 2009-10 for conducting consultations on policy making and assessment.

Signature _____

Name in block letters Miss CHEUNG Siu Hing

Post Title Director of Government Logistics

Date 15 March 2010

Examination of Estimates of Expenditure 2010-11

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

Reply Serial No.

FSTB(Tsy)065

Question Serial No.

2430

Head: 59 Government Logistics Department Subhead (No. & title):

Programme:

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide details of the consultations on policy making and assessment under all programmes in the following format. Have resources been earmarked for holding consultations in 2010-11? If so, please provide the following details.

Name/subject of consultation	Expenditure (\$)	Progress of consultation (under planning/ in progress/ completed)	Mode of consultation (e.g. by means of written submissions, consultation sessions, focus groups), number of consultation exercises, name of organisations and number of people consulted/to be consulted	For consultations scheduled for completion in the financial year 2010-11, will the results be publicised? If not, what are the reasons?

Asked by: Hon. EU Yuet-mee, Audrey

Reply:

We have not earmarked any resources in 2010-11 for conducting consultations on policy making and assessment.

Signature _____

Name in block letters Miss CHEUNG Siu Hing

Post Title Director of Government Logistics

Date 15 March 2010

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

Reply Serial No.

FSTB(Tsy)066

Question Serial No.

2865

Head: 59 Government Logistics Department Subhead (No. & title):

Programme: (1) Procurement

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Has the department formulated any criteria on the purchase of environment-friendly products? If yes, what are the criteria? What is the expenditure on the purchase of environment-friendly products last year (i.e. 2009-10)? If there was none, will the department formulate any criteria on the purchase of environment-friendly products?

Asked by: Hon. IP Wai-ming

Reply:

The Government has issued guidelines on the procurement of environment-friendly products for bureaux and departments to follow when arranging purchases. These guidelines include avoiding single-use disposal items and purchasing products with improved recyclability, higher recycled content, reduced packaging, greater durability and greater energy efficiency; utilising clean technology and/or clean fuels. The Environmental Protection Department draws up green specifications for individual items. Where green specifications for an item are available, subject to market availability and resource considerations, the Government Logistics Department would actively adopt the green specifications in arranging for purchases of the item concerned.

The estimated expenditure on the purchase of products which met green specifications in 2009-10 was around \$304 million.

Signature _____

Name in block letters Miss CHEUNG Siu Hing

Post Title Director of Government Logistics

Date 15 March 2010

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

Reply Serial No.

FSTB(Tsy)067

Question Serial No.

0294

Head: 59 Government Logistics Department Subhead (No. & title):

Programme: (3) Land Transport

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Government Logistics Department has estimated that 373 government vehicles will be replaced in 2010. Please advise:

- (a) What are the types of the vehicles to be replaced and how many of them are environment-friendly vehicles? Please give a detailed breakdown of the number of respective type of the vehicles and the number of environment-friendly vehicles.
- (b) Which bureaux and departments will use these replacement vehicles?
- (c) What is the estimated percentage of environment-friendly vehicles in the government fleet as at March 2011? How does it compare with that for March 2010?
- (d) What is the expenditure involved in replacing vehicles this time?
- (e) Has the department made any assessment on the difference in expenditure for procuring environment-friendly and non environment-friendly vehicles?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

- (a) All the 373 replacement vehicles to be procured in 2010 will have to comply with the prevailing statutory emission standards set by the Environmental Protection Department (EPD). Subject to the availability of suitable models on the market and operational and resource considerations, we will give priority to procuring environment-friendly vehicles for which EPD has laid down qualifying standards for tax incentives. It is envisaged that of the 373 replacement vehicles, some 220 have environment-friendly standards.

Breakdown of the 373 vehicles by vehicle type is as follows:

Vehicle Type	No. of vehicles to be replaced	No. with environment-friendly standards
Bus	50	50
Car	143	143
Cross Country Vehicle	43	N/A
Motorcycle	45	N/A
Truck	25	25
Van	67	2
Total	373	220

- (b) The replacement vehicles will be allocated to 37 bureaux / departments, the major ones being the Hong Kong Police Force (137), Food and Environmental Hygiene Department (38), Fire Services Department (35), Water Supplies Department (22), Customs and Excise Department (19), Agriculture, Fisheries and Conservation Department (13), Buildings Department (12) and Lands Department (11).
- (c) The proportion of environment-friendly vehicles in the government fleet as at March 2011 is estimated to be about 27%, as compared with 18% for March 2010.
- (d) The estimated expenditure involved in replacing vehicles in 2010-11 is around \$122 million.
- (e) The price difference between environment-friendly vehicles and conventional vehicles depends much on the make and model of the vehicles concerned, and market availability at the time of procurement. It is difficult to make an across-the-board generalization.

Signature _____

Name in block letters Miss CHEUNG Siu Hing

Post Title Director of Government Logistics

Date 15 March 2010

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

Reply Serial No.

FSTB(Tsy)068

Question Serial No.

0546

Head: 59 Government Logistics Department Subhead (No. & title):

Programme: (1) Procurement

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is indicated that an estimated amount of \$49.4 million will be used strategically in order to achieve the best value of money. However, not any environmental aspects are mentioned. Please explain whether environment-friendly materials will be given priority when inviting contractors to tender.

Asked by: Hon. LEUNG Kwan-yuen, Andrew

Reply:

The financial provision of \$49.4 million under the programme area (1) 'Procurement' for 2010-11 is mainly for meeting operational expenses, including personal emoluments, personnel related expenses and other departmental expenses under this Programme. The value of goods and services that the Government Logistics Department (GLD) will arrange to purchase on behalf of other user departments is estimated to be about \$4,030 million in 2010. The established guidelines on the procurement of environment-friendly products will be followed when arranging the purchases. These guidelines include avoiding single-use disposal items and purchasing products with improved recyclability, higher recycled content, reduced packaging, greater durability and greater energy efficiency; utilising clean technology and/or clean fuels. The Environmental Protection Department draws up green specifications for individual items. Where green specifications for an item are available, subject to market availability and resource considerations, GLD would actively adopt the green specifications in arranging for purchases of the item concerned.

Signature _____

Name in block letters Miss CHEUNG Siu Hing

Post Title Director of Government Logistics

Date 15 March 2010

Examination of Estimates of Expenditure 2010-11

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

Reply Serial No.

FSTB(Tsy)069

Question Serial No.

0547

Head: 59 Government Logistics Department Subhead (No. & title):

Programme: (1) Procurement

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What was the estimated expenditure on the purchase of environment-friendly products last year (i.e. 2008-09)? What is the estimated expenditure this year (i.e. 2009-10)?

Asked by: Hon. LEUNG Kwan-yuen, Andrew

Reply:

The expenditure on the purchase of products meeting green specifications in 2008-09 was approximately \$823 million. The expenditure on such products for 2009-10 is estimated at \$304 million.

The value of products to be purchased which meet green specifications varies from year to year depending on the purchase requirements from user departments for the year in question.

Signature _____

Name in block letters Miss CHEUNG Siu Hing

Post Title Director of Government Logistics

Date 15 March 2010

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

Reply Serial No.

FSTB(Tsy)070

Question Serial No.

1964

Head: 59 Government Logistics Department Subhead (No. & title):

Programme: (4) Printing Services

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In the new financial year (i.e. 2010-11), what is the number of annual reports to be published by various departments? What is the amount of paper required and the expenditure involved for the publication of annual reports of various departments? What is the amount of paper and expenditure to be saved as compared with the last financial year (i.e. 2009-10)?

In the new financial year (i.e. 2010-11), how many departments which originally published annual reports in paper form, will publish the annual reports on the Internet or in the format of CD-ROMs? In this regard, what is the amount of public expenditure to be saved?

Asked by: Hon. TSE Wai-chun, Paul

Reply:

In 2009, the Government Logistics Department printed a total of 38 publications with “annual report” or similar wording in their titles. The cost of production of such reports was \$2.9 million and a total of 46 metric tonnes of paper was used. We do not have readily available information on the number of annual reports to be published by departments in 2010-11 or the amount of paper required and the expenditure involved for such publication. Nor do we have information on how many of these publications will be published on the internet or in the format of CD-ROMs in 2010-11.

Signature _____

Name in block letters Miss CHEUNG Siu Hing

Post Title Director of Government Logistics

Date 15 March 2010

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

Reply Serial No.

FSTB(Tsy)071

Question Serial No.

2534

Head: 59 Government Logistics Department Subhead (No. & title):

Programme: (4) Printing Services

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Government Logistics Department has produced many types of printed material over the past 3 years (i.e. 2007-08 to 2009-10), including publications, government forms and paper stationery. Among these, what is the percentage of the printing services outsourced? What is the total expenditure on these outsourced services each year?

Asked by: Hon. WONG Kwok-kin

Reply:

The total expenditure spent on outsourcing printing jobs by the Government Logistics Department (GLD) and its share of the total value of all printing jobs handled by GLD in the past 3 years are as follows—

Financial Year	Total expenditure on outsourced printing jobs	Percentage of printing jobs outsourced of all printing jobs handled by GLD
2007-08	\$37.2 million	15.6%
2008-09	\$37.3 million	16.0%
2009-10 (up to end February 2010)	\$32.5 million	16.2%

Signature _____

Name in block letters Miss CHEUNG Siu Hing

Post Title Director of Government Logistics

Date 15 March 2010

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

Reply Serial No.

FSTB(Tsy)073

Question Serial No.

0840

Head: 76 Inland Revenue Department Subhead (No. & title):

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

How many applications for holding over of part or the whole of the provisional tax and paying tax by instalments have been received in respect of profits tax, salaries tax and personal assessment in the previous 5 years (i.e. 2005-06 to 2009-10)? What are the respective percentages of these cases out of the total number of assessed cases for each type of tax? What are the respective amounts receivable involved?

Asked by: Hon. CHAN Kam-lam

Reply:

The numbers of approved cases in the past five years are set out below. The Inland Revenue Department does not keep statistics for applications made.

(i) Holding over of provisional tax:

Year	Profits Tax			Salaries Tax		
	No. of holdover cases [^]	% of total demand notes	% of total provisional tax charged	No. of holdover cases [^]	% of total demand notes	% of total provisional tax charged
2005-06	5 200	4.7%	10.6%	44 600	3.7%	4.5%
2006-07	5 200	4.3%	11.0%	39 600	3.3%	4.5%
2007-08	4 200	3.6%	9.6%	32 600	2.7%	4.5%
2008-09	8 400	7.0%	19.0%	59 900	4.9%	15.6%
2009-10*	6 800	5.8%	15.1%	46 400	3.8%	6.7%

* Up to 28 February 2010

[^] Rounded to the nearest hundred

Personal Assessment is not a tax levy but a relief measure. No provisional tax is charged under personal assessment.

(ii) Paying tax by instalments:

Year	Profits Tax			Salaries Tax			Personal Assessment		
	No. of Instalment cases#	% of total demand notes	% of total tax assessed	No. of Instalment cases#	% of total demand notes	% of total tax assessed	No. of Instalment cases#	% of total demand notes	% of total tax assessed
2005-06	1 990	1.8%	0.5%	12 610	1.1%	1.0%	1 010	0.7%	1.5%
2006-07	2 090	1.8%	0.8%	11 900	1.0%	1.0%	930	0.6%	1.6%
2007-08	2 020	1.7%	0.6%	8 660	0.7%	0.8%	710	0.4%	0.9%
2008-09	2 290	1.9%	1.3%	7 210	0.6%	1.0%	700	0.4%	1.6%
2009-10*	1 940	1.6%	1.2%	6 370	0.5%	0.9%	640	0.8%	0.9%

* Up to 28 February 2010

Rounded to the nearest ten

Signature _____

Name in block letters Mrs. CHU WONG Lai-fun, Teresa

Post Title Ag. Commissioner of Inland Revenue

Date 17 March 2010

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

Reply Serial No.

FSTB(Tsy)074

Question Serial No.

2405

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme:

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In respect of the consultation exercises for formulating and assessing policies under all programmes, please provide the relevant information in the following format:

Regarding the consultation exercises in 2009-10 for which provisions have been approved, please provide information in the following format:

Name / Content of the consultation exercises	Revised estimate (\$)	Consultation progress (under planning / in progress / completed)	Consultation mode (e.g. collection of written opinion, consultation meetings, focus groups), number of consultations conducted, name of groups consulted, number of people consulted)	Follow-up actions taken by the Department on the consultation results and their progress (if any)	If completed, have the results been released to the public? If yes, through what channels? If no, what are the reasons?
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Asked by: Hon. EU Yuet-mee, Audrey

Reply:

In 2009-10, the Inland Revenue Department had not conducted any consultation exercise for formulating and assessing policies. Thus, no information can be provided.

Signature _____

Name in block letters Mrs. CHU WONG Lai-fun, Teresa

Post Title Ag. Commissioner of Inland Revenue

Date 16 March 2010

Examination of Estimates of Expenditure 2010-11

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

Reply Serial No.

FSTB(Tsy)075

Question Serial No.

2406

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme:

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In respect of the consultation exercises for formulating and assessing policies under all programmes, please provide the relevant information in the following format:

Are resources reserved for consultation exercises in 2010-11? If yes, please provide the following information:

Name / Content of the consultation exercises	Expenditure (\$)	Consultation progress (under planning / in progress / completed)	Consultation mode (e.g. collection of written opinion, consultation meetings, focus groups), number of consultations conducted, name of groups consulted, number of people consulted)	Will the consultation results be released to the public if the exercises are expected to be completed in the 2010-11 financial year? If no, what are the reasons?
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Asked by: Hon. EU Yuet-mee, Audrey

Reply:

In 2010-11, the Inland Revenue Department does not plan to conduct any consultation exercise for formulating and assessing policies. Thus, no information can be provided.

Signature _____

Name in block letters Mrs. CHU WONG Lai-fun, Teresa

Post Title Ag. Commissioner of Inland Revenue

Date 16 March 2010

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

Reply Serial No.

FSTB(Tsy)077

Question Serial No.

0347

Head: 76 Inland Revenue Department Subhead (No. & title):

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In the past 2 years (i.e. 2008-09 to 2009-10), how many returns were filed electronically for each type of tax? What are the respective percentages of these returns among the total number of each type of tax returns?

Asked by: Hon. HO Chung-tai, Raymond

Reply:

In 2008-09 to 2009-10, individual tax returns and property tax returns can be lodged electronically. Electronic filing of profits tax returns is not yet available. The number of tax returns received via electronic means and the percentage of the total number of returns received for the two types are as follows:

Year	Individual tax returns *		Property tax returns #		Total	
	No. of returns lodged electronically	% of total number of returns received	No. of returns lodged electronically	% of total number of returns received	No. of returns lodged electronically	% of total number of returns received
2008-09	197 400	9.3%	3 000	2.4%	200 400	8.9%
2009-10 (up to 28 February 2010)	247 700	11.3%	3 700	2.9%	251 400	10.9%

* Comprising salaries income, property rental income from solely-owned properties, profits from sole proprietorship businesses and Personal Assessment.

Property rental income from jointly-owned properties.

Signature _____

Name in block letters Mrs. CHU WONG Lai-fun, Teresa

Post Title Ag. Commissioner of Inland Revenue

Date 15 March 2010

Examination of Estimates of Expenditure 2010-11

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

Reply Serial No.

FSTB(Tsy)078

Question Serial No.

0348

Head: 76 Inland Revenue Department Subhead (No. & title):

Programme: (3) Investigation and Field Audit

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In the past 2 years (i.e. 2008-09 to 2009-10), what was the establishment for site visits and examination of taxpayers' accounting records? What was the expenditure involved? How many tax avoidance cases were revealed?

Asked by: Hon. HO Chung-tai, Raymond

Reply:

The Field Audit Sections under Field Audit and Investigation Unit of the Inland Revenue Department are responsible for field audit and audit on tax avoidance. The statistics relating to Field Audit Sections are as follows:-

	2008-09	2009-10 (Revised Estimate)
Staff establishment	199	199
Expenditure (\$m)	131.1	130.8
Field audit cases completed:		
Cases not involving tax avoidance	1 419	1 419
Cases involving tax avoidance	<u>218</u>	<u>218</u>
Total no. of cases	<u>1 637</u>	<u>1 600</u>

Signature _____

Name in block letters Mrs. CHU WONG Lai-fun, Teresa

Post Title Ag. Commissioner of Inland Revenue

Date 15 March 2010

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

Reply Serial No.

FSTB(Tsy)079

Question Serial No.

3101

Head: 76 Inland Revenue Department Subhead (No. & title):

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- a. In the previous year (i.e. 2009-10), what was the number of transactions using electronic services for tax payments?
- b. What will be the increase in the number of tax payment transactions using electronic services in the coming year?

Asked by: Hon. IP Wai-ming

Reply:

- a. In 2009-10 (up to 28 February 2010), there were around 1 293 000 electronic payments for settlement of "earnings and profits tax", representing 57% of total payments for the year. The Inland Revenue Department does not have further breakdown on electronic payment by tax type.
- b. The percentage of electronic payments among the total payments for the past years were more or less the same and it is expected that the number of electronic payments for settlement of "earnings and profits tax" in the coming year would be close to that of 2009-10.

Signature _____

Name in block letters Mrs. CHU WONG Lai-fun, Teresa

Post Title Ag. Commissioner of Inland Revenue

Date 16 March 2010

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

Reply Serial No.

FSTB(Tsy)080

Question Serial No.

0395

Head: 76 Inland Revenue Department Subhead (No. & title):

Programme: (3) Investigation and Field Audit

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned that the work of the Financial Services and the Treasury Bureau (The Treasury Branch) includes formulating, co-ordinating and supporting policies and actions to combat tax evasion and minimise opportunities for tax avoidance. Please provide the following information:

- (a) How many tax evasion cases were there in 2008-09 and 2009-10 (the latest figure) respectively? What are the respective amounts of tax and penalty recovered?
- (b) How many tax evasion cases are expected in 2010-11? What can be done to reduce the number of tax evasion cases?
- (c) What is the amount of the Bureau's expenditure accounted for by combating tax evasion and avoidance cases?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

- (a) In 2008-09 and 2009-10 (up to 28.2.2010), the Inland Revenue Department ("IRD") has completed 1 862 and 1 666 (estimated 1 800 for whole year) field audit and investigation cases respectively. The amount of tax and penalty assessed are \$2,181 million and \$2,500 million (revised estimate in 2009-10) respectively for the two years.
- (b) It is expected that IRD will complete 1800 field audit and investigation cases with back tax and penalty totalling \$2,050 million in 2010-11. IRD will continue its effort to combat tax evasion and avoidance by strengthening risk management through the use of sophisticated computer programme and instituting prosecution proceedings. It will also enhance the officers' professional knowledge and investigative skills through job rotation and participation in local and international tax and investigation seminars or training programmes. Besides, IRD will continue to promote taxpayers' self-compliance and enhance their taxation knowledge through provision of comprehensive tax information at IRD's website

(c) In 2010-11, the estimated financial provision for IRD's expenditure on field audit (including anti-tax avoidance) and investigation is \$182.5 million, which amounts to 14.3% of IRD's total financial provisions.

Signature _____

Name in block letters Mrs. CHU WONG Lai-fun, Teresa

Post Title Ag. Commissioner of Inland Revenue

Date 15 March 2010

Examination of Estimates of Expenditure 2010-11

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

Reply Serial No.

FSTB(Tsy)081

Question Serial No.

0669

Head: 76 Inland Revenue Department Subhead (No. & title):

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In respect of the profits tax indicator under the programme of “Assessing Functions”, the number of “assessment made” and “assessments per post” in 2010-11 are less than those in 2009-10 (revised estimate). However, the “provision per assessment” has increased for the same period. Please explain the reason.

Asked by: Hon. LAM Tai-fai

Reply:

Compared with the revised estimate of 2009-10, the decrease in the number of “assessments made” and “assessments per post” (i.e. the number of assessments made per staff) for profits tax in 2010-11 is due to the estimated slight decrease in the number of profits tax assessment in 2010-11 as a result of the economic downturn in the last quarter of 2008.

Separately, the “provision per assessment” is computed by dividing the relevant expenses (mainly comprising personnel emoluments and departmental expenses) attributable to profits tax assessments by the number of assessments made during the year. The increase in the “provision per assessment” in 2010-11 is mainly due to the increase in staff cost (filling staff vacancies and provision of salary increments) and other operating expenses in 2010-11.

Signature _____

Name in block letters Mrs. CHU WONG Lai-fun, Teresa

Post Title Ag. Commissioner of Inland Revenue

Date 15 March 2010

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

Reply Serial No.

FSTB(Tsy)082

Question Serial No.

0670

Head: 76 Inland Revenue Department Subhead (No. & title):

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In 2009-10, how many cases involving depreciation allowances on machinery or plant were processed by the Inland Revenue Department? What was the provision involved in average?

Asked by: Hon. LAM Tai-fai

Reply:

The Inland Revenue Department does not keep separate records for processing claims for depreciation allowances on machinery or plant and does not apportion the provision for individual items in the course of tax assessment. Thus, the relevant information cannot be provided.

Signature _____

Name in block letters Mrs. CHU WONG Lai-fun, Teresa

Post Title Ag. Commissioner of Inland Revenue

Date 16 March 2010

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

Reply Serial No.

FSTB(Tsy)083

Question Serial No.

0671

Head: 76 Inland Revenue Department Subhead (No. & title):

Programme: (3) Investigation and Field Audit

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- (a) Out of the 1 862 cases that the Inland Revenue Department (IRD) completed under the programme of 'Investigation and Field Audit' in 2008-09, how many cases were connected with the depreciation allowances on machinery or plant stipulated in Section 39E of the Inland Revenue Ordinance (IRO)? What was the amount of the provision involved in handling such cases?
- (b) Out of the 1 862 cases that the IRD completed in 2008-09, how many cases were connected with the arrangement of apportioning consolidated profit on 50:50 basis under Profits Tax? What was the amount of the provision involved in handling such cases?
- (c) The IRD stated that it would continue to exert effort to combat tax evasion and counter tax avoidance schemes in 2010-11. At present, if the Hong Kong enterprises engaged in "import processing" transfer machinery or plant (including moulds) to factories in the Mainland for their use, they will be regarded by the IRD as conducting tax avoidance activities under Section 39E of the IRO. How will the IRD counter with such activities in 2010-11? What amount of provision will be involved?

Asked by: Hon. LAM Tai-fai

Reply:

- (a)&(b) For completed Investigation and Field Audit cases, the IRD does not make any analysis relating to cases connected with the adjustment of depreciation allowances on machinery or plant stipulated in Section 39E of the IRO or apportionment of consolidated profit on 50:50 basis. Thus, the relevant information could not be provided.
- (c) Section 39E of the IRO will apply to any commercial arrangement falling within the specific scope of the provision, irrespective of whether there is an intention to avoid tax. While taxpayers cannot claim tax deduction if the provision applies, it is not the practice of the IRD to treat the said commercial arrangements as tax avoidance activities. Hence, the relevant information could not be provided.

Signature _____

Name in block letters Mrs. CHU WONG Lai-fun, Teresa

Post Title Ag. Commissioner of Inland Revenue

Date 16 March 2010

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

Reply Serial No.

FSTB(Tsy)084

Question Serial No.

1848

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary mentioned in the Budget Speech (paragraph 30), "The Inland Revenue Department (IRD) has established procedures to track property transactions involving speculation and will follow up each case closely. If it is found that such transactions constitute a business, the IRD will levy profits tax on the persons or companies concerned for profits arising from such transactions."

In each of the past 5 years, how many property transactions involving speculation were tracked by the IRD? Among such transactions, how many cases were found to constitute a business and profits tax levied on the persons or companies concerned for the profits generated? What was the amount of tax collected? What are the respective percentages of properties held by individuals and companies in these cases? How many property transfers in the said cases were carried out by confirmors?

Asked by: Hon. LEE Wing-tat

Reply:

Property speculators are normally deemed to be carrying on a business and charged to profits tax under the Inland Revenue Ordinance. They have to submit returns and pay tax for the profits made. Whether a property transaction constitutes a business has to be determined by the facts of the case. The IRD will consider all the relevant facts of the case, including the number of previous transactions, the duration of the property held as well as the background, motives, financial arrangements and modes of operation.

IRD maintains a database where details of property transactions are recorded. To identify possible property speculators, a computer selection is run periodically to analyse sale and purchase transactions in the database. The cases identified are then reviewed by IRD officers who will look into the facts of each case to consider whether any follow-up action is necessary.

The statistics on cases identified by the periodic computer selection and those requiring follow-up actions are shown in the following table. Though the figures may serve as reference to show IRD's effort in detecting property dealing cases for the purpose of levying profits tax, they do not represent a full picture of all property dealing cases handled by IRD. Taxpayers may have reported their property dealing transactions in their tax returns. IRD has not gathered statistics on the tax assessments made ultimately, including the breakdown on the respective percentages of properties held by individuals and companies, the number of property transfers which were carried out by confirmors, or the amount of tax assessed from these cases.

Statistics on Property Dealing Cases

Financial Year*	Cases Identified by Computer Programme**	Potential Dealing Cases Requiring Follow up Actions**
2005-06	15 600	6 700
2006-07	9 800	2 500
2007-08	19 000	6 700
2008-09	13 700	4 300

* Statistics for 2009-10 cannot be provided as exercise is not yet completed.

** Case is counted on taxpayer basis. Each case may include more than one property transactions. Not including cases with tax files existed. Figure rounded to the nearest hundred.

Signature _____

Name in block letters Mrs. CHU WONG Lai-fun, Teresa

Post Title Ag. Commissioner of Inland Revenue

Date 17 March 2010

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

Reply Serial No.

FSTB(Tsy)085

Question Serial No.

2384

Head: 76 Inland Revenue Department Subhead (No. & title):

Programme: (3) Investigation and Field Audit

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In respect of various classes of units, including Class A (less than 40m²), Class B (40m² to 69.9m²), Class C (70m² to 99.9m²), Class D (100m² to 159.9m²) and Class E (160m² or above), how many properties were held by companies in each of the past three years? How many of these properties were held by offshore companies? How many property transactions were carried out by means of transfer of company shares? Among such transactions, how many properties were held by offshore companies? How many of these transactions were investigated by the Inland Revenue Department? Among the investigated transactions, how many were charged for profits tax? What was the discrepancy in the amounts of profits tax and stamp duty (for property transactions involving sales of properties) charged?

Asked by: Hon. LEE Wing-tat

Reply:

IRD maintains a database where details of property transactions are recorded. To identify possible property speculators, a computer selection is run periodically to analyse sale and purchase transactions in the database. The cases identified are then reviewed by IRD officers who will look into the facts of each case to consider whether any follow-up action is necessary.

The statistics on cases identified by the periodic computer selection and those requiring follow-up actions are shown in the following table. Though the figures may serve as reference to show IRD's effort in detecting property dealing cases for the purpose of levying profits tax, they do not represent a full picture of all property dealing cases handled by IRD. Taxpayers may have reported their property dealing transactions in their tax returns. IRD has not gathered statistics on the tax assessments made ultimately or the amount of tax assessed from these cases.

Statistics on Property Dealing Cases

Financial Year*	Cases Identified by Computer Programme**	Potential Dealing Cases Requiring Follow up Actions**
2007-08	19 000	6 700
2008-09	13 700	4 300

* Statistics for 2009-10 cannot be provided as exercise is not yet completed.

** Case is counted on taxpayer basis. Each case may include more than one property transactions. Not including cases with tax files existed. Figure rounded to the nearest hundred.

As IRD does not analyse properties or classify transactions according to the type of ownership, the relevant data cannot be provided.

If a property transaction is deemed to be speculation/a business activity, all profits arising or derived therefrom shall be charged to profits tax. On the other hand, stamp duty is payable on all property transactions based on the value of the properties. Profits tax and stamp duty are different types of tax and there is no correlation between them.

Signature _____

Name in block letters Mrs. CHU WONG Lai-fun, Teresa

Post Title Ag. Commissioner of Inland Revenue

Date 17 March 2010

Examination of Estimates of Expenditure 2010-11

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

Reply Serial No.

FSTB(Tsy)086

Question Serial No.

0058

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme:

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 29 of the Budget Speech that “buyers will no longer be allowed to defer payment of stamp duty on transactions of properties valued more than \$20 million”. How many payment deferral cases were there in each of the past three years (i.e. 2007-08 to 2009-10)? How much duty was involved?

Asked by: Hon. WONG Kwok-kin

Reply:

In 2007-08, 2008-09 and 2009-10 (up to 28 February 2010), there were around 49 000, 22 000 and 43 000 approved cases of deferral of stamp duty payment concerning property transactions respectively. However, the Stamp Office does not have statistics on the amount of duties involved.

Signature _____

Name in block letters Mrs. CHU WONG Lai-fun, Teresa

Post Title Ag. Commissioner of Inland Revenue

Date 16 March 2010

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

Reply Serial No.

FSTB(Tsy)087

Question Serial No.

0059

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme:

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 30 of the Budget Speech that “if it is found that such transactions constitute a business, the Inland Revenue Department (IRD) will levy profits tax on the persons or companies concerned for profits arising from such transactions”. How many cases were there in each of the past three years (i.e. 2007-08 to 2009-10) that the IRD levied profits tax on property transactions constituting a business? How much tax was collected from each case?

Asked by: Hon. WONG Kwok-kin

Reply:

Property speculators are normally deemed to be carrying on a business and charged to profits tax under the Inland Revenue Ordinance. They have to submit returns and pay tax for the profits made. Whether a property transaction constitutes a business has to be determined by the facts of the case. The IRD will consider all the relevant facts of the case, including the number of previous transactions, the duration of the property held as well as the background, motives, financial arrangements and modes of operation.

IRD maintains a database where details of property transactions are recorded. To identify possible property speculators, a computer selection is run periodically to analyse sale and purchase transactions in the database. The cases identified are then reviewed by IRD officers who will look into the facts of each case to consider whether any follow-up action is necessary.

The statistics on cases identified by the periodic computer selection and those requiring follow-up actions are shown in the following table. Though the figures may serve as reference to show IRD's effort in detecting property dealing cases for the purpose of levying profits tax, they do not represent a full picture of all property dealing cases handled by IRD. Taxpayers may have reported their property dealing transactions in their tax returns. IRD has not gathered statistics on the tax assessments made ultimately or the amount of tax assessed from these cases.

Statistics on Property Dealing Cases

Financial Year*	Cases Identified by Computer Programme**	Potential Dealing Cases Requiring Follow up Actions**
2007-08	19 000	6 700
2008-09	13 700	4 300

* Statistics for 2009-10 cannot be provided as exercise is not yet completed.

** Case is counted on taxpayer basis. Each case may include more than one property transactions. Not including cases with tax files existed. Figure rounded to the nearest hundred

Signature _____

Name in block letters Mrs. CHU WONG Lai-fun, Teresa

Post Title Ag. Commissioner of Inland Revenue

Date 17 March 2010

Examination of Estimates of Expenditure 2010-11

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

Reply Serial No.

FSTB(Tsy)088

Question Serial No.

2533

Head: 76 Inland Revenue Department Subhead (No. & title):

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the Inland Revenue Department's assessing work, please provide data for the past three years of assessment (i.e. 2006-07 to 2008-09) in the table below:

Company's assessable profits * (\$)	Number of companies	Percentage of the number of companies chargeable to profits tax	Total profits tax assessed for the year (\$m)	Percentage to the total amount of profits tax assessed
Below 5,000,000				
5,000,001-10,000,000				
10,000,001 and above				
Total				

Asked by: Hon. WONG Kwok-kin

Reply:

Data for the past three years of assessment (up to 28.2.2010) is as follows:

Year of Assessment 2006-07 (mainly assessed in 2007-08)

Company's assessable profits * (\$)	Number of companies	Percentage of the number of companies chargeable to profits tax	Total profits tax assessed for the year (\$m)	Percentage to the total amount of profits tax assessed
Below 5,000,000	200 520	95.94%	9,682	12.22%
5,000,001-10,000,000	3 770	1.80%	4,574	5.77%
10,000,001 and above	4 720	2.26%	65,002	82.01%
Total	209 010	100%	79,258	100%

Year of Assessment 2007-08 (mainly assessed in 2008-09)

Company's assessable profits * (\$)	Number of companies	Percentage of the number of companies chargeable to profits tax	Total profits tax assessed for the year (\$m)	Percentage to the total amount of profits tax assessed
Below 5,000,000	201 220	95.51%	8,744	9.06%
5,000,001-10,000,000	4 140	1.97%	4,905	5.09%
10,000,001 and above	5 320	2.52%	82,801	85.85%
Total	210 680	100%	96,450	100%

Year of Assessment 2008-09 (mainly assessed in 2009-10)

Company's assessable profits * (\$)	Number of companies	Percentage of the number of companies chargeable to profits tax	Total profits tax assessed for the year (\$m)	Percentage to the total amount of profits tax assessed
Below 5,000,000	177 270	95.39%	8,970	11.89%
5,000,001-10,000,000	3 730	2.01%	4,260	5.65%
10,000,001 and above	4 840	2.60%	62,214	82.46%
Total	185 840	100%	75,444	100%

* Refer to assessable profits after set off of loss from previous years

Signature _____

Name in block letters Mrs. CHU WONG Lai-fun, Teresa

Post Title Ag. Commissioner of Inland Revenue

Date 16 March 2010

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

Reply Serial No.

FSTB(Tsy)089

Question Serial No.

1599

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme:

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary mentioned in the Budget Speech (paragraph 94) that the tax deduction for capital expenditure on environment-friendly vehicles would be accelerated. Please explain the relevant tax arrangement, its implementation schedule and the impact on the revenue of the government?

Asked by: Hon. WONG Ting-kwong

Reply:

According to the Inland Revenue Ordinance (Cap. 112), businesses are entitled to a total of 72% of the capital expenditure as deduction of depreciation allowance in the first year of purchase of motor vehicles. Starting from the second year onwards, the annual allowances are at the rate of 30% (applicable for the category of motor vehicle) of the reducing value for the vehicles. Under the proposed tax concession, the tax deduction in the first year of purchase of an eligible Environment-friendly Vehicle will be increased from 72% to 100% of the capital expenditure.

Details of the scheme will be presented to LegCo in the form of draft legislation. If passed, the concession is expected to apply to 2010-11 and subsequent years of assessment. The impact on the revenue of the Government is not expected to be significant.

Signature _____

Name in block letters Mrs. CHU WONG Lai-fun, Teresa

Post Title Ag. Commissioner of Inland Revenue

Date 16 March 2010

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

Reply Serial No.

FSTB(Tsy)090

Question Serial No.

1649

Head: 76 Inland Revenue Department Subhead (No. & title):

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Given that the indicators for 2010-11 regarding areas such as profits tax, salaries tax, property tax and personal assessment all show a decrease in the assessments per post when compared with those for 2009-10, why do the indicators for the provision per assessment in such areas increase for 2010-11 when compared with those for 2009-10?

Asked by: Hon. WONG Ting-kwong

Reply:

“The assessments per post” is computed by dividing the number of assessments made in the year as shown in each indicator by the number of staff responsible for tax assessment under that indicator. Due to the economic downturn in the last quarter of 2008, which had yet to recover in 2009, the Inland Revenue Department (IRD) expected that the number of assessments to be made in respect of profits tax, salaries tax and personal assessment in 2010-11 will decrease slightly. As a result, the numbers of assessments per post for the aforesaid tax types in 2010-11 are slightly lower than that of 2009-10. For property tax, IRD needs to redeploy additional manpower to cope with the expected increase in updating property transactions information in 2010-11 (the increase in number of property tax assessment will be reflected in 2011-12) taking into account the recovery of the property market in the latter half of 2009. Therefore, even though the number of assessments projected for 2010-11 is the same as that in 2009-10, the number of assessments per post in 2010-11 is estimated to be less than that in 2009-10.

Separately, the “provision per assessment” is computed by dividing the relevant expenses (mainly comprising personnel emoluments and departmental expenses) attributable to tax assessments of each indicator by the number of assessments made during the year. The increase in the “provision per assessment” in 2010-11 is mainly due to the increase in staff cost (filling staff vacancies and provision of salary increments) and other operating expenses in 2010-11.

Signature _____

Name in block letters Mrs. CHU WONG Lai-fun, Teresa

Post Title Ag. Commissioner of Inland Revenue

Date 15 March 2010

Examination of Estimates of Expenditure 2010-11

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

Reply Serial No.

FSTB(Tsy)091

Question Serial No.

1650

Head: 76 Inland Revenue Department Subhead (No. & title):

Programme: (3) Investigation and Field Audit

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In view of the present blooming property market, will the Department increase its manpower to cope with the related taxation work involved? In 2010-11, the Inland Revenue Department will continue to combat tax evasion and counter tax avoidance schemes. In this connection, how was the situation of tax evasion and avoidance in 2009-10 when compared with that in 2008-09? Are more tax evasion and avoidance cases expected in 2010-11?

Asked by: Hon. WONG Ting-kwong

Reply:

The Inland Revenue Department has been allocating appropriate resources for carrying out its various duties according to service needs and departmental priorities. In 2010-11, there will be no change in the overall Department's establishment but staff will be redeployed to support the processing of the expected increase in updating property transactions information.

The information relating to field audit and investigation is as follows:

	2008-09 (Actual)	2009-10 (Revised Estimate)	2010-11 (Estimate)
Cases completed	1 862	1 800	1 800
Back tax and penalty assessed (\$m)	2,181.2	2,500	2,050

Due to the global financial crisis, some taxpayers' earnings/profits have been adversely affected. It is anticipated that greater efforts and longer time would be required to complete field audit and investigation cases under adverse economic conditions. As such, the numbers of cases completed in 2009-10 and 2010-11 are expected to decrease slightly from that for 2008-09. For back tax and penalty assessed, the amount recovered in 2009-10 is exceptionally high due to the settlement of a few large tax avoidance cases. We believe that the amount to be recovered in 2010-11 will return more or less to the 2008-09 level.

Signature _____

Name in block letters Mrs. CHU WONG Lai-fun, Teresa

Post Title Ag. Commissioner of Inland Revenue

Date 17 March 2010

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

Reply Serial No.

FSTB(Tsy)092

Question Serial No.

2407

Head: 162 Rating and Valuation Department Subhead (No. & title):

Programme:

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide relevant information in the following format regarding the consultations conducted for the purposes of formulating and assessing policies under all programmes:-

For the consultation projects that have been earmarked funds in 2009-10, please provide information in the following format –

Name/content of consultation project	Revised estimates (\$)	Progress of consultation (under planning / in progress / completed)	Mode (e.g. collection of written feedbacks, consultation forums, focus groups) and frequency of consultation, names of groups consulted, number of persons consulted	The follow-ups taken by the Administration on the results of consultation and their progress (if any)	If completed, have they been released to the public? If yes, through which channels? If no, what are the reasons?

Asked by: Hon. EU Yuet-mee, Audrey

Reply:

We have not earmarked any funds in the 2009-10 revised estimate for conducting consultation for the purposes of formulating and assessing policies.

Signature _____

Name in block letters _____ **MRS. MIMI BROWN**

Post Title _____ Commissioner of Rating and Valuation

Date _____ 17.3.2010

Examination of Estimates of Expenditure 2010-11

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

Reply Serial No.

FSTB(Tsy)093

Question Serial No.

2408

Head: 162 Rating and Valuation Department Subhead (No. & title):

Programme:

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide relevant information in the following format regarding the consultations conducted for the purposes of formulating and assessing policies under all programmes:-

Are there any resources earmarked for conducting consultations in 2010-11? If yes, please provide the following information –

Name/content of consultation project	Expenditure (\$)	Progress of consultation (under planning / in progress / completed)	Mode (e.g. collection of written feedbacks, consultation forums, focus groups) and frequency of consultation, names of groups consulted, number of persons consulted	Will the results be released to the public if they are expected to be completed in the 2010-11 financial year? If no, what are the reasons?

Asked by: Hon. EU Yuet-mee, Audrey

Reply:

We have not earmarked any funds in the 2010-11 draft estimate for conducting consultation for the purposes of formulating and assessing policies.

Signature _____

Name in block letters _____ **MRS. MIMI BROWN**

Post Title _____ Commissioner of Rating and Valuation

Date _____ 17.3.2010

Examination of Estimates of Expenditure 2010-11

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

Reply Serial No.

FSTB(Tsy)094

Question Serial No.

2345

Head: 162 Rating and Valuation Department Subhead (No. & title): 000 Operational expenses

Programme:

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- a. Please provide information on the employment of non-civil service contract (NCSC) staff for the provision of services as follows :-

	2010-11	2009-10	2008-09	2007-08
No. of NCSC staff employed	()	()	()	()
Total expenditure on salary of NCSC staff	()	()	()	()
No. of NCSC staff recruited as civil servants				
No. of NCSC staff who had the chance to become civil servants on permanent terms but failed	()	()	()	()
Percentage of NCSC staff out of the total number of staff in the Department	()	()	()	()

() denote year-on-year changes

- b. Please provide length of employment of NCSC staff for the period from 2007-08 to 2010-11 as follows :-

Years of employment	No. of staff in 2010-11	No. of staff in 2009-10	No. of staff in 2008-09	No. of staff in 2007-08
6 months – 1 year	()	()	()	()
1 year – 3 years	()	()	()	()
3 years – 5 years	()	()	()	()
5 years – 10 years	()	()	()	()
10 years – 15 years	()	()	()	()

() denote year-on-year changes

- c. In the following three years (i.e. from 2010-11 to 2012-13), how many NCSC staff will be converted to civil servants on permanent terms?

Asked by: Hon. WONG Kwok-hing

Reply:

- a. Information on the employment of non-civil service contract (NCSC) staff is summarised below:-

	2010-11 (Note 1)	2009-10 (Note 2)	2008-09	2007-08
No. of NCSC staff employed	-	58 (-1.7%)	59 (+13.5%)	52 (-)
Total expenditure on salary of NCSC staff (\$ million)	-	\$9.21 (+3.7%)	\$8.88 (-22.5%)	\$11.46 (-)
No. of NCSC staff recruited as civil servants	-	8	2	3
No. of NCSC staff who had the chance to become civil servants on permanent terms but failed	-	Information not available		
Percentage of NCSC staff out of the total number of staff in the Department (%)	-	6.81 (-1.7%)	6.93 (+12.7%)	6.15 (-)

() denote year-on-year changes

- b. Length of employment of NCSC staff from 2007-08 to 2010-11 are summarised below:-

Years of employment (Note 2)	No. of staff in 2010-11 (Note 1)	No. of staff in 2009-10 (Note 2)	No. of staff in 2008-09	No. of staff in 2007-08
6 months – 1 year	-	27 (-30.8%)	39 (+105.3%)	19 (-)
1 year – 3 years	-	19 (+58.3%)	12 (-60%)	30 (-)
3 years – 5 years	-	10 (+100%)	5 (+150%)	2 (-)
5 years – 10 years	-	2 (-33.3%)	3 (+200%)	1 (-)
10 years – 15 years	-	- (-)	- (-)	- (-)

() denote year-on-year changes

Note 1 Figures are not available at this stage as the number of NCSC staff may vary in the light of changing service and operational requirements.

Note 2 Positions as at 28.2.2010.

- c. It is not possible to give such projection.

Signature _____

Name in block letters MRS. MIMI BROWN

Post Title Commissioner of Rating and Valuation

Date 17.3.2010

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

Reply Serial No.

FSTB(Tsy)095

Question Serial No.

2346

Head: 162 Rating and Valuation Department Subhead (No. & title): 000 Operational expenses

Programme:

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please tabulate the following information regarding the services provided by employment agencies (EAs) in the period from 2006-07 to 2009-10:

- a. The number of contracts awarded to EAs;
- b. The amount and duration of each contract awarded to each EA;
- c. The number of workers supplied by each EA and their duties in each contract;
- d. Details on the salaries of workers (including monthly and daily paid) in each contract;
- e. The year-on-year changes in the number of EAs, contracts awarded, agency workers and amounts involved;
- f. The number of contracts awarded, total amount and number of workers involved for each EA, if more than one agency provided workers for the year;
- g. The maximum, minimum and median salaries of workers payable by each EA;
- h. The proportion of workers supplied by the EAs in the existing staff in the Department;
- i. The proportion of expenses on the services of the EAs in departmental expenses.

Asked by: Hon. WONG Kwok-hing

Reply:

	Type of Contract	2009-10	2008-09	2007-08	2006-07
(1) Number of contracts awarded to EAs	Others	1 (0%)	1 (0%)	1 (- %)	-
	T-contract (Note 1)	6 (Note 2)	6 (Note 2)	6 (Note 2)	3 (Note 2)
(2) Total payment and amount paid to individual EAs under contract (\$ m) (Note 3)	Others	1.95 (+41.3%)	1.38 (+91.7%)	0.72 (-%)	-
	T-contract (Note 1)	3.23 (-17.2%) (varies from 0.17 to 1.22 for each of the 6 EAs)	3.90 (+18.9%) (varies from 0.32 to 1.09 for each of the 6 EAs)	3.28 (+173.3%) (varies from 0.33 to 0.75 for each of the 6 EAs)	1.20 (-%) (varies from 0.31 to 0.48 for each of the 3 EAs)

	Type of Contract	2009-10	2008-09	2007-08	2006-07
(3) Duration of contract(s)	Others	12 months	12 months	9 months	-
	T-contract (Note 1)	12 months	12 months	12 months	12 months
(4) Total number of workers supplied by individual EAs and their duties (Note 4)	Others	36 (+111.8%) General office support and data entry for internal systems	17 (+13.3%) General office support	15 (-%) General office support	-
	T-contract (Note 1)	13 (+8.3%) (varies from 1 to 4 for each of the 6 EAs) Professional information technology support and system development	12 (+20%) (varies from 1 to 4 for each of the 6 EAs) Professional information technology support and system development	10 (+100%) (varies from 1 to 2 for each of the 6 EAs) Professional information technology support and system development	5 (-%) (varies from 1 to 3 for each of the 3 EAs) Professional information technology support and system development
(5) Workers' salaries (maximum, median and minimum) payable by each EA in each contract	Others	The contracts the Department entered into with EA specify the service charged by the latter in providing agency workers. The Department normally does not specify the wages of agency workers. Hence, the information requested is unavailable.			
	T-contract (Note 1)				
(6) Proportion of workers supplied by the EAs in the existing staff in the department	Others	4.23%	2.00%	1.77%	-
	T-contract (Note 1)	1.53%	1.41%	1.18%	0.59%
(7) Proportion of expenses on the services of the EAs in departmental expenses	Others	0.57%	0.36%	0.20%	-
	T-contract (Note 1)	0.94%	1.02%	0.91%	0.35%

() denote year-on-year changes

Note 1 :T-contract refers to term contract centrally administered by the Office of the Government Chief Information Officer (OGCIO).

Note 2 :Our Department drew service from a number of EAs under the provision of the T-contract but there was no contract between our Department and any EA.

Note 3 :For 2009-10, the information represents position up to 28.2.2010.

Note 4 :Since the number of agency workers varies from month to month in the light of changing service and operational requirements, a monthly average is used. For 2009-10, the information represents position up to 28.2.2010.

Signature _____

Name in block letters MRS. MIMI BROWN

Post Title Commissioner of Rating and Valuation

Date 17.3.2010

Examination of Estimates of Expenditure 2010-11

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

Reply Serial No.

FSTB(Tsy)096

Question Serial No.

2347

Head: 162 Rating and Valuation Department Subhead (No. & title): 000 Operational expenses

Programme:

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- a. Please state the use of outsourcing in the following service areas (including property management, security service, cleansing service, information technology, statistics, etc. [except outsourcing in construction]).

	2010-11	2009-10	2008-09	2007-08
Total number of outsourcing service contracts	()	()	()	()
Total amount involved in the contracts	()	()	()	()
Total number of workers employed	()	()	()	()
Number of posts replaced by civil servants	()	()	()	()

() denote year-on-year changes

- b. In the coming three years (i.e. from 2010-11 to 2012-13), how many posts engaged in outsourcing service contracts are expected to be replaced by civil servants?

Asked by: Hon. WONG Kwok-hing

Reply:

- a. The information of the outsourcing contracts is summarised below:

	2010-11 (Note 1)	2009-10 (Note 2)	2008-09	2007-08
Total number of outsourcing service contracts	-	4 (-33.3%)	6 (-14.3%)	7 (-)
Total amount involved in the contracts	-	\$2.98 (-45.2%)	\$5.44 (+55.4%)	\$3.50 (-)
Total number of workers employed	-	-	-	-
Number of posts replaced by civil servants	-	-	-	-

() denote year-on-year changes

Note 1 Figures are not available at this stage as details of outsourcing requirements have yet to be finalised.

Note 2 Position as at 28.2.2010.

Note 3 The outsourcing contracts are outcome-based and we have no information on the number of workers employed by the contractor for completing the tasks.

b. We do not anticipate any post engaged in outsourcing service contracts will be replaced by civil servant.

Signature _____

Name in block letters MRS. MIMI BROWN

Post Title Commissioner of Rating and Valuation

Date 17.3.2010

Examination of Estimates of Expenditure 2010-11

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

Reply Serial No.

FSTB(Tsy)097

Question Serial No.

2348

Head: 162 Rating and Valuation Department Subhead (No. & title): 000 Operational expenses

Programme:

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide information on temporary staff employed and expected to be employed from 2007-08 to 2010-11 for the provision of services:-

	2010-11	2009-10	2008-09	2007-08
No. of temporary staff employed	()	()	()	()
Total expenses of temporary staff employed	()	()	()	()
Percentage of temporary staff to the total number of staff in the Department	()	()	()	()

() denote year-on-year changes

Please list the length of employment of temporary staff employed and to be employed from 2007-08 to 2010-11:-

Length of employment	No. of Staff in 2010-11	No. of Staff in 2009-10	No. of Staff in 2008-09	No. of Staff in 2007-08
Half year	()	()	()	()
One year	()	()	()	()
Two years	()	()	()	()
Three years	()	()	()	()
Over three years	()	()	()	()

() denote year-on-year changes

Asked by: Hon. WONG Kwok-hing

Reply:

a. Information on the employment of temporary staff from 2007-08 to 2010-11 is summarised below:-

	2010-11 (Note 1)	2009-10 (Note 2)	2008-09	2007-08
No. of temporary staff employed (Note 3)	-	13 (+225%)	4 (-69.2%)	13 (-)
Total expenses of temporary staff employed (\$ million)	-	\$0.13 (+225%)	\$0.04 (-69.2%)	\$0.13 (-)
Percentage of temporary staff to the total number of staff in the Department (%)	-	1.53 (+225.5%)	0.47 (-69.5%)	1.54 (-)

() denote year-on-year changes

b. Length of employment of temporary staff from 2007-08 to 2010-11 are summarised below:-

Length of employment	No. of Staff in 2010-11 (Note 1)	No. of Staff in 2009-10 (Note 2)	No. of Staff in 2008-09	No. of Staff in 2007-08
Half year	-	13 (+225%)	4 (-69.2%)	13 (-)
One year	-	0 (-)	0 (-)	0 (-)
Two years	-	0 (-)	0 (-)	0 (-)
Three years	-	0 (-)	0 (-)	0 (-)
Over three years	-	0 (-)	0 (-)	0 (-)

() denote year-on-year changes

Note 1 Figures are not available at this stage as the number of temporary staff may vary in the light of changing service and operational requirements.

Note 2 Position as at 28.2.2010.

Note 3 It refers to summer interns employed by the Department.

Signature _____

Name in block letters MRS. MIMI BROWN

Post Title Commissioner of Rating and Valuation

Date 17.3.2010

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

Reply Serial No.

FSTB(Tsy)098

Question Serial No.

2855

Head: 188 Treasury Subhead (No. & title):

Programme: (1) Central Accounting, Collections and Payments

Controlling Officer: Director of Accounting Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The study on the adoption of an accrual-based accounting system to produce the “consolidated account” of the whole government started in the United Kingdom (UK) many years ago, and the account for 2009-10 to be announced in the spring quarter of 2011 will be the UK’s first “consolidated account” covering the whole government. For the accrual-based consolidated account announced annually by the Treasury of Hong Kong, only the statements of financial position and financial performance of core government units and the funds established under Section 29 of the Public Finance Ordinance are included, whereas many public organizations subvented by the government (e.g. the Hong Kong Housing Authority, more than 60 statutory and non-statutory funds and five trading funds) and major assets (e.g. the MTR) are not included; it is not really a “consolidated account” covering the whole government. Therefore, it is difficult for the public to monitor such financial information as the income and expenditure, assets, liabilities, contingent liabilities, risks and utilization efficiency of the whole government. The transparency has yet to be enhanced.

Please advise this Committee whether the study on the adoption of an accrual-based accounting system to produce the “consolidated account” of the whole government has started in Hong Kong, and whether the Administration will draw reference from the experience of other jurisdictions and conduct extensive consultation. If yes, please inform this Committee of the present progress and the concrete plans. If not, please explain why.

Asked by: Hon. CHAN Mo-po, Paul

Reply:

We have published the accrual-based consolidated financial statements on an annual basis since 2002-03. These financial statements consolidate and present the financial performance and position of the whole Government. It covers the core Government (comprising the General Revenue Account and the Funds established under Section 29 of the Public Finance Ordinance (PFO) (Cap. 2)). It also covers other Funds established by the Government for specific purposes with their funding mainly from the Government and the Government being responsible for their use, the Hong Kong Housing Authority, Hong Kong Link 2004 Limited, the Exchange Fund and the government business enterprises (GBEs) in which the Government has an investment holding of not less than 20 per cent and of which the Government shares the net earnings.

Entities consolidated in the accrual-based financial statements

- (a) General Revenue Account
- (b) Funds established under S. 29 of the Public Finance Ordinance -
 - 1. Capital Works Reserve Fund
 - 2. Capital Investment Fund
 - 3. Civil Service Pension Reserve Fund
 - 4. Disaster Relief Fund
 - 5. Innovation and Technology Fund
 - 6. Land Fund
 - 7. Loan Fund
 - 8. Lotteries Fund
 - 9. Bond Fund^{Note}
- (c) Other funds established by the Government for specific purposes with their funding mainly from the Government and the Government being responsible for their use -
 - 1. AIDS Trust Fund
 - 2. Beat Drugs Fund Association
 - 3. Consumer Legal Action Fund
 - 4. Early Retirement Ex-gratia Payment Fund for Aided Primary School Teachers
 - 5. Early Retirement Ex-gratia Payment Fund for Aided Secondary School Teachers
 - 6. Education Development Fund
 - 7. Emergency Relief Fund
 - 8. Environment and Conservation Fund
 - 9. Health Care and Promotion Fund
 - 10. Health Services Research Fund
 - 11. HKSAR Government Scholarship Fund
 - 12. Hong Kong Paralympians Fund
 - 13. Language Fund
 - 14. New Technology Training Fund
 - 15. Quality Education Fund
 - 16. Queen Elizabeth Foundation for the Mentally Handicapped
 - 17. Research Endowment Fund
 - 18. Sir David Trench Fund for Recreation
 - 19. Supplementary Legal Aid Fund
 - 20. Trust Fund for Severe Acute Respiratory Syndrome
 - 21. Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas

Note

This Fund was established on 10 July 2009 and will be included in the 2009-10 accrual-based consolidated financial statements.

Entities consolidated in the accrual-based financial statements

- (d) The Hong Kong Housing Authority
- (e) Hong Kong Link 2004 Limited
- (f) The Exchange Fund
- (g) Government business enterprises in which the Government has an investment holding of not less than 20 per cent and of which the Government shares the net earnings -
 - 1. Airport Authority
 - 2. Companies Registry Trading Fund
 - 3. Electrical and Mechanical Services Trading Fund
 - 4. Hong Kong Cyberport Development Holdings Limited
 - 5. Hongkong International Theme Parks Limited
 - 6. Hong Kong Science and Technology Parks Corporation
 - 7. Hong Kong IEC Limited
 - 8. Kowloon-Canton Railway Corporation
 - 9. Land Registry Trading Fund
 - 10. MTR Corporation Limited
 - 11. OFTA Trading Fund
 - 12. Post Office Trading Fund
 - 13. Urban Renewal Authority

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

Reply Serial No.

FSTB(Tsy)099

Question Serial No.

2409

Head: 188 Treasury

Subhead (No. & title):

Programme:

Controlling Officer: Director of Accounting Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide details of the consultations on policy making and assessment under all programmes in the following format. Using the table below, please provide information on the consultations for which funds had been allocated in 2009-10.

Name / subject of consultation	Revised estimate (\$)	Progress of consultation (under planning / in progress / completed)	Mode of consultation (e.g. by means of written submissions, consultation sessions, focus groups), number of consultation exercises, name of organisations and number of people consulted / to be consulted	The Administration's follow-up actions on the consultation results and the progress made (if applicable)	For consultations already completed, were the results publicised? If so, what were the channels? If not, why not?
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Asked by: Hon. EU Yuet-mee, Audrey

Reply:

We have not earmarked any resources in 2009-10 for conducting consultations in respect of policy making and assessment.

Signature _____

Name in block letters **K T LI** _____

Post Title **Director of Accounting Services** _____

Date **15 March 2010** _____

Examination of Estimates of Expenditure 2010-11

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

Reply Serial No.

FSTB(Tsy)101

Question Serial No.

1656

Head: 188 Treasury Subhead (No. & title):

Programme: (1) Central Accounting, Collections and Payments

Controlling Officer: Director of Accounting Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The provision for 2010-11 is \$14.2 million (13.4%) higher than the revised estimate for 2009-10 due to the filling of vacancies. What posts and how many posts are involved in the vacancies?

Asked by: Hon. WONG Ting-kwong

Reply:

The increase of \$14.2 million in provision under Programme (1) is mainly due to lower-than-expected expenditure on payment to collection agents in 2009-10 and filling of vacancies. \$2.4 million of the increase is for filling of five vacancies, namely the posts of one Senior Treasury Accountant, one Senior Accounting Officer, one Senior Clerical Officer, one Clerical Officer and one Assistant Clerical Officer.

Signature _____

Name in block letters K T LI

Post Title Director of Accounting Services

Date 15 March 2010