

**Replies to supplementary questions raised by Finance Committee Members in
examining the Estimates of Expenditure 2011-12**

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

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<u>S-FSTB(Tsy)02</u>	S109	CHAN Mo-po, Paul	51	(3) Estate Utilisation
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**CONTROLLING OFFICER'S REPLY TO
SUPPLEMENTARY QUESTION**

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:

At the request of Hon. CHAN Kam-lam, the Administration agreed to provide updated information on the Kai Tak Government Offices, including but not limited to-

- (a) the total area of the Kai Tak Government Offices;
- (b) which government departments/bureaux will be relocated to the Kai Tak Government Offices; and
- (c) future usage of the land freed from relocation of government departments/bureaux to the Kai Tak Government Offices.

Asked by: Hon. CHAN Kam-lam

Reply:

- (a) The net operational floor area of the Kai Tak Government Offices is around 33 000m².
- (b) The Agency plans to relocate offices of the following 11 bureaux/departments to the Kai Tak Government Offices:

Education Bureau, Census and Statistics Department, Customs and Excise Department, Highways Department, Home Affairs Department, Hongkong Post, Labour Department, Lands Department, Social Welfare Department, Student Financial Assistance Agency and Trade and Industry Department.

- (c) The space which will be released upon relocation of offices to the Kai Tak Government Offices is mainly located at Trade and Industry Department (TID) Tower and other leased premises in southeast Kowloon. The Government will carefully consider the various disposal options for the TID Tower, including commercial use or sale. For the leased premises, the Agency will release them as and when appropriate.

Signature _____

Name in block letters _____ K K Kwok _____

Post Title _____ Government Property Administrator _____

Date _____ 31.3.2011 _____

**CONTROLLING OFFICER'S REPLY TO
SUPPLEMENTARY QUESTION**

S-FSTB(Tsy)02

Question Serial No.

S109

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

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

According to paragraph 13 on Matters Requiring Special Attention in 2011-12 of Programme (3), the Government Property Agency will continue to assist government bureaux/departments in reviewing their under-utilised sites with a view to releasing the sites for alternative uses or disposal as may be appropriate. With the addition of "as may be appropriate", the description is different from that in the 2010-11 Estimate. What does "as may be appropriate" mean? By what criterion or past experience will that be determined? What is its impact on the estimated expenditure involved?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

The phrase "as may be appropriate" was added to paragraph 13 of Programme (3) to maintain the textual consistency with the corresponding item in paragraph 11 on review of under-utilised sites in the Brief Description. This item in paragraph 11 is the same as that in the 2010-11 Estimate. As the work involved is essentially the same as in previous years, there is no cost implication on the estimated expenditure.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 31.3.2011

**CONTROLLING OFFICER'S REPLY TO
SUPPLEMENTARY QUESTION**

S-FSTB(Tsy)03

Question Serial No.

S110

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

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Brief Description of paragraph 11 under Programme (3) of 2011-12 Estimate is different from the version of 2010-11 Estimate: the word “permanent” is deleted to read as “assisting government bureaux/departments in putting surplus departmental properties to alternative uses or disposal as may be appropriate.” What criteria or experience did the Government use to support its deletion? What is the impact on the estimated expenditure?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

As the term “disposal” means permanent disposal (such as demolition), the Agency considers it not necessary to qualify it as “permanent” in paragraph 11 under Programme (3). On the other hand, putting surplus departmental properties to alternative uses covers disposal arrangements of a temporary nature (such as commercial letting). As the work involved is essentially the same as in previous years, there is no cost implication on the estimated expenditure.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 31.3.2011

**CONTROLLING OFFICER'S REPLY TO
SUPPLEMENTARY QUESTION**

S-FSTB(Tsy)04

Question Serial No.

S119

Head: 106 Miscellaneous Services Subhead (No. & title): 789 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:

With the proposal to give a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above, does it mean that the Government has given up the option to make use of the \$37 billion to cater for the long-term needs of the society, such as improving healthcare services, elderly services, education and poverty faced by the grassroots? Has the Government considered setting up a fund with this sum of money to meet the long-term needs of the society?

Asked by: Hon. HO Chun-yan, Albert

Reply:

The Budget originally proposed to make a one-off injection of \$6,000 into each Mandatory Provident Fund account. Since this proposal was not well received by the public, the Administration has decided not to pursue it, and instead, proposed to give a sum of \$6,000 all Hong Kong Permanent Identity Card holders aged 18 or above. This proposal can leave wealth with the people and also respond to public demands.

The estimated recurrent expenditure in 2011-12 reached \$242.1 billion, higher than the 2010-11 revised estimates by about \$18 billion, or 8%. Compared to 2007-08, the increase is over 20%. In the 2011-12 estimates, the recurrent expenditure on education, social welfare and health account for 56.4% of government recurrent expenditure, higher than 2010-11 by over \$10 billion. These growth in recurrent expenditure reflects that the government is always committed to caring for people's livelihood.

Signature _____

Name in block letters Stanley YING

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

Date 30 March 2011

**CONTROLLING OFFICER'S REPLY TO
SUPPLEMENTARY QUESTION**

S-FSTB(Tsy)05

Question Serial No.

S120

Head: 106 Miscellaneous Services Subhead (No. & title): 789 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:

The Government has proposed to help, through the Community Care Fund, those who cannot benefit from the proposal of giving a sum of \$6,000 to Hong Kong Permanent Identity Card holders aged 18 or above but are in need of financial assistance. Has the Government estimated the funding required by the Fund to provide such assistance? If so, what is the estimated amount? Will each recipient received \$6,000? What is the estimated number of beneficiaries?

Asked by: Hon. HO Chun-yan, Albert

Reply:

The Steering Committee on the Community Care Fund and its committees are considering how to assist those who have special needs. Details of the initiative will be announced later.

Signature _____

Name in block letters Stanley YING

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

Date 30 March 2011

**CONTROLLING OFFICER'S REPLY TO
SUPPLEMENTARY QUESTION**

S-FSTB(Tsy)06

Question Serial No.

S121

Head: 106 Miscellaneous Services Subhead (No. & title): 789 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:

Relief measures introduced in the past Budgets, such as electricity charge subsidies and government payment of public housing rents, would be introduced again. Will the proposal of giving \$6,000 to holders of Hong Kong permanent identity cards aged 18 or above be introduced again in future Budgets? Has the government assessed the impact of repeating such a policy on the community at large as well as our economy?

Asked by: Hon. HO Chun-yan, Albert

Reply:

In preparing the annual Budget, we always examine the prevailing financial position and consider the needs of Hong Kong as well as related policies before arriving at a decision.

Signature _____

Name in block letters Stanley YING _____

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

Date 30 March 2011 _____

**CONTROLLING OFFICER'S REPLY TO
SUPPLEMENTARY QUESTION**

S-FSTB(Tsy)07

Question Serial No.

S111

Head: 106 Miscellaneous Services Subhead (No. & title): 789 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:

After meeting with some Legislative Councillors, the Financial Secretary decided to give a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above and to provide tax rebate of up to \$6,000 to all salary tax payers. In connection with this, please advise:

- (1) Before making the decision, has the Administration assessed the discrimination involved and whether the decision complies with the Basic Law, including the provisions concerning human rights?
- (2) What reasons, justifications and policy objectives did the Administration have in making this discriminatory decision?
- (3) Has assessment been made on the effect of this decision on the Gini Coefficient?
- (4) Will there be measures through the recurrent expenditure account (i.e. not including non-recurrent expenditure or fund injection) to resolve the problems of discrimination and aggravated disparity between the rich and the poor caused by the decision? If yes, what are the details of the measures?

Asked by: Hon. HO Sau-lan, Cyd

Reply:

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

- (3) We propose to reduce salaries tax and tax under personal assessment for 2010-11 by 75% subject to a ceiling of \$6,000. As there is a ceiling, people with lower income enjoy a greater reduction than people with higher income in terms of percentage, resulting in a redistribution of wealth in favour of the former.

Only 1.4 million of the 7 million people in Hong Kong pay salaries tax, with 200 000 contributing 84% of the revenue from salaries tax. Similarly, of the 633 000 registered corporations, only 80 000 (13%) pay profits tax. These two types of taxes form the largest source of income for the Government. Using part of the income of the Government to give \$6,000 to every Hong Kong citizen aged 18 or over and holding a Hong Kong Permanent Identity Card redistributes wealth in favour of low income earners.

- (4) The estimated recurrent expenditure in 2011-12 is \$242.1 billion, higher than the 2010-11 revised estimates by about \$18 billion, or 8%. Compared to 2007-08, the increase is over 20%. In the 2011-12 estimates, the recurrent expenditure on education, social welfare and health account for 56.4% of government recurrent expenditure, higher than 2010-11 by over \$10 billion. These growth in recurrent expenditure reflects the Government's sustained commitment to caring for people's livelihood.

Signature _____

Name in block letters Stanley YING

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

Date 30 March 2011

**CONTROLLING OFFICER'S REPLY TO
SUPPLEMENTARY QUESTION**

S-FSTB(Tsy)08

Question Serial No.

S108

Head: 106 Miscellaneous Services Subhead (No. & title): 789 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:

The Financial Secretary announced on March 2 that \$6,000 would be given to every permanent resident aged 18 or above. As a result of this measure, the Secretary for Financial Services and the Treasury has amended the number of beneficiaries as well as the amount of total expenditure and put them at over 61 million and \$37 billion respectively. In this connection, can the Administration inform this Committee:

- (a) of the reasons for the amendment and of the total cost expected to be involved in the cash payment measure (please list them separately);
- (b) of the technical factors for consideration in selecting a way of distribution and of the time of distributing that sum;
- (c) how it is to ensure the sum is distributed in a simple and efficient manner, averting erroneous, repeated and deceitful collections;
- (d) of the details of the "savings element" which the Financial Secretary said the \$6,000 for the public would carry;
- (e) whether, for those who are not yet 18 until this year, their dates of birth will affect their eligibility for receiving \$6,000 and if yes, what the criteria for setting a cut-off date and the reasons behind are; and
- (f) whether application procedures will be different for eligible citizens who have emigrated and citizens who are living in Hong Kong and if yes, what the details are and what the Administration expects the number of eligible citizens having emigrated and the amount claimed by them to be?

Asked by: Hon. LAU Kin-yee, Miriam

Reply:

The Budget originally proposed to make a one-off injection of \$6,000 into each Mandatory Provident Fund account. Since this proposal was not well received by the public, the Administration has decided not to pursue it, and instead, proposed to give a sum of \$6,000 all Hong Kong Permanent Identity Card holders aged 18 or above. With a sum of \$6,000 each for some 6.1 million eligible persons, and allowing a margin for expenditure on savings bonus and administrative cost, our rough estimate is that the proposal will cost about \$37 billion.

Under Hong Kong law, a person attains full age on attaining the age of 18 years. Therefore, we propose that only Hong Kong Permanent Identity Card holders aged 18 or above would be given a sum of \$6,000. This is in line with the aim of leaving wealth with the people, and is a reasonable arrangement.

We are working out the implementation details of the proposal. We would like to highlight a few considerations. Firstly, we must ensure that the public's personal data are properly handled. Secondly, the Financial Secretary's proposal is not a so-called "cash handout". Those who apply and are eligible may, having regard to their own wish, withdraw the sum upfront or choose to defer withdrawal in order to accumulate "savings bonus". Therefore, we must provide ways for eligible persons to exercise their choice. Those who do not want to receive the \$6,000 may also choose not to register for receiving the payment.

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

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

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

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

Regarding the number of holders of Hong Kong identity cards (including both permanent and non-permanent residents) who have settled outside Hong Kong, the Immigration Department does not have statistics.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 30 March 2011

**CONTROLLING OFFICER'S REPLY TO
SUPPLEMENTARY QUESTION**

S-FSTB(Tsy)09

S153

Head: 106 Miscellaneous Services Subhead (No. & title): 789 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:

Given that Hong Kong people are philanthropic and kind, will the Government take the following measures in the course of giving out the \$6,000 to encourage people to make donations so as to gain more resources to help the disadvantaged:

- (a) motivating councillors and officials to take the lead in donating the \$6,000; and
- (b) employing more positive ways (including publicity and incentives) to motivate the well-offs to donate the \$6,000 to social welfare organisations or non-profit making they appreciate?

Asked by: Hon. WONG Kwok-hing

Reply:

The government always encourages the community to make charitable donations. The Inland Revenue Ordinance also provides concessionary deductions, up to 35% of the assessable income or profits, for approved charitable donations made by taxpayers.

Signature _____

Name in block letters Stanley YING

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

Date 30 March 2011

**CONTROLLING OFFICER'S REPLY TO
SUPPLEMENTARY QUESTION**

S-FSTB(Tsy)10

Question Serial No.

S154

Head: 106 Miscellaneous Services Subhead (No. & title): 789 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 giving out the \$6,000 through the Community Care Fund, can the least stringent criteria be adopted for screening in determining eligibility so as to help more new arrivals (because currently the criteria adopted for screening applications for public housing, for work-related transport subsidy, and for comprehensive social security allowance are all different)?

Asked by: Hon. WONG Kwok-hing

Reply:

The Steering Committee on the Community Care Fund and its committees are considering how to assist those who have special needs. Details of the initiative will be announced later.

Signature _____

Name in block letters Stanley YING _____

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

Date 30 March 2011 _____

**CONTROLLING OFFICER'S REPLY TO
SUPPLEMENTARY QUESTION**

S-FSTB(Tsy)11

Question Serial No.

S155

Head: 106 Miscellaneous Services

Subhead (No. & title): 789 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:

People aged under 18 with a Mandatory Provident Fund account who are entitled to receive \$6,000 under the original arrangement have become ineligible for the payment as a result of the new arrangement. In this connection, will the Government actively consider extending the new arrangement to cover this group of people or offering them other forms of compensation?

Asked by: Hon. WONG Kwok-hing

Reply:

The Budget originally proposed to make a one-off injection of \$6,000 into each Mandatory Provident Fund account. Since this proposal was not well received by the public, the Administration has decided not to pursue it, and instead, proposed to give a sum of \$6,000 all Hong Kong Permanent Identity Card holders aged 18 or above. This proposal can leave wealth with the people and also respond to public demands.

Signature _____

Name in block letters Stanley YING

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

Date 30 March 2011

**CONTROLLING OFFICER'S REPLY TO
SUPPLEMENTARY QUESTION**

S-FSTB(Tsy)12

Question Serial No.

S156

Head: 106 Miscellaneous Services

Subhead (No. & title): 789 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:

With regard to the new proposal of giving out \$6,000, which date in 2011 will be used as the cut-off date for defining "aged 18"? What is the rationale for it? To make everyone happy and avoid division among the youths aged 18, will the Government consider giving \$6,000 to all Hong Kong permanent residents reaching the age of 18 in 2011 as a kind of "birthday gift"?

Asked by: Hon. WONG Kwok-hing

Reply:

We are examining and working out details of the proposal. After finalising the details, we will seek funding approval from the Finance Committee of the Legislative Council and will provide the relevant information in the paper.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 30 March 2011