

**Replies to initial written 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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**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

FSTB(Tsy)001

Question Serial No.

2606

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:

As shown in the indicators under this Programme, the actual expenditure on works (including maintenance works and refurbishment and improvement works) for 2010 was higher than that for 2009 by over \$420 million (an increase of 11.06%). However, the building floor area of properties maintained increased by only 205 000 m² (an increase of 0.7%). Please advise us

- (a) the number of cases of minor repairs, general repairs and major maintenance works and the total floor area and expenditure involved in the past three years (i.e. from 2008 to 2010); and
- (b) the reason(s) for the discrepancy between the above two increases.

Asked by: Hon. LI Fung-ying

Reply:

- (a) The number of works orders completed on minor repairs, general repairs and major maintenance for government buildings and the total floor area of properties maintained together with the total expenditure on maintenance in the past three years are shown in the table below:

Year	No. of works orders on minor repairs ¹	No. of works orders on general repairs ²	No. of works orders on major maintenance ³	Area maintained (m ²)	Total expenditure on maintenance (\$ Million)
2008	348 558	14 290	196	28 432 000	1,162.6
2009	361 445	14 008	204	29 157 000	1,230.5
2010	350 978	17 355	271	29 362 000	1,078.7

¹ Repair works not exceeding \$1,000 per works order.

² Repair works over \$1,000 but not exceeding \$500,000 per works order.

³ Repair works exceeding \$500,000 per works order.

- (b) The total expenditure on works under this Programme was increased from \$3.2 billion in 2008 to \$3.8 billion in 2009 and further to \$4.3 billion in 2010. The increase was mainly due to additional allocations approved by Finance Committee for minor works projects in 2009-10 and 2010-11 to create more job opportunities following the financial tsunami in end 2008. We have used the additional allocations to cope with the increased demands for maintenance works arising from ageing building portfolio and slope maintenance. With the escalating expectation from the public on tree safety, we have also enhanced the management and maintenance of trees on man-made slopes under our maintenance responsibility.

Signature _____

Name in block letters Mrs MARIGOLD LAU

Post Title Director of Architectural Services

Date 22 March 2011

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

Reply Serial No.

FSTB(Tsy)002

Question Serial No.

0229

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 “promotion of roof greening and incorporation of green building features in existing buildings” under Matters Requiring Special Attention in 2011-12, will the Department:

- (a) provide an evaluation of the progress of work in this aspect in the past and the specific targets of work in 2011-12 financial year;
- (b) advise if there is any plan on the area of green roof in buildings in Hong Kong in future. If yes, what are the details? If no, what are the reasons? and
- (c) advise if legislation will be introduced locally with reference to overseas arrangement and in the context of the actual situation in Hong Kong. If yes, what are the details? If no, what are the reasons?

Asked by: Hon. SHEK Lai-him, Abraham

Reply:

- (a) In 2010-11, the Department has implemented 51 projects on green roofs and 76 projects on green building features to existing government buildings under the maintenance purview of the Architectural Services Department (ArchSD). Among these projects, 31 projects on green roofs and 52 projects on green building features have been substantially completed. In 2011-12, ArchSD plans to carry out 30 projects on installation of green roofs and 48 projects on installation of green building features to existing government buildings, and will continue to explore with the management departments the opportunities for installation of green roofs and green building features to existing government buildings.
- (b) ArchSD will work out the greening plans with the management departments and implement them whenever practicable. For 2011-12, ArchSD plans to carry out 30 projects on installation of green roofs in existing government buildings. The extent of roof greening works in these government buildings will depend upon the actual conditions like rooftop loading capacity, availability of roof space, operational considerations, etc. and will be agreed with the management departments prior to commencement.

- (c) As far as government buildings are concerned, it is the current practice of the works departments, including ArchSD, to proactively consider incorporating roof greening features into building projects under their purview, taking into account relevant factors such as availability of usable rooftop space, the rooftop loading capacity, structural safety, the drainage and irrigation arrangements, and the building height.

According to the Development Bureau, it would be difficult to impose a mandatory requirement on all building projects to install green roofs since there may be practical and technical constraints in implementation for some projects. To further promote roof greening in government and private building projects, the Greening and Landscape Office (GLO) under the Development Bureau coordinates with the departments concerned in conducting research on roof greening techniques (e.g. suitable plant species and plant growth medium) and disseminating the research findings. The GLO also organises professional seminars to promote these techniques to the landscaping sector, professionals and government officers, with a view to promoting roof greening technologies by lowering the technical thresholds.

Signature _____

Name in block letters Mrs MARIGOLD LAU

Post Title Director of Architectural Services

Date 21 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)003

Question Serial No.

2581

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:

During 2011-12, the Architectural Services Department will promote roof greening and incorporate green building features in existing buildings. What are the details of such work? What is the estimated expenditure? How many workers will be employed and how many man-months of employment will be provided by the Administration?

Asked by: Hon. WONG Kwok-hing

Reply:

In 2011-12, we plan to carry out 30 projects on roof greening works and 48 projects on installation of green building features to existing government buildings with an estimated expenditure of \$62.9 million in 2011-12.

In 2011-12, the estimated number of jobs to be created will be 101 jobs (equivalent to 1 212 man-months).

Signature _____

Name in block letters Mrs MARIGOLD LAU

Post Title Director of Architectural Services

Date 21 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)004

Question Serial No.

1393

Head: 703 Buildings

Subhead (No. & title): 3100GX Project feasibility studies, minor investigations and consultants' fees for items in Category D of the Public Works Programme

Programme:

Controlling Officer: Director of Architectural Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The revised estimate of 3100GX in 2010-11 is \$65 million, which is lower than the original estimate of \$150 million. What are the reasons for the decrease? Will the Administration provide a breakdown of both the planned and the actual project feasibility studies, minor investigations, and consultants' fees for the items in Category D of the Public Works Programme undertaken in 2010-11, including details for works completed, cancelled or curtailed as well as expenditure involved?

Asked by: Hon. SHEK Lai-him, Abraham

Reply:

The decrease in the estimate for Subhead 3100GX under Head 703 in 2010-11 by \$85 million from \$150 million to \$65 million is mainly due to lower-than-expected cashflow requirements of the on-going and new items in 2010-11, which result from changes in implementation timetable to cater for adjustments to project scope and project requirements. Among these items, one has been completed, while none has been cancelled or curtailed. The list of the on-going and new items with expected cashflow in 2010-11 has been deposited with the Legislative Council Secretariat and is therefore not attached.

Signature _____

Name in block letters Mrs MARIGOLD LAU

Post Title Director of Architectural Services

Date 15 March 2011

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

Reply Serial No.

FSTB(Tsy)005

Question Serial No.

3668

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:

- (a) With regard to anti-illicit-cigarette enforcement actions, the number of actual cases in 2010 (1 228 cases) decreased when compared with 2009 (1 662 cases). However, the quantity of cigarettes seized in the same period did not drop but experienced an increase on the contrary. Does it indicate changes in the methods and channels of smuggling cigarettes?
- (b) Besides, what were the retail prices of illicit cigarettes in 2009 and 2010 respectively?

Asked by: Hon. CHAN Hak-kan

Reply:

- (a) The increase in the number of sticks of illicit cigarettes seized by the Customs and Excise Department (C&ED) in 2010 was mainly due to the seizure of about 29 million sticks of illicit cigarettes from cross-boundary transshipment cases. The number of cigarettes seized from local illicit cigarette activities in 2010, in fact, decreased by about 20% as compared with 2009. The enforcement statistics reflect the effectiveness of C&ED's action against illicit cigarette activities.
- (b) Based on intelligence collected and analysis by C&ED, the retail prices of illicit cigarettes can be broadly classified into different categories according to different brands, i.e. high-priced, medium-priced, low-priced cigarettes and counterfeit cigarettes. Their prices are as follows:

Category (per carton of 200 sticks)	2009		2010	
	Genuine cigarettes	Counterfeit cigarettes	Genuine cigarettes	Counterfeit cigarettes
High-priced brand	\$190-250	\$100-140	\$230-260	\$100-150
Medium-priced brand	\$150-170	\$80-110	\$150-170	\$90-110
Low-priced brand	\$90-130	\$60-90	\$100-150	\$60-90

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 17.3.2011

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

Reply Serial No.

FSTB(Tsy)006

Question Serial No.

3669

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 the locations where illicit cigarettes were seized, please provide the following information:

- (a) Please list out the numbers of illicit cigarettes seized at the respective boundary control points.
- (b) Excluding the figures relating to the boundary control points, please list out the actions taken in the 18 districts in Hong Kong and the numbers of illicit cigarettes seized.

Asked by: Hon. CHAN Hak-kan

Reply:

The numbers of illicit cigarette activities detected and duty-not-paid cigarettes seized by the Customs and Excise Department at the boundary control points and in the entire Hong Kong market in 2010 are as follows:

	No. of Cases Detected	No. of Illicit Cigarettes Seized ('000 sticks)
Boundary Control Points* a) Hong Kong International Airport	148	4 140
b) Lo Wu Control Point	2 172	1 270
c) Lok Ma Chau Control Point	692	5 170
d) Man Kam To Control Point	50	16 050
e) Sha Tau Kok Control Point	80	2 480
f) Shenzhen Bay Control Point	1 010	150
g) Lok Ma Chau Spur Line Control Point	566	190
h) Hung Hom Through Train Station	29	10

	No. of Cases Detected	No. of Illicit Cigarettes Seized ('000 sticks)
i) China – Hong Kong Ferry Terminal	52	20
j) Hong Kong Island – Macau Ferry Terminal	300	90
k) Tuen Mun Pier	1	1
Market-level (all districts in Hong Kong)	1 196	21 470

* Excluding cases in which incoming passengers gave up cigarettes exceeding the duty-free quantity.

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 21.3.2011

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

Reply Serial No.

FSTB(Tsy)007

Question Serial No.

0451

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 provide the following information regarding anti-illicit-cigarette enforcement actions:

- (a) The amount of smuggled cigarettes seized by Customs and Excise Department (C&ED) in 2010 amounted to 71.13 million sticks, which represented an increase of over 30% when compared with the previous year. What was the main reason?
- (b) Over the past 5 years (i.e. 2006-07 to 2010-11), what were the respective numbers of anti-illicit-cigarette enforcement actions carried out by C&ED each year? What was the total number of such actions? What were the respective numbers of duty-not-paid cigarettes seized each year? What was the total number of such cigarettes? What was the amount of duty potential involved?
- (c) Will C&ED increase its manpower in carrying out the relevant enforcement actions in the coming year (i.e. 2011-12) to combat the distribution and sale of illicit cigarettes? What is the estimated number of operations for the whole year?

Asked by: Hon. CHAN Kam-lam

Reply:

- (a) Among the 71.13 million sticks of illicit cigarettes seized in 2010, about 29 million sticks were seized from cross-boundary transshipment cases. There were only about 42.13 million sticks of cigarettes seized from local illicit cigarette activities, representing a decrease of about 20% as compared with the quantity of seizures (51.49 million sticks) in 2009. The statistics reflect the effectiveness of C&ED's actions against illicit cigarette activities, rendering smugglers to reduce the quantity of illicit cigarettes for each smuggling or transaction in order to reduce their loss upon being detected.
- (b) Over the past 5 years, the overall figures relating to anti-illicit-cigarette enforcement actions carried out by C&ED at various control points and on the market are as follows:

	2006	2007	2008	2009	2010
Number of cases	11 347 cases	7 453 cases	5 030 cases	8 419 cases	6 308 cases
Quantity of illicit cigarettes seized	71 million sticks	111 million sticks	75 million sticks	61 million sticks	76 million sticks
Duty potential involved	\$58 million	\$89 million	\$60 million	\$70 million	\$92 million

Note: The figures in the above table include cases in which incoming passengers brought in excess duty-free cigarettes at various control points.

- (c) To strengthen actions against illicit cigarette activities in the coming year, apart from maintaining full vigilance on the illicit cigarette activities at various control points and on the market, C&ED has also deployed internal manpower resources to step up inspections and combat against illicit cigarette activities.

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 17.3.2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)008

Question Serial No.

0563

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 provide the number of cases of assessment of provisional taxable value on imported vehicles by the Customs and Excise Department for the past 5 years (i.e. 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11). What was the motor vehicle first registration tax for each year?

Asked by: Hon. CHAN Kam-lam

Reply:

	2006-07	2007-08	2008-09	2009-10	2010-11
Notification of Provisional Taxable Value ⁺	53 993	64 534	66 457	55 124	74 510 [^]
Amount of First Registration Tax (\$'000)*	4,334,659	5,552,874	4,980,925	4,816,338	6,199,158 [^]

⁺ The figures include cases of assessment of provisional taxable value and re-assessment of provisional taxable value. The number of notifications is not equal to the actual number of vehicles on first registration in that year.

* Provided by the Transport Department.

[^] Estimated figures only.

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 16.3.2011

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

Reply Serial No.

FSTB(Tsy)009

Question Serial No.

1101

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:

- a. In the Matters Requiring Special Attention in 2011-12, it is mentioned that the Department will “step up enforcement actions against distribution and peddling of illicit cigarettes”. How many staff are responsible for performing duties in this aspect in the current financial year? What is the expenditure involved?
- b. Regarding the manpower mentioned in (a) above, how many staff are responsible for performing duties of frontline inspections and prosecution?
- c. Regarding the manpower and expenditure mentioned in (a) and (b) above, are there any increases or decreases as compared to the figures in the previous financial year? What are the reasons and justifications for the changes? Will the Department increase the manpower and expenditure mentioned in (a) above as a result of the increase in tobacco duty this year?

Asked by: Hon. CHENG Kar-foo, Andrew

Reply:

- a. The Customs and Excise Department (C&ED) has set up an Anti-Illicit-Cigarette Investigation Division to combat illicit cigarette activities. The Division has an establishment of 35 officers, including 1 Assistant Superintendent, 2 Senior Inspectors, 4 Inspectors, 4 Senior Customs Officers and 24 Customs Officers. The estimated expenditure for 2011-12 is about \$10 million.
- b. Duties of the officers from the aforesaid staff establishment and of those deployed to support the enforcement against illicit cigarette activities include frontline inspections and prosecution.
- c. C&ED will maintain the aforesaid staff establishment in 2011-12. After the new duty rates have come into effect, C&ED has maintained full vigilance on illicit cigarette activities at various control points and on the market, and has stepped up action against such activities at different levels including import, storage, distribution and street peddling. C&ED will also continue to deploy manpower resources flexibly when necessary to strengthen the capacity of frontline enforcement against illicit cigarette activities.

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 17.3.2011

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

Reply Serial No.

FSTB(Tsy)010

Question Serial No.

1375

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 each of the past three years (i.e. from 2008 to 2010) and for 2011, what amounts of manpower and expenditure were involved or estimated to be required for combating illicit cigarettes? How many anti-illicit cigarette operations were mounted and how effective they were in each year between 2008 and 2010?

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 (the 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 Division, C&ED will deploy additional manpower resources to support the enforcement actions against illicit cigarette activities when necessary.

The expenditures of the Division for 2008-09 and 2009-10 were \$9.46 million and \$9.91 million respectively. The estimated annual expenditure for 2010-11 and 2011-12 is about \$10 million.

Between 2008 and 2010, the numbers of cases involving illicit cigarette activities detected by the C&ED were 5 030, 8 419 and 6 308 respectively. The numbers of cigarettes seized that involved local illicit cigarette activities were 61 million sticks, 58 million sticks and 47 million sticks respectively.

In the past two years, the number of cigarettes seized in cases involving local illicit cigarette activities has decreased significantly. This reflects the effectiveness of C&ED's enhanced efforts in combating illicit cigarette activities. On the whole, there is no sign of worsening of cigarette smuggling at present.

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 16.3.2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)011

Question Serial No.

2950

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:

What were the work and effectiveness of and the expenditure involved in combating cross-boundary smuggling of illicit fuel by the C&ED in 2010 respectively?

Asked by: Hon. LAU Kin-ye, Miriam

Reply:

The Government's recent waiver on the duty for Euro V diesel has resulted in a drop in its price. Coupled with a marked fall in international oil prices, the profit margin of illicit fuel activities has considerably decreased and their scale of operation has been dwindling. With the Customs and Excise Department's (C&ED's) continuous efforts to combat such activities, illicit fuel activities have apparently diminished. In 2010, C&ED detected 362 illicit fuel cases which mainly involved small-scale smuggling activities of petrol and the amount of duty involved in such cases was about \$470,000.

C&ED has set up an Anti-Illicit-Fuel Investigation Division with an establishment of 23 officers, including 1 Assistant Superintendent, 2 Senior Inspectors, 1 Inspector, 2 Chief Customs Officers, 1 Senior Customs Officer and 16 Customs Officers. The estimated expenditure for 2010-11 is about \$6.8 million.

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 17.3.2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)012

Question Serial No.

2951

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:

What are the targets of the Department in terms of stepping up enforcement actions against smuggling of illicit cigarettes as well as distribution and peddling of illicit cigarettes in 2011? What will be the resources involved?

Asked by: Hon. LAU Kin-ye, Miriam

Reply:

In 2011, the Customs and Excise Department (C&ED) will continue to step up action against illicit cigarette activities. We shall maintain full vigilance on illicit cigarette activities at various control points and on the market, and take actions against such activities at different levels including import, storage, distribution and street peddling. Besides, C&ED will maintain close co-operation with the Mainland to combat cross-boundary cigarette smuggling activities through intercepting illicit cigarettes at source. We will also strengthen raiding operations at the retail level. In addition, to enhance public awareness that it is an offence to buy or sell illicit cigarettes, C&ED has stepped up 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 or Announcements of Public Interest are broadcast on all major radio and TV channels to strengthen public education.

In respect of resources, C&ED set up an Anti-Illicit-Cigarette Investigation Division in 2003 to combat illicit cigarette activities. The Division has an establishment of 35 officers, including 1 Assistant Superintendent, 2 Senior Inspectors, 4 Inspectors, 4 Senior Customs Officers and 24 Customs Officers. The estimated expenditure for 2011-12 is about \$10 million. In addition, C&ED will continue to deploy manpower resources flexibly to support enforcement against illicit cigarette activities when necessary.

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 17.3.2011

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

Reply Serial No.

FSTB(Tsy)013

Question Serial No.

0969

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:

There was an upward trend in the number of sticks of illicit cigarettes seized by the Customs and Excise Department last year. How many anti-illicit-cigarette enforcement actions were carried out by the authorities? What were the major sources of the illicit cigarettes seized? To tie in with the announcement of increasing tobacco duty in the Budget, have the authorities assessed the possibility of an increase in peddling and distribution of illicit cigarettes as a result? If yes, what is the anticipated situation? What measures will be taken by the authorities to strengthen the work of suppressing peddling and distribution of illicit cigarettes in the new financial year? Will the number of enforcement actions be increased? At the same time, in what ways will the authorities step up the efforts on the fronts of publicity and education to combat illicit cigarette activities? Is it necessary to increase manpower and resources to tackle the additional work?

Asked by: Hon. LAU Kong-wah

Reply:

Over the years, anti-illicit-cigarette enforcement actions have become part of the routine enforcement actions carried out by the Customs and Excise Department (C&ED). The increase in the number of sticks of illicit cigarettes seized by C&ED in 2010 was mainly due to the seizure of about 29 million sticks of illicit cigarettes from cross-boundary transshipment cases. For the number of cigarettes seized from local illicit cigarette activities in 2010, there was in fact a decrease of about 20% as compared with 2009. A total of 6 308 cases on illicit cigarettes were detected at various control points and on the market in 2010, representing a decrease of about 25% as compared with 2009. The enforcement statistics reflect the effectiveness of C&ED's action against illicit cigarette activities. Currently, most of the illicit cigarettes seized were smuggled from the Mainland into Hong Kong via the land boundary.

After the new duty rates have come into effect, C&ED has made preparations for stepping up actions against illicit cigarette activities. C&ED shall maintain full vigilance on illicit cigarette activities at various control points and on the market, and step up actions against such activities at different levels including import, storage, distribution and street peddling. We believe that we are capable of containing the problem of illicit cigarette smuggling.

In the coming year, C&ED will maintain close co-operation with the Mainland to combat cross-boundary cigarette smuggling activities through intercepting illicit cigarettes at source. We will also strengthen raiding operations at the retail level. Besides, to enhance public's awareness that it is an offence to buy or sell illicit cigarettes, C&ED has stepped up 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 or Announcements of Public Interest are broadcast on all major radio and TV channels to strengthen public education.

In respect of resources, apart from maintaining the establishment of 35 officers in the Anti-Illicit Cigarette Investigation Division, C&ED has also deployed internal manpower resources to step up inspection and combat against illicit cigarette activities.

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 17.3.2011

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

Reply Serial No.

FSTB(Tsy)014

Question Serial No.

2894

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:

It is mentioned in paragraph 161 of the Budget Speech that the duty rate on cigarette will be increased by 41.5%, and the duties on other tobacco products will also be increased by the same percentage. Will the Government explain the following:

- a. What were the amounts of Government's revenue generated from tobacco duties in the past three years (i.e. 2008-09 to 2010-11)?
- b. What were the numbers of illicit cigarettes seized and persons prosecuted by the Customs and Excise Department (C&ED) in the past three years (i.e. 2008-09 to 2010-11)?
- c. What measures will the Government take to step up C&ED's enforcement actions to contain smuggling of illicit cigarettes in the coming financial year (i.e. 2011-12)? What are the estimated expenditure and manpower involved?
- d. What are the Government's plans for strengthening smoking cessation services in the coming financial year (i.e. 2011-12)? What are the estimated expenditure and manpower involved?

Asked by: Hon. WONG Kwok-kin

Reply:

- a. Over the past three years, the amounts of Government's revenue generated from tobacco duties are as follows:

Financial Year	2008-09	2009-10	2010-11
Revenue generated from tobacco duties (\$million)	2,962.85	3,354.55	3,664.15 [^]

[^] Estimated figure

- b. Over the past three years, the numbers of illicit cigarettes seized and persons arrested for offences relating to illicit cigarettes by C&ED are as follows:

	2008	2009	2010
Quantity of illicit cigarettes seized	75 million sticks	61 million sticks	76 million sticks
Number of persons arrested	4 637 persons	7 790 persons	6 001 persons

Note: The figures in the above table include cases in which incoming passengers brought in excess duty-free cigarettes at various control points.

- c. In 2011, C&ED will continue to step up actions against illicit cigarette activities. We shall maintain full vigilance on illicit cigarette activities at various control points and on the market, and take actions against such activities at different levels including import, storage, distribution and street peddling. Besides, C&ED will maintain close co-operation with the Mainland to combat cross-boundary cigarette smuggling activities through intercepting illicit cigarettes at source. We will also strengthen raiding operations at the retail level. To enhance public awareness that it is an offence to buy or sell illicit cigarettes, C&ED has also stepped up 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 and Announcements of Public Interest are broadcast on all major radio and TV channels to strengthen public education.

In respect of manpower resources, C&ED set up an Anti-Illicit-Cigarette Investigation Division to combat illicit cigarette activities. The Division has an establishment of 35 officers, including 1 Assistant Superintendent, 2 Senior Inspectors, 4 Inspectors, 4 Senior Customs Officers and 24 Customs Officers. The estimated expenditure for 2011-12 is about \$10 million. In addition, C&ED will deploy manpower resources flexibly to support the enforcement against illicit cigarette activities when necessary.

- d. The Tobacco Control Office (TCO) of the Department of Health (DH) is responsible for the coordination of tobacco control efforts including enforcement, health promotion activities and smoking cessation programmes. The staffing provision of TCO is at the Annex. The estimate for publicity and education programme on smoking prevention and cessation in 2011-12 is \$55.7 million.

TCO will continue its work and partnership with non-governmental organisations on publicity, health education and promotional activities on tobacco control through TV and radio announcements of public interest, giant outdoor advertisements, Internet, hotline, campaigns, on-line games, health education materials and seminars. The objective of these activities is to encourage smokers to quit smoking and prevent people from picking up smoking habit.

DH also subvents the Hong Kong Council on Smoking and Health for publicity, health education and promotional activities on tobacco control. To leverage on community efforts, DH has funded the Tung Wah Group of Hospitals (TWGHs) and Pok Oi Hospital (POH) for the provision of community-based smoking cessation programmes.

DH will earmark an additional \$21 million in 2011-12 to enhance the provision of smoking cessation service. The funding will be used in scaling up the existing cessation services by TWGHs and POH, enhancing cessation service for youths, conducting research as well as providing training for health care professionals in the community.

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 22.3.2011

Staffing of Tobacco Control Office

Rank	2011-12 Estimate
<u>Head, TCO</u>	
Principal Medical & Health Officer	1
<u>Enforcement</u>	
Senior Medical & Health Officer	1
Medical & Health Officer	2
Police Officer	5
Tobacco Control Inspector	19
Overseer/ Senior Foreman/ Foreman	68
Senior Executive Officer/ Executive Officer	12
<i>Sub-total</i>	<i>107</i>
<u>Health Education and Smoking Cessation</u>	
Senior Medical & Health Officer	1
Medical & Health Officer/ Contract Doctor	2
Research Officer/ Scientific Officer (Medical)	1
Nursing Officer/ Registered Nurse/ Contract Nurse	4
Health Promotion Officer/ Hospital Administrator II	6
<i>Sub-total</i>	<i>14</i>
<u>Administrative and General Support</u>	
Senior Executive Officer/ Executive Officer/ Administrative Assistant	4
Clerical and support staff	20
Motor Driver	1
<i>Sub-total</i>	<i>25</i>
Total no. of staff:	147

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

Reply Serial No.

FSTB(Tsy)015

Question Serial No.

1772

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 increase tobacco duty 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 cigarette activities, including recruiting more enforcement officers and increasing the number of anti-smuggling operations? Besides, will the Department consider allocating additional resources for launching public education programmes to increase public 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:

After the new duty rates came into effect, preparations have been made for stepping up actions against illicit cigarette activities. The Customs and Excise Department (C&ED) will maintain full vigilance on illicit cigarette activities at various control points and on the market, and take actions against such activities from different levels including import, storage, distribution and street peddling. In respect of resources, C&ED will deploy internal manpower resources flexibly with a view to strengthening enforcement effort at the frontline.

To enhance public awareness that it is an offence to buy or sell illicit cigarettes, C&ED has stepped up 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 or Announcements of Public Interest are 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 16.3.2011

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

Reply Serial No.

FSTB(Tsy)016

Question Serial No.

1985

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 his speech, the Financial Secretary proposed to further increase tobacco duty. Have the authorities accessed the possibility of further aggravating the smuggling of illicit cigarettes? As the number of illicit cigarettes seized in 2010 by the Customs and Excise Department has increased in comparison with that in 2009, how will the authorities step up efforts to combat smuggling of illicit cigarettes as well as distribution and peddling of illicit cigarettes in the coming year? Will it entail more manpower and expenditure? If yes, what will be the expenditure involved?

Asked by: Hon. WONG Ting-kwong

Reply:

After the new duty rates have come into effect, the Customs and Excise Department (C&ED) has made preparations for stepping up actions against illicit cigarette activities. C&ED shall maintain full vigilance on illicit cigarette activities at various control points and on the market, and take actions against such activities at different levels including import, storage, distribution and street peddling. We believe that we are capable of containing the problem of illicit cigarette smuggling.

Among the 71.13 million sticks of illicit cigarettes seized by C&ED in 2010, about 29 million sticks were seized from cross-boundary transshipment cases. There were only about 42.13 million sticks of cigarettes seized from local illicit cigarette activities, representing a decrease of about 20% as compared with the quantity of seizures (51.49 million sticks) in 2009. The statistics reflect the effectiveness of C&ED's actions against illicit cigarette activities.

C&ED set up an Anti-Illicit-Cigarette Investigation Division in 2003 to combat illicit cigarette activities. The Division has an establishment of 35 officers, including 1 Assistant Superintendent, 2 Senior Inspectors, 4 Inspectors, 4 Senior Customs Officers and 24 Customs Officers. The estimated expenditure for 2011-12 is about \$10 million. In addition, C&ED will continue to deploy manpower resources flexibly to support the enforcement against illicit cigarette activities when necessary.

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 17.3.2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)017

Question Serial No.

0415

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

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under the Dutiable Commodities (Exempted Quantities) (Amendment) Notice 2010, with effect from 1 August 2010, the quantity of duty-free cigarettes allowed to be brought into the territory is reduced to 19 sticks.

Will the authorities provide information on the number of persons taking the initiative in making a declaration for bringing one extra stick of cigarette, and the number of persons who were imposed a fine for failure to make a declaration for bringing one extra stick of cigarette between 1 August 2010 and 31 December 2010? Please also state the additional resources allocated to enforce the above legislation.

Asked by: Hon. WONG Yuk-man

Reply:

During the period from 1 August 2010 and 31 December 2010, a total of 3 503 persons made declarations and paid duty to the Customs and Excise Department (C&ED) for bringing one extra stick of cigarette. During the above period, nobody was imposed a fine for failure to make declaration to C&ED for bringing one extra stick of cigarette. No additional resources were allocated to enforce the above legislation.

Signature _____

Name in block letters RICHARD M F YUEN

Post Title Commissioner of Customs and Excise

Date 16.3.2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)019

Question Serial No.

1527

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:

What is the average rental per square foot paid by the Government in renting properties? Will the Agency consider recovering the leased out government premises for its own use in order to cut down expenses on renting private properties? If yes, what are the details?

Asked by: Hon. CHAN Tanya

Reply:

The average monthly rental of government leased-in premises was about \$229 per square metre, or \$21 per square foot (on an internal floor area basis) in 2010-11.

Under the prevailing government accommodation policy, bureaux/departments are accommodated in government-owned premises as far as possible in order to minimise rental expenditure. On receiving requests from bureaux/departments for accommodation, the Agency will try to meet their requirements by making available Government-owned premises, including let-out premises, for their use where appropriate. Renting of private properties would only be arranged if no suitable Government-owned premises are available.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 17.3.2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)020

Question Serial No.

1528

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

Programme: (2) Property Management

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What measures will the Agency adopt to discharge the Government's duties as an owner in private developments? What is the estimated expenditure in this respect?

Asked by: Hon. CHAN Tanya

Reply:

For government-owned properties in private developments, the Agency acts on behalf of the Financial Secretary Incorporated (FSI) in discharging functions relating to owners. These include attending meetings of owners' corporations or owners' committees, vetting management budget for property management and major refurbishment works, and paying FSI's share of management fees and refurbishment costs. In 2011-12, the estimated expenditure for FSI's share of management fees and refurbishment costs is about \$225 million.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 17.3.2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)021

Question Serial No.

1530

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:

What is the work of the Agency on assessing the Government's requirements for Government, Institution and Community accommodation in private developments? What is the estimated expenditure?

Asked by: Hon. CHAN Tanya

Reply:

The Agency assesses the requirements of bureaux/departments for Government, Institution and Community (GIC) accommodation in private developments through examining their proposed space requirements for the GIC facilities and their justifications. As the officers involved in this task also undertake other duties, we do not have a separate breakdown of the expenditure in this aspect.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 17.3.2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)022

Question Serial No.

1821

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:

While there is only an increase of 3.8% in the provision for Salaries under Personal Emoluments from the revised estimate of \$100,792,000 for 2010-11 to an estimate of \$104,647,000 for 2011-12, the increase in the provision for Allowances under Personal Emoluments amounts to 25% from the revised estimate of \$1,237,000 for 2010-11 to an estimate of \$1,545,000 for 2011-12. Why is there such a substantial increase in the provision for Allowances?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

The increase in the provision for Allowances in 2011-12 is mainly attributed to a higher provision for acting allowance as there will be more officers serving on an acting basis in 2011-12.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 14.3.2011

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

Reply Serial No.

FSTB(Tsy)024

Question Serial No.

0043

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:

As regards the indicator under the item “new allocation of owned office space to government bureaux/departments”, there is an increase in the estimate for 2011 as compared with the actual figure for 2010. Please provide a list of the bureaux and departments to which owned office space were newly allocated in 2010 and 2011 respectively. When the new Central Government Complex at Tamar comes into operation, will these bureaux and departments be relocated to the Complex?

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

Reply:

In 2010, the Agency allocated a total of 6 919m² of government-owned office space to the following 21 bureaux and departments:

Commerce and Economic Development Bureau, Financial Services and the Treasury Bureau, Architectural Services Department, Buildings Department, Civil Engineering and Development Department, Correctional Services Department, Department of Health, Department of Justice, Environmental Protection Department, Food and Environmental Hygiene Department, Highways Department, Home Affairs Department, Hong Kong Police Force, Inland Revenue Department, Innovation and Technology Commission, Labour Department, Leisure and Cultural Services Department, Office of the Government Chief Information Officer, Official Receiver's Office, Planning Department and Radio Television Hong Kong.

Following the completion of the Hong Kong Customs Headquarters Building and the Central Government Complex at Tamar, more government-owned office space can be released to other bureaux/departments for use. In 2011, the Agency plans to allocate a total of 25 000m² of government-owned office space to the following 12 bureaux and departments:

Department of Health, Department of Justice, Efficiency Unit, Environmental Protection Department, Home Affairs Department, Information Services Department, Inland Revenue Department, Labour Department, Lands Department, Radio Television Hong Kong, Social Welfare Department and Transport Department.

Government will not relocate the offices of bureaux/departments involved in the above allocation exercises to the Central Government Complex at Tamar.

Signature _____

Name in block letters _____ K K Kwok _____

Post Title _____ Government Property Administrator _____

Date _____ 11.3.2011 _____

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

Reply Serial No.

FSTB(Tsy)026

Question Serial No.

1027

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

Programme: (2) Property Management

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The average management fee for quarters in private developments will increase by 13.7% from \$16.8 in 2010 to \$19.1 in 2011. Such an increase is much higher than the respective increases in the average management fee for non-domestic accommodation in private developments (8.7%), the average management cost of major joint-user buildings (4.6%) and the average management cost of wholly-owned government quarters (7.1%). What are the reasons?

Asked by: Hon. LEE Wai-king, Starry

Reply:

In 2011, the percentage increase in the average management fee for quarters in private developments is higher than those for non-domestic accommodation in private developments, major joint-user buildings and wholly-owned government quarters. This is attributed to a larger provision required for the anticipated major repair works in some quarters in private developments in this year.

Signature _____

Name in block letters K K Kwok

Post Title Government Property Administrator

Date 11.3.2011

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

Reply Serial No.

FSTB(Tsy)027

Question Serial No.

2996

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:

What are the government premises identified by the Agency in 2011-12 as having new commercialisation opportunities? What are the details of these items and their estimated values?

Asked by: Hon. LEE Wai-king, Starry

Reply:

The Agency has assessed that the following 18 government premises will have new commercialisation opportunities in 2011:

1. Automatic Teller Machine (ATM) outside the Departure Hall of Lok Ma Chau Control Point
2. ATM outside the Arrival Hall of Lok Ma Chau Control Point
3. ATM outside the Departure Hall of Shenzhen Bay Control Point
4. Proposed advertising area at Chai Wan Municipal Services Building
5. Proposed ATM at Chai Wan Municipal Services Building
6. Proposed ATM at Quarry Bay Community Centre
7. Proposed location 1 for ATM at Central Government Complex in Tamar
8. Proposed location 2 for ATM at Central Government Complex in Tamar
9. Proposed Government canteen at Central Government Complex in Tamar
10. Advertising area on the external walls of Lai Chi Kok Training Centre
11. Advertising area on the external walls of Shek Kip Mei Park Sports Centre
12. Advertising area on the external walls of Public Health Laboratory Centre
13. Advertising area on Ground Floor of China Ferry Terminal
14. Advertising area at New Yau Ma Tei Public Cargo Working Area
15. Advertising area on the external walls of Sha Tin Jockey Club Public Squash Courts
16. Advertising area on the external walls of Ngau Chi Wan Complex
17. Advertising area on the external walls of Ma On Shan Sports Ground
18. Advertising area on the external walls of Ma On Shan Sports Centre

As the above commercialisation opportunities are subject to further study in consultation with the departments concerned, we are not able to provide their estimated values at this stage.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 21.3.2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)028

Question Serial No.

2997

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:

What are the details of the 6 sites ready to be released for disposal, redevelopment or other purposes in 2011-12? What are the future use and development schedule of these sites?

Asked by: Hon. LEE Wai-king, Starry

Reply:

The Agency plans to release the following six sites in 2011 for disposal, redevelopment or other purposes:

1. Ex-Burma Lines Military Site, Queen's Hill
2. Ex-Wan Chai Police Married Quarters
3. Kwun Tong District Branch Offices Building
4. Old Cottage Hut, 180 Kwong Fuk Road, Tai Po
5. Tsuen Wan Transport Complex
6. Ex-Hollywood Road Police Married Quarters

The relevant bureaux/departments taking up the respective sites will decide on the use and development schedule of the sites in question.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 17.3.2011

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

Reply Serial No.

FSTB(Tsy)029

Question Serial No.

1069

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

Programme: (2) Property Management

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the expenditure of Government Property Agency under Head 51, please advise this Committee:

- (a) what are the vacancy rates for government properties, including quarters and offices?
- (b) what is the annual expenditure incurred for the repairs, management and maintenance of these vacant properties over the past three financial years, i.e. 2008-09, 2009-10 and 2010-11?

Asked by: Hon. LEUNG Mei-fun, Priscilla

Reply:

- (a) In 2010, the vacancy rate of government properties under the Agency's purview (including quarters and office space) was 0.1%.
- (b) The Agency does not have a separate breakdown of the expenditure on the repairs, management and maintenance of these vacant government properties.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 11.3.2011

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

Reply Serial No.

FSTB(Tsy)030

Question Serial No.

0907

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

Programme: (2) Property Management

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding Government, Institution and Community non-domestic properties in private developments managed by the Government Property Agency:

- (a) How many sub-Deeds of Mutual Covenant (DMC) for government accommodation within private developments were (i) under negotiation and (ii) concluded during 2010-11?
- (b) What is the average length of time for concluding a sub-DMC for government accommodation within private developments?
- (c) Was this work carried out in-house or outsourced?

Asked by: Hon. LI Kwok-po, David

Reply:

- (a) In 2010-11, the Agency vetted two sub-Deeds of Mutual Covenant (sub-DMCs) for government accommodation in private developments. The vetting of both sub-DMCs is still in progress.
- (b) The average time taken for a private developer and the Agency to conclude a sub-DMC, which often involves large-scale developments, is 15 months.
- (c) The scrutiny of sub-DMCs is carried out by the Agency.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 17.3.2011

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

Reply Serial No.

FSTB(Tsy)033

Question Serial No.

2877

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

Programme: (2) Property Management

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding discharging owner's functions in respect of government properties in private developments, please advise how many properties within private developments the Government Property Agency managed at the end of 2010-11 and the number in which it was entitled to participate in the owners' committee under the Deed of Mutual Covenant or the owners' corporation. Please also advise the actual take-up of such entitlement in 2010-11. What is the grade and rank of officer entitled to represent the Government on owners' committees and owners' corporations?

Asked by: Hon. LI Kwok-po, David

Reply:

As at March 2011, the Agency managed 9 146 Government properties held by the Financial Secretary Incorporated (FSI) in 283 private developments. In 49 of these private developments, FSI is a member of the owners' committees/management committees of the owners' corporations either appointed under the relevant Deeds of Mutual Covenant (DMCs) or elected under the DMCs/ Building Management Ordinance.

FSI has authorised Government Property Administrator, Deputy Government Property Administrator, Chief Property Managers, Senior Property Managers, Property Managers, Assistant Property Managers, Assistant Building Supervisors and Valuation Officers of the Agency to represent it on owners' committees and management committees of owners' corporations.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 17.3.2011

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

Reply Serial No.

FSTB(Tsy)034

Question Serial No.

1747

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:

In paragraph 35 of the Budget Speech, the Financial Secretary stated that the SAR Government will continue the preparatory work to relocate departments in the three government office buildings at the Wan Chai waterfront. In last year's Budget, it was suggested that these offices should be moved to old industrial buildings. Will the Administration inform this Committee:

- (a) whether the initiative of relocating the said departments to old industrial buildings has been changed; and
- (b) the timetable of the Government informing and discussing with this Council the details of relevant preparatory work?

Asked by: Hon. SHEK Lai-him, Abraham

Reply:

- (a) At present, the Government is actively considering the procurement and conversion of an industrial building for the relocation of the New Territories West Region Office of the Water Supplies Department. We will, in the light of the experience gained from this relocation exercise, consider the suitability of converting industrial buildings as general offices for the departments in question.
- (b) As the proposal to relocate the three government office buildings at the Wan Chai Waterfront would affect 27 bureaux/departments (b/ds), we need to identify suitable sites to meet the accommodation requirements of the b/ds concerned and the relocation exercise would need to be phased over a number of years. We shall inform and discuss with the Council when more definite plans are available.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 17.3.2011

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

Reply Serial No.

FSTB(Tsy)035

Question Serial No.

2598

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

Programme: (2) Property Management

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The average management cost of wholly-owned government quarters in the estimate for 2011 is \$9.1 per square metre per month, i.e. less than \$0.9 per square foot. In this connection, please advise on the following:

- (a) Which wholly-owned government quarters have the highest and lowest management costs? How much are the costs respectively?
- (b) Can the costs charged cover the actual expenditure? If yes, please provide the details. If not, please give the reasons.
- (c) Are the management costs determined with reference to the market rate? If yes, please provide the details. If not, please give the reasons.

Asked by: Hon. SHEK Lai-him, Abraham

Reply:

- (a) Among government-owned quarters under the management of the Agency, the unit monthly management costs of Immigration Department Lei Cheng Uk Rank and File Staff Quarters is the highest (about \$73/m²) while that of the Wing Ting Road Fire Services Married Quarters is the lowest (about \$5.6/m²). The difference in unit management cost among quarters is largely attributed to the total floor area, design and facilities, etc of the quarters.
- (b) The management cost provision for government-owned quarters is sufficient to meet the expenditure on service charges for the property management agents (PMAs) and electricity charges for the common areas and facilities of the quarters.
- (c) Service charges for PMAs constitute the greater part of the management cost provision for government-owned quarters. As the Agency awards the property management service contracts to PMAs through open tenders, the management cost is determined by the amount the successful tenderer has committed in its tender.

Signature _____

Name in block letters K K Kwok

Post Title Government Property Administrator

Date 21.3.2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)036

Question Serial No.

1049

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:

As regards "Personnel Related Expenses" under "Operational Expenses" in 2011-12, why has the provision for "Mandatory Provident Fund contribution" decreased from \$249,000 to \$200,000 and that for "Civil Service Provident Fund contribution" increased from \$454,000 to \$1,067,000, as compared with 2010-11?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

Mandatory Provident Fund (MPF) contribution is payable to civil servants on new probationary/ agreement terms and Civil Service Provident Fund (CSPF) contribution to those on new permanent terms.

In 2011-12, the decrease in the provision for MPF contribution is mainly due to the smaller number of staff for whom the Agency will need to make such contribution. On the other hand, with the implementation of the modified entry system for new recruits to basic ranks in the civil service, the Agency anticipates that more officers appointed on new permanent terms will work in the Agency, hence requiring a higher provision for CSPF contribution.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 17.3.2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)037

Question Serial No.

2509

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:

Regarding the employment of non-civil service contract (NCSC) staff, please provide information in the following format:

	2011-12	2010-11	2009-10	2008-09
Number of NCSC staff	()	()	()	()
Particulars of NCSC staff posts				
Expenditure on the salaries of NCSC staff	()	()	()	()
Distribution of monthly salary level of NCSC staff				
• \$30,001 or above	()	()	()	()
• \$16,001 - \$30,000	()	()	()	()
• \$8,001 - \$16,000	()	()	()	()
• \$6,501 - \$8,000	()	()	()	()
• \$5,001 - \$6,500	()	()	()	()
• \$5,000 or below	()	()	()	()
• Number of staff with monthly salary lower than \$5,824	()	()	()	()
• Number of staff with monthly salary between \$5,824 and \$6,500	()	()	()	()
Length of employment of NCSC staff				
• 5 years or above	()	()	()	()
• 3 - 5 years	()	()	()	()
• 1 - 3 years	()	()	()	()
• less than 1 year	()	()	()	()
Number of NCSC staff successfully turning into civil servants	()	()	()	()
Number of NCSC staff failing to turn into civil servants	()	()	()	()
NCSC staff as a percentage of the total number of staff in the department	()	()	()	()

	2011-12	2010-11	2009-10	2008-09
Staff costs on NCSC staff as a percentage of the total staff costs in the department	()	()	()	()
Number of NCSC staff with remunerated meal break	()	()	()	()
Number of NCSC staff without remunerated meal break	()	()	()	()
Number of NCSC staff working 5 days a week	()	()	()	()
Number of NCSC staff working 6 days a week	()	()	()	()

Figures in () denote year-on-year changes

Asked by: Hon. WONG Kwok-hing

Reply:

I tabulate the information on the employment of non-civil service contract (NCSC) staff in the Agency as follows:

	2011-12*	2010-11^	2009-10	2008-09
Number of NCSC staff	-	9	7 (-22.2%)	9
Particulars of NCSC staff posts				
• Leasing Manager	-	5	4	5
• Assistant Leasing Manager	-	0	2	2
• Project Officer	-	0	0	1
• Assistant Property Officer	-	3	1	0
• Executive Assistant	-	0	0	1
• Senior Administrative Assistant	-	1	0	0
Expenditure on the salaries of NCSC staff	-	\$1,347,000	\$2,005,000 (+4.8%)	\$1,914,000
Distribution of monthly salary level of NCSC staff				
• \$30,001 or above	-	0	0	0
• \$16,001 - \$30,000	-	6	4 (-20%)	5
• \$8,001 - \$16,000	-	3	3 (-25%)	4
• \$6,501 - \$8,000	-	0	0	0
• \$5,001 - \$6,500	-	0	0	0
• \$5,000 or below	-	0	0	0
• Number of staff with monthly salary lower than \$5,824	-	0	0	0
• Number of staff with monthly salary between \$5,824 and \$6,500	-	0	0	0
Length of employment of NCSC staff				
• 5 years or above	-	0	0	0
• 3 - 5 years	-	2	0	0
• 1 - 3 years	-	2	6 (+100%)	3
• less than 1 year	-	5	1 (-83.3%)	6

	2011-12*	2010-11^	2009-10	2008-09
Number of NCSC staff successfully turning into civil servants	-	0	0 (-100%)	1
Number of NCSC staff failing to turn into civil servants	-	0	1 (-66.7%)	3
NCSC staff as a percentage of the total number of staff in the department	-	4.2%	3.2%	4.1%
Staff costs on NCSC staff as a percentage of the total staff costs in the department	-	1.8%	1.9%	1.8%
Number of NCSC staff with remunerated meal break	-	9	7	9
Number of NCSC staff without remunerated meal break	-	0	0	0
Number of NCSC staff working 5 days a week	-	9	7	9
Number of NCSC staff working 6 days a week	-	0	0	0

Figures in () denote year-on-year changes

Remark: * Figures are not available at this stage as the number of NCSC staff may vary in the light of changing service and operational requirements

^ As the figures provided for 2010-11 only reflect the position as at 31.12.2010, these figures cannot compare with those of other financial years which show the position for the entire financial year.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 17.3.2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)038

Question Serial No.

2985

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:

On engaging agency workers, please provide the following information:

	2011-12	2010-11	2009-10	2008-09
Number of contracts of engaging employment agencies	()	()	()	()
Contract sum paid to each employment agency	()	()	()	()
Total amount of commission paid to each employment agency	()	()	()	()
Length of contract for each employment agency	()	()	()	()
Number of agency workers	()	()	()	()
Details of the positions held by agency workers				
Monthly salary range of agency workers				
• \$30,001 or above	()	()	()	()
• \$16,001 - \$30,000	()	()	()	()
• \$8,001 - \$16,000	()	()	()	()
• \$6,501 - \$8,000	()	()	()	()
• \$5,001 - \$6,500	()	()	()	()
• \$5,000 or below	()	()	()	()
• number of workers with salary below \$5,824	()	()	()	()
• number of workers with salary between \$5,824 and \$6,500	()	()	()	()
Length of service of agency workers				
• 5 years or longer	()	()	()	()
• 3 - 5 years	()	()	()	()
• 1 - 3 years	()	()	()	()
• less than 1 year	()	()	()	()

	2011-12	2010-11	2009-10	2008-09
Percentage of agency workers in the total number of staff in the department	()	()	()	()
Percentage of amount paid to employment agencies in the total departmental staff cost	()	()	()	()
Number of workers with paid meal break	()	()	()	()
Number of workers without paid meal break	()	()	()	()
Number of workers on five-day week	()	()	()	()
Number of workers on six-day week	()	()	()	()

() denotes percentage of increase or decrease per year

Asked by: Hon. WONG Kwok-hing

Reply:

The Agency has not engaged any employment agency for provision of services from 2008-09 to 2010-11 and has no plan to do so in 2011-12.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 17.3.2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)039

Question Serial No.

2986

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:

On engaging "outsourced workers", please provide the following information:

	2011-12	2010-11	2009-10	2008-09
Number of outsourced service contracts	()	()	()	()
Total amount paid to outsourced service providers	()	()	()	()
Length of contract for each outsourced service provider	()	()	()	()
Number of workers engaged through outsourced service providers	()	()	()	()
Details of the positions held by outsourced workers (e.g. customer service, property management, security, cleaning and information technology)				
Monthly salary range of outsourced workers				
• \$30,001 or above	()	()	()	()
• \$16,001 - \$30,000	()	()	()	()
• \$8,001 - \$16,000	()	()	()	()
• \$6,501 - \$8,000	()	()	()	()
• \$5,001 - \$6,500	()	()	()	()
• \$5,000 or below	()	()	()	()
• number of workers with salary below \$5,824	()	()	()	()
• number of workers with salary between 5,824 and \$6,500	()	()	()	()

	2011-12	2010-11	2009-10	2008-09
Length of service of outsourced workers				
• 5 years or longer	()	()	()	()
• 3 - 5 years	()	()	()	()
• 1 - 3 years	()	()	()	()
• less than 1 year	()	()	()	()
Percentage of outsourced workers in the total number of staff in the department	()	()	()	()
Percentage of amount paid to outsourced service providers in the total departmental staff cost	()	()	()	()
Number of workers with paid meal break	()	()	()	()
Number of workers without paid meal break	()	()	()	()
Number of workers on five-day week	()	()	()	()
Number of workers on six-day week	()	()	()	()

() denotes percentage of increase or decrease per year

Asked by: Hon. WONG Kwok-hing

Reply:

I provide the requested information on “outsourced workers” in the Agency as follows:

	2011-12	2010-11	2009-10	2008-09
Number of outsourced service contracts	7 (-)	7 (-)	7 (-12.5%)	8
Total amount paid to outsourced service providers	\$214,306,000 (+6.9%)	\$200,435,000 (+1.0%)	\$198,498,000 (+1.9%)	\$194,703,000
Length of contract for each outsourced service provider	2 – 4 years	18 months – 4 years	18 months – 4 years	18 months – 4 years
Number of workers engaged through outsourced service providers	*	1 958 (-)	1 958 (+1.0%)	1 939
Details of the positions held by outsourced workers (e.g. customer service, property management, security, cleaning and information technology)	property management, security, cleaning and information technology	property management, security, cleaning and information technology	property management, security, cleaning and information technology	property management, security, cleaning and information technology
Percentage of outsourced workers in the total number of staff in the department	*	915.0%	890.0%	873.4%
Percentage of amount paid to outsourced service providers in the total departmental staff cost	*	195.3%	191.2%	184.2%

	2011-12	2010-11	2009-10	2008-09
Monthly salary range of outsourced workers <ul style="list-style-type: none"> • \$30,001 or above • \$16,001 - \$30,000 • \$8,001 - \$16,000 • \$6,501 - \$8,000 • \$5,001 - \$6,500 • \$5,000 or below • number of workers with salary below \$5,824 • number of workers with salary between \$5,824 and \$6,500 	Since employment particulars of staff employed by the outsourced service providers such as monthly salaries, lengths of service, number of working days per week and the provision or otherwise for paid meal breaks are not specified in the outsourced contracts, we are unable to provide the information requested.			
Length of service of outsourced workers <ul style="list-style-type: none"> • 5 years or longer • 3 – 5 years • 1 – 3 years • less than 1 year 				
Number of workers with paid meal break Number of workers without paid meal break				
Number of workers on five-day week Number of workers on six-day week				

() denotes percentage of increase or decrease per year

Remarks: * Figures are not available at this stage as new outsourced service contracts are involved.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 21.3.2011

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

Reply Serial No.

FSTB(Tsy)040

Question Serial No.

1890

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 the programme indicator, office space leased by the Government currently amounts to 27.8%. Would the Government provide the following information:

- (a) The total amount of rents paid for offices leased for the past three years.
- (b) Rents per square metre for offices leased for the past three years and the increase/decrease rate.
- (c) New allocation of owned office space to government bureaux/departments will increase significantly to 25 000 square metres in 2011. However, office space leased by the Government only slightly drops by 0.2% as compared to last year. Please give reasons for this.
- (d) Whether the Administration has any initiatives and targets for minimising office space leased by departments. If yes, please give the details.

Asked by: Hon. WONG Kwok-kin

Reply:

- (a) & (b) The annual gross rent¹ and the average monthly rent per square metre (m²) of the leased office accommodation in the past three years are set out below:

Financial Year	Annual Gross Rent (\$ million)	Average Monthly Rent (\$/m ²) (on an internal floor area basis)	Percentage Change in Average Monthly Rent (as compared with previous year)
2008-09	739	228	-
2009-10	760	230	+0.9%
2010-11 (estimated figures)	754	229	-0.4%

¹ Annual gross rent includes yearly rent and the associated property management and air-conditioning charges.

- (c) Following the completion of the Hong Kong Customs Headquarters Building in 2010 and the Central Government Complex (CGC) at Tamar in end-2011, the Government will be able to release more government-owned office space for the use of other bureaux/departments in 2011.

As regards office space that will be vacated upon the relocation of bureaux/departments to the above new premises, the Agency will use them mainly for accommodating those bureaux/departments currently housed in Central Government Offices and Murray Building which will not be moved to CGC. Some of the space will be used to meet the new requirements of other bureaux/departments. Hence, there remains only a small amount of office space to accommodate departments currently housed in leased premises, which accounts for the slight reduction in the total leased floor area.

- (d) It is the Government's policy to accommodate bureaux/departments in government-owned office accommodation as far as possible in order to minimise rental expenditure. The Government will also meet the requirements for office accommodation of bureaux/departments through the construction of new government buildings.

Signature _____

Name in block letters _____ K K Kwok _____

Post Title _____ Government Property Administrator _____

Date _____ 17.3.2011 _____

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)041

Question Serial No.

1986

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 shown under the indicators that the total area of owned office space newly allocated to government bureaux/departments in 2011 will be 25 000m², representing a significant increase over the total area of 6 919m² in 2010. What are the reasons for that?

Asked by: Hon. WONG Ting-kwong

Reply:

The increase in the new allocation of owned office space to government bureaux/departments in 2011 is mainly attributed to the office space available as a result of the completion of the Hong Kong Customs Headquarters Building and the Central Government Complex at Tamar.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 17.3.2011

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

Reply Serial No.

FSTB(Tsy)042

Question Serial No.

1987

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 the Indicators, there are 18 government premises identified as having new commercialisation opportunities in 2011. What are these government premises?

Asked by: Hon. WONG Ting-kwong

Reply:

The Agency has assessed that the following 18 government premises will have new commercialisation opportunities in 2011:

1. Automatic Teller Machine (ATM) outside the Departure Hall of Lok Ma Chau Control Point
2. ATM outside the Arrival Hall of Lok Ma Chau Control Point
3. ATM outside the Departure Hall of Shenzhen Bay Control Point
4. Proposed advertising area at Chai Wan Municipal Services Building
5. Proposed ATM at Chai Wan Municipal Services Building
6. Proposed ATM at Quarry Bay Community Centre
7. Proposed location 1 for ATM at Central Government Complex in Tamar
8. Proposed location 2 for ATM at Central Government Complex in Tamar
9. Proposed Government canteen at Central Government Complex in Tamar
10. Advertising area on the external walls of Lai Chi Kok Training Centre
11. Advertising area on the external walls of Shek Kip Mei Park Sports Centre
12. Advertising area on the external walls of Public Health Laboratory Centre
13. Advertising area on Ground Floor of China Ferry Terminal
14. Advertising area at New Yau Ma Tei Public Cargo Working Area
15. Advertising area on the external walls of Sha Tin Jockey Club Public Squash Courts
16. Advertising area on the external walls of Ngau Chi Wan Complex
17. Advertising area on the external walls of Ma On Shan Sports Ground
18. Advertising area on the external walls of Ma On Shan Sports Centre

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 17.3.2011

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

Reply Serial No.

FSTB(Tsy)044

Question Serial No.

1627

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:

- (a) Among the procurement contracts awarded for various government departments over the past year, how many of them involved the purchase of environment-friendly products and how many involved the purchase of products not meeting the environment-friendly requirements? Please give a breakdown of the number of these contracts by government department. What is the expenditure involved respectively?
- (b) Do the procurement guidelines and codes require the departments to give priority to local recycled products in procuring environment-friendly products with a view to promoting the local recycling industry? If not, why not?
- (c) What is the total contract value of the contracts signed between the government and local recycling industry over the past year?

Asked by: Hon. IP Wai-ming

Reply:

- (a) The Environmental Protection Department has drawn up green specifications for items commonly procured by government bureaux and departments. Where green specifications for an item are available, subject to market availability and resource considerations, the Government Logistics Department (GLD) would actively adopt the green specifications in arranging for purchases of the items concerned.

In 2010, 92 procurement contracts awarded by GLD on behalf of various government departments involved products with green specifications. The estimated contract value was \$1,489 million. As many of the contracts involve products for use by multiple departments, e.g. office furniture and stationery, a breakdown of expenditure by department is not applicable.

- (b) The Government's procurement policy is to encourage open and fair competition to obtain the best value for money. All suppliers that can provide products of the specifications will be allowed to bid on an equal basis irrespective of the place of origin of the products.

The Government has established guidelines on the procurement of environment-friendly products. These guidelines include avoiding single-use items; and purchasing products with improved recyclability, higher recycled content, reduced packaging, greater durability and greater energy efficiency, or products utilising clean technology and/or clean fuels.

- (c) The total value of contracts awarded by GLD on behalf of various government departments to local companies for the sale of used/unserviceable items and the supply of products with recycled content for 2010 was around \$32 million.

Signature _____

Name in block letters Miss Cheung Siu Hing

Post Title Director of Government Logistics

Date 17 March 2011

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

Reply Serial No.

FSTB(Tsy)045

Question Serial No.

0148

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:

Under this programme,

- (a) The revised financial provision of \$45.7 million for 2010-11 is 7.5% lower than the original provision of \$49.4 million. Please provide the reasons;
- (b) The financial provision of \$52.3 million for 2011-12 is 5.9% and 14.4% higher than the original provision for 2010-11 and the revised provision for 2010-11 respectively. However, for the key performance measures in respect of procurement, it is estimated that the target number of "contracts handled" in 2011 will be less than the actual target number in 2010 by more than 10%. Please explain the reasons for the significant increase in financial provision even when the target number decreases;
- (c) It is indicated that a strategic approach to purchasing will be adopted to achieve the best value of money. However, no environmental aspects are mentioned. Please explain whether environment-friendly materials will be given priority when inviting contractors to tender; and
- (d) What was the estimated expenditure on the purchase of environment-friendly products in 2010-11? What is the estimated expenditure in 2011-12?

Asked by: Hon. LEUNG Kwan-yuen, Andrew

Reply:

- (a) The decrease of \$3.7 million (-7.5%) from the 2010-11 original estimate (\$49.4 million) to the revised estimate (\$45.7 million) is mainly due to the smaller than expected operational expenses.
- (b) The financial provision for 2011-12 is higher than the original and the revised provision for 2010-11 mainly because of the increased provision for maintenance charges for two new computer systems relating to tendering, procurement and contract management, the filling of vacancies and the creation of one post.

The number of contracts alone does not reflect the resources required. The complexity of the contracts also affects the resources required. For 2011, the projected value of contracts is similar to the actual outturn in 2010. Moreover, the financial provision covers other procurement-related activities, including contract administration and support to other departments on procurement matters.

- (c) The Government has established guidelines on the procurement of environment-friendly products. These guidelines include avoiding single-use items; and purchasing products with improved recyclability, higher recycled content, reduced packaging, greater durability and greater energy efficiency, or products utilising clean technology and/or clean fuels. The Government Logistics Department (GLD) follows these guidelines.

Separately, the Environmental Protection Department has drawn up green specifications for items commonly procured by Government bureaux and departments. 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 items concerned.

- (d) The estimated value of contracts awarded by GLD for the purchase of products meeting green specifications for 2010 was \$1,489 million. While we will not estimate in advance the expenditure for the purchase of products with green specifications in a particular year, GLD will actively follow the guidelines and the green specifications set out in (c) above in arranging the purchases of the items concerned.

Signature _____

Name in block letters Miss Cheung Siu Hing

Post Title Director of Government Logistics

Date 17 March 2011

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

Reply Serial No.

FSTB(Tsy)046

Question Serial No.

2203

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 mentioned in "Matters Requiring Special Attention in 2011-12" that a strategic approach to purchasing will be adopted to improve the overall value, quality and reliability of goods and services supplied. Would the government please advise:

- (a) What are the differences between the new approach and the previous one? Does the new approach require more application of electronic procurement? If yes, what are the specific details?
- (b) How will the contractors be affected by the new and previous approaches, especially those contractors who intend to tender for information technology and communication products and services? What are the specific facilitation measures involved?
- (c) Does the Government give priority to local contractors when inviting tenders? If yes, will this approach be retained? If not, what are the reasons and will this approach be introduced in the future?
- (d) Did the Government introduce any initiatives on information technology for the entire procurement process in order to simplify and smoothen it. If yes, what are the details of each initiative, expenses involved and manpower saved? If not, what are the reasons and will new initiatives on information technology be introduced in the future?

Asked by: Hon. TAM Wai-ho, Samson

Reply:

- (a) & (b) Over the years, the Government Logistics Department (GLD) has adopted a strategic approach to procurement by developing different strategies for purchases taking into account the nature of the products to be procured. For example, for large quantities of items commonly used by government bureaux/departments (e.g. stationery), bulk/term contracts with suppliers have been arranged to obtain better prices. For items subject to frequent changes (e.g. mobile phones), GLD has entered into standing offer agreements with selected suppliers to shorten the lead time required by individual departments to identify suitable suppliers and to facilitate timely purchases of such products at competitive prices. GLD will continue to apply this approach in arranging different purchases, including purchases of information technology (IT) products.

- (c) The Government's procurement policy is to encourage open and fair competition to obtain the best value for money. All suppliers (local or otherwise) that can provide products of the specifications stipulated will be allowed to bid on an equal basis.
- (d) GLD has adopted IT to facilitate the procurement process. With its e-Tender Box (ETB) (at a cost of \$8.8 million) and the Procurement and Contract Management System (PCMS) (at a cost of \$30.1 million), many procurement functions may be conducted electronically. Through the ETB, suppliers may view tender notices as well as contract award notices, download tender documents, make tender enquiries and submit tender offers on the Internet. Through the PCMS, suppliers may, among other things, submit and update their information recorded in GLD and receive purchase orders issued by user departments. User departments may order common user items online for direct delivery by the contractors and perform various contract management functions online.

As the ETB and PCMS are replacement IT systems, savings in manpower are not applicable.

Signature _____

Name in block letters _____ Miss Cheung Siu Hing

Post Title _____ Director of Government Logistics

Date _____ 17 March 2011

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

Reply Serial No.

FSTB(Tsy)047

Question Serial No.

3181

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:

In respect of the estimates of expenditure of the Information Technology Administration Section of your department, please advise:

- a. What is the estimated expenditure for 2011-12? What are the percentages of increase and decrease as compared with the actual expenditure for 2010-11? What are the reasons for the changes in expenditure?
- b. What specific programmes are covered by the estimates of expenditure for 2011-12? Which are on-going programmes and which are newly added programmes? What are the number of staff, expenses and implementation schedules of each programme? For the manpower involved in each programme, what are the numbers of civil servants, Non-Civil Service Contract Staff and staff undertaking outsourced work?
- c. Has the government earmarked any provision to promote electronic public participation initiatives and public sector information access policy? If so, what are the details, including the programme titles, detailed information, manpower involved, expenses and implementation schedules? If not, what are the reasons and will the above measures be considered in the future?
- d. What are the permanent establishment, current numbers of staff and vacancies of the Information Technology Section? Is there any plan to increase its manpower in the next financial year? If so, what is the estimated number of posts to be created, which ranks will be involved, will the posts be included in the permanent establishment and will the staff be employed on civil service terms? If not, what are the reasons?
- e. Has the effectiveness of the Information Technology Section been reviewed? If so, what is the result of the review? What are the specific improvement measures? If not, what are the reasons and will there be a review in the future?

Asked by: Hon. TAM Wai-ho, Samson

Reply:

- a. The estimated expenditure of the Systems Administration (SA) Section of the Government Logistics Department (GLD) for 2011-12 is \$20.5 million. This represents an increase of \$4.4 million (27.3%) against the revised estimate for 2010-11, mainly due to the increased provision for maintenance charges of two new computer systems, the e-Tender Box (ETB) and the Procurement and Contract Management System (PCMS), after the expiry of the free warranty period.
- b. The SA Section is responsible for the day-to-day administration of GLD's departmental computer systems and networks as well as two cross-department and e-commerce application systems (i.e. PCMS and ETB). No new programmes are planned for 2011-12.

The SA Section has a total of 19 civil service staff and 8 contract staff. The duties of each staff involve all the programmes of the Section, albeit at different levels.

- c. Many GLD procurement and contract management functions that have an interface with the public may be conducted electronically. For example, through the ETB, suppliers may view GLD's tender notices as well as contract award notices, download tender documents, make tender enquiries and submit tender offers on the internet. Through the PCMS, suppliers may, among other things, submit and update their information recorded in GLD and receive purchase orders issued by user departments. In addition, GLD provides the public with access to a range of information relating to the department's work through the internet. These efforts will continue in 2011-12.
- d. There are 19 posts on the permanent establishment of the SA Section and all are filled now. There are no plans to increase the number of posts in 2011-12 as we estimate that the workload can be handled by existing staff resources.
- e. We review the effectiveness of our information technology (IT) systems and projects from time to time. We consider that the SA Section is effective in managing the IT resources and providing support to system users. We will keep the situation under review.

Signature _____

Name in block letters _____ Miss Cheung Siu Hing

Post Title _____ Director of Government Logistics

Date _____ 15 March 2011

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

Reply Serial No.

FSTB(Tsy)049

Question Serial No.

1886

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 three years (i.e. 2008-09, 2009-10, 2010-11), 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 information in respect of outsourced printing jobs handled by the Government Logistics Department is as follows—

Financial Year	Total expenditure on outsourced printing jobs	Outsourced printing jobs as a percentage of all printing jobs
2008-09	\$37.3 million	16.0%
2009-10	\$37.8 million	16.3%
2010-11 (up to February 2011)	\$26.8 million	13.9%

Signature _____

Name in block letters Miss Cheung Siu Hing

Post Title Director of Government Logistics

Date 14 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)050

Question Serial No.

1988

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:

The financial provision for 2011-12 is \$6.6 million (14.4%) higher than the revised provision for 2010-11. However, both the estimated service targets and indicators in 2011 are lower than those in 2010. Please explain the reasons for the fall in the service indicators despite increase in the estimated provision.

Asked by: Hon. WONG Ting-kwong

Reply:

The financial provision for 2011-12 is higher than the revised provision for 2010-11 mainly because of the increased provision for maintenance charges for two new computer systems relating to tendering, procurement and contract management, the filling of vacancies and the creation of one post.

The performance targets for 2010 and 2011 are the same.

The number of contracts alone does not necessarily reflect the resources required. The complexity of the contracts also affects the resources required. For 2011, the projected value of contracts is similar to the actual outturn in 2010. Moreover, the financial provision covers other procurement-related activities, including contract administration and support to other departments on procurement matters.

Signature _____

Name in block letters Miss Cheung Siu Hing

Post Title Director of Government Logistics

Date 17 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)051

Question Serial No.

1989

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

Programme: (2) Supplies Management

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The financial provision for 2011-12 is \$8.8 million (14.7%) higher than the revised provision for 2010-11. However, both the estimated service targets and indicators in 2011 are lower than that in 2010. Please explain the reasons for the fall in the service indicators despite increase in the estimated provision.

Asked by: Hon. WONG Ting-kwong

Reply:

The financial provision for 2011-12 is higher than the revised provision for 2010-11 mainly because of the increased provision for the filling of vacancies and the increased requirements for general departmental expenses.

Compared with 2010, there is no lowering of the performance targets.

As regards the indicators, the fluctuations pertain to those related to emergency and essential items. The Government Logistics Department (GLD) procures and stores emergency and essential items on behalf of Government bureaux and departments (b/ds). The outturn relating to the indicators on these items is therefore dependent on b/ds' demand. Many b/ds used up a substantial part of their own emergency stores in the fight against the Human Swine Influenza pandemic in 2009. They had to draw more on GLD's stock to replenish their own in 2010. These accounted for the higher than normal stock turnover rate and value of purchase for 2009 and 2010. For 2011, the projections have been made on the assumption of a normal consumption pattern.

Signature _____

Name in block letters Miss Cheung Siu Hing

Post Title Director of Government Logistics

Date 14 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)052

Question Serial No.

1990

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:

How many environment-friendly vehicles were purchased in replacing vehicles of the government fleet over the past year (2010-11)? What is the percentage of environment-friendly vehicles in the government fleet? The financial provision for 2011-12 is \$6.3 million (3.9%) higher than the revised estimate for 2010-11. This is mainly due to the increased provision for the procurement of replacement vehicles. How many environment-friendly vehicles will be purchased approximately?

Asked by: Hon. WONG Ting-kwong

Reply:

All the vehicles to be procured in 2011 will comply with the prevailing statutory emission standards. Subject to the availability of suitable models on the market and operational and resource considerations, we will give priority to environment-friendly vehicles when replacing vehicles in the government fleet. Environment-friendly vehicles include vehicles meeting the qualifying standards of the tax incentive schemes administered by the Environmental Protection Department, electric vehicles and liquefied petroleum gas light buses.

In 2010, the Government procured 242 environment-friendly vehicles to replace vehicles in the government fleet. At present, about 20% of the 6 300 plus government vehicles are environment-friendly vehicles. Of the replacement vehicles to be procured in 2011, there are suitable environment-friendly models for 148, and we aim to replace them all with environment-friendly vehicles. There are no suitable environment-friendly models for the remaining 227 vehicles. Taking into account environment-friendly vehicles to be ordered / ordered but yet to be delivered in 2011, the percentage of environment-friendly vehicles in our government fleet will increase to some 27%.

Signature _____

Name in block letters Miss Cheung Siu Hing

Post Title Director of Government Logistics

Date 14 March 2011

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

Reply Serial No.

FSTB(Tsy)053

Question Serial No.

1631

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) Please provide breakdown by tax types on the numbers of tax payments by electronic means last year (i.e. 2010-11).
- (b) What is the increase in the number of person using electronic tax payment services in 2010-11 when compared with 2009-10?
- (c) Are there any plans for promotion of electronic tax payments in the coming year? What are the details? What is the estimated expenditure?

Asked by: Hon. IP Wai-ming

Reply:

- (a) In 2010-11 (up to 28 February 2011), there were around 1 380 000 electronic payments for "earnings and profits tax", representing 57% of the total tax payments for the year. The Inland Revenue Department (IRD) does not have breakdown on the numbers of electronic payments by tax types.
- (b) IRD does not have statistics on the number of persons paying tax by electronic means. Comparing with the same period in 2009-10 (up to 28 February 2010), there was an increase of 87 000 electronic tax payments in 2010-11, representing an increase of about 7%.
- (c) To promote electronic tax payment services, IRD will continue to post notices in Chinese and English newspapers in December 2011 and March 2012 (i.e. before the normal due dates for salaries tax demand notes) to remind taxpayers to pay tax on time and encourage them to pay tax by electronic means. The estimated expenditure for this exercise is about \$80,000. IRD will also disseminate relevant information on its website to promote electronic tax payment services.

Signature _____

Name in block letters CHU Yam-yuen

Post Title Commissioner of Inland Revenue

Date 16 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)054

Question Serial No.

2338

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:

Regarding the matters requiring special attention in 2011-12, the Inland Revenue Department has stated that it will continue to exert determined effort to combat tax evasion and counter tax avoidance schemes. Could the Government advise on the specific measures to be taken and the various expenditures involved?

Asked by: Hon. LAM Tai-fai

Reply:

In 2011-12, the Inland Revenue Department (IRD) will continue its efforts to combat tax evasion and avoidance. Apart from investigating suspected irregularities through its Field Audit and Investigation Unit, IRD will also strengthen risk management by enhanced computer programme. The information collection team of IRD will continue to gather various reference materials to facilitate tax assessing work. With regard to raising officers' capability in combating tax evasion and avoidance, IRD will enrich the professional knowledge and upgrade the investigation skills of the officers through job rotation and participation in local and international tax and investigation seminars or training programmes. IRD does not apportion the funding provision for the above measures. Hence, the relevant information cannot be provided.

Signature _____

Name in block letters CHU Yam-yuen

Post Title Commissioner of Inland Revenue

Date 16 March 2011

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

Reply Serial No.

FSTB(Tsy)055

Question Serial No.

2339

Head: 76 Inland Revenue Department

Subhead (No. & title): 189 Interest on tax reserve certificates

Programme:

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

There has been a significant increase in the interest on Tax Reserve Certificates when comparing 2009-10 actual expenditure (i.e. \$30.308 million) and 2010-11 revised estimate (i.e. \$61 million) with 2011-12 estimate (i.e. \$104 million). Please provide reason for such increase. Was there an increasing trend for the past five years? If so, what was the reason for such increase?

Asked by: Hon. LAM Tai-fai

Reply:

The interest expenditure on Tax Reserve Certificates (TRCs) is largely used to settle interest on TRCs for Conditional Standover Order (Conditional TRCs), which is paid upon settlement of objections/appeals in taxpayers' favour. As such, the actual amount of interest paid in a particular year depends on whether the objections/appeals could be settled within that year, whether the taxpayers would succeed in the objections/appeals, changes in interest rate, and the holding period of the Conditional TRCs etc. Besides, if the taxpayers are not satisfied with the decision made by the Inland Revenue Department (IRD) on their objections, they can lodge appeals to the Board of Review (Inland Revenue Ordinance) and the courts as provided in the law. The factors mentioned above are beyond the control or prediction of the IRD. Therefore, it is inevitable that the actual expenditure in respect of interest on TRCs differs from the estimated expenditure. IRD has already made the best endeavour in estimating the amount of funding provision for the interest on TRCs.

In arriving at the estimated funding provision for the interest on TRCs for 2011-12 (i.e. \$104 million), IRD has already taken into account all the above-mentioned factors, particularly the total value of unredeemed Conditional TRCs and the estimated number of objection/appeal cases to be completed in that year which may involve substantial amount of interest payment. As at 28 February 2011, the total accumulated value of unredeemed Conditional TRCs was \$12.7 billion.

As mentioned in the first paragraph, the amount of interest expenditure on TRCs is affected by many factors. Therefore, there was no consistently increasing nor decreasing trend in the actual interest expenditure on TRCs in the past five financial years.

Signature _____

Name in block letters CHU Yam-yuen

Post Title Commissioner of Inland Revenue

Date 21 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)056

Question Serial No.

2340

Head: 76 Inland Revenue Department Subhead (No. & title): 209 Special legal expenses

Programme:

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

“Special legal expenses” have increased from \$4.672 million in 2009-10 actual expenditure and \$4.5 million in 2010-11 revised estimate to \$5.503 million in 2011-12 estimate. Please provide reason in detail. The legal expenses are used for what specific areas of work? What is the amount of legal expenses used for handling issues related to section 39E of the Inland Revenue Ordinance?

Asked by: Hon. LAM Tai-fai

Reply:

Special legal expenses are largely used to settle court fees in relation to the registration of writs of civil actions taken by the Inland Revenue Department (IRD) against tax defaulters for the purpose of tax recovery. Moreover, the special legal expenses also cover legal expenses in connection with petitions to the Court for winding up orders. For 2010-11, the original estimate for special legal expenses was \$5.903 million. In early 2011, after reviewing the actual expenditure position for the year, IRD revised the estimate to \$4.5 million.

The estimate for special legal expenses in 2011-12 is \$5.503 million. This estimated amount is arrived at after taking into account factors including the anticipated number of tax default cases requiring civil actions and petitions to the Court for winding up orders in the year.

IRD does not compile statistics on the amount of special legal expenses incurred for tax recovery cases by their reasons of default. As such, there is no information on special legal expenses used for processing tax recovery cases related to section 39E of the Inland Revenue Ordinance.

Signature _____

Name in block letters CHU Yam-yuen

Post Title Commissioner of Inland Revenue

Date 21 March 2011

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

Reply Serial No.

FSTB(Tsy)057

Question Serial No.

3220

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 expenditure estimates of the Inland Revenue Department's Information Technology Management Unit (ITMU),

- a. what is the estimated expenditure in 2011-12? What is the percentage increase/decrease when compared with the actual expenditure in 2010-11? What are the reasons for such percentage change in expenditure?
- b. what are the major projects covered by the estimated expenditure in 2011-12? Among these projects, which of them are on-going items and which of them are new projects? For each project, how many staff will involve and what are the costs and implementation schedules? For the staff involved in each project, how many of them are civil servants, non-civil service contract staff and outsourced officers respectively?
- c. have funding provisions been allocated to promote the use of electronic services among the public (e-engagement) and to provide electronic access to public information? If so, what are the specific information i.e. name of the project, details, number of staff involved, cost and implementation schedule? If not, please provide reasons and indicate whether introduction of such measures will be considered in the future.
- d. what are the permanent establishment, current number of officers and number of vacancies in ITMU? Any plan to increase manpower in the coming year? If so, what are the estimated number of the new posts created, the ranks involved, how many of these new posts are permanent establishment and whether staff will be employed on civil service terms of appointment. If not, please provide reasons.
- e. has the ITMU's effectiveness been reviewed comprehensively? If so, what are the review results and the specific measures for improvement? If not, please provide reasons and indicate whether review will be carried out in the future.

Asked by: Hon. TAM Wai-ho, Samson

Reply:

- (a) The estimated expenditure of the Information Technology Management Unit (ITMU) of the Inland Revenue Department (IRD) in 2011-12 is \$90.92 million (including recurrent expenditure and non-recurrent Information Technology (IT) project expenditure). There is a 37% increase when compared with 2010-11 revised estimate. The increase is mainly due to the commencement of the System Infrastructure Enhancement (SIE) project in 2010-11 to upgrade the IT facilities of IRD for the purposes of meeting IRD's operational needs and maintaining a safe and reliable IT platform. The expenditure of the SIE project in 2011-12 is around \$26.7 million. It is anticipated that the SIE project will be completed by phases from 2012-13 onwards.
- (b) The 2011-12 estimated expenditure covers recurrent expenditure of the ITMU and expenditure on IT projects. The recurrent expenditure is for payment of operating costs of tax systems, hardware and software maintenance and part of the expenses for engaging contract staff. The expenditure on IT projects is one-off in nature covering mainly the on-going SIE project and new projects. New projects include enhancement of e-Filing of tax returns and other e-Services under the eTAX at GovHK, as well as the IT Security Risk Assessment and Audit.

For the implementation schedule, most of the above-mentioned projects are either on-going exercises or expected to be completed in 2011-12. The SIE project is expected to be completed by phases from 2012-13 onwards. As regards the number of staff involved and costs, except for the SIE project, IRD does not have statistical breakdown on the number of staff involved in and costs of the other IT projects. The number of IRD staff involved in and cost of the SIE project in 2011-12 are as follows:

Item	No. of staff required in 2011-12*			Estimated expenditure for 2011-12
	Civil servants	Non-civil service contract staff	Outsourced staff	
SIE project	54 (including officers partly involved in the project)	21	28	\$26.70 million

* Apart from the staff of the ITMU, officers from other units of IRD will also participate in the project.

- (c) Regarding access to public information, IRD has been providing comprehensive and updated tax information through its website and GovHK. IRD has no plan to carry out e-engagement in 2011-12. If in future public consultation on important policy initiatives is to be carried out, IRD will consider conducting the consultation via Internet and other appropriate electronic means.
- (d) In 2010-11, the civil service establishment of IRD's ITMU is as below:

	No. of staff
Establishment	168
Strength	159
Vacancy	9

As the new IT projects are mainly carried out by contractors, the ITMU's permanent establishment will remain unchanged in 2011-12.

- (e) In 2009, IRD completed the Departmental IT Plan which had, among others, conducted a review on the organisation structure and functions of the ITMU. As indicated by the review results, the existing organisation structure which engages both the IT experts and IRD staff with tax administration experience in the ITMU is an appropriate arrangement. Such operational arrangement has provided the best support for balancing the use of resources and IT needs. Therefore, in the coming few years, IRD will maintain the existing organisation structure of the ITMU.

Signature _____

Name in block letters _____ CHU Yam-yuen _____

Post Title _____ Commissioner of Inland Revenue _____

Date _____ 22 March 2011 _____

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

Reply Serial No.

FSTB(Tsy)058

Question Serial No.

0591

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:

Regarding the Inland Revenue Department's recovery actions in 2010-11, please provide the following details:

- (a) the types of recovery cases and the number of cases for each type;
- (b) the amount involved in the recovery cases;
- (c) the number of recovery cases not yet completed (i.e. tax in default)

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

- (a)&(b) As at 1 April 2010, the tax in arrears involved 72 000 charges and amounted to \$7.9 billion. Once a taxpayer defaults on paying tax, the Inland Revenue Department (IRD) will normally first impose a 5% surcharge on every overdue charge. In 2010-11 (up to 28 February 2011), the statistics of the 5% surcharge notices in different tax types are as follows:

	Types	No. of charges involved	Amount of tax involved (\$million)
5% surcharge	Profits Tax	12 400	1,488
	Salaries Tax	143 500	1,856
	Property Tax	14 500	154
	Personal Assessment	10 700	80
	Total	181 100	3,578

If the tax remains unpaid within 6 months from the due date, IRD will issue a 10% surcharge notice to the taxpayer to further impose a 10% surcharge on the overdue tax and surcharge. In 2010-11 (up to 28 February 2011), the statistics of the 10% surcharge notices in different tax types are as follows:

	Types	No. of charges involved	Amount of tax involved (\$million)
10% surcharge	Profits Tax	3 000	401
	Salaries Tax	7 100	239
	Property Tax	1 300	19
	Personal Assessment	600	10
	Total	12 000	669

If the tax remains unpaid after the issuance of the 5% surcharge notice, IRD will open a collection file and take further recovery actions on all overdue charges in respect of the same taxpayer, including the issuance of recovery notices to the third parties (such as employers and banks) and the initiation of court proceedings. In 2010-11 (up to 28 February 2011), the numbers of cases for which IRD has taken recovery actions are as follows:

	No. of cases (*)
Recovery Notices	88 800
Legal Proceedings	5 300

(*) IRD does not have statistical breakdown on tax recovery actions by different tax types.

- (c) Up to 28 February 2011, IRD has completed recovery actions for a total of 182 400 charges. As at the same date, the total amount of tax in default was \$8.3 billion, involving 95 200 charges. Of the \$8.3 billion tax in default, \$4.4 billion is related to tax in default prior to 1 April 2010.

Signature _____

Name in block letters CHU Yam-yuen

Post Title Commissioner of Inland Revenue

Date 17 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)059

Question Serial No.

1697

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 work on tax assessment, please set out the number and the total profits tax assessed for companies chargeable to profits tax for the past three years of assessment (i.e. 2007-08 to 2009-10).

Company's assessable profits (\$)	Number of companies	Percentage to the total number of companies chargeable to profits tax	Total profits tax assessed for the year (\$million)	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:

The number and the total profits tax assessed for companies (including corporations, sole proprietorship and partnership businesses) chargeable to profits tax for the past three years of assessment (up to 28 February 2011) are as follows:

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

Company's assessable profits * (\$)	Number of companies	Percentage to the total number of companies chargeable to profits tax	Total profits tax assessed for the year (\$million)	Percentage to the total amount of profits tax assessed
Below 5,000,000	212 990	95.67%	8,918	9.13%
5,000,001-10,000,000	4 210	1.89%	4,953	5.07%
10,000,001 and above	5 430	2.44%	83,779	85.80%
Total	222 630	100%	97,650	100%

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

Company's assessable profits * (\$)	Number of companies	Percentage to the total number of companies chargeable to profits tax	Total profits tax assessed for the year (\$million)	Percentage to the total amount of profits tax assessed
Below 5,000,000	206 220	95.83%	9,507	12.28%
5,000,001-10,000,000	3 980	1.85%	4,451	5.75%
10,000,001 and above	5 000	2.32%	63,464	81.97%
Total	215 200	100%	77,422	100%

Year of Assessment 2009-10 (mainly assessed in 2010-11)

Company's assessable profits * (\$)	Number of companies	Percentage to the total number of companies chargeable to profits tax	Total profits tax assessed for the year (\$million)	Percentage to the total amount of profits tax assessed
Below 5,000,000	191 260	95.55%	9,068	11.15%
5,000,001-10,000,000	3 970	1.98%	4,437	5.46%
10,000,001 and above	4 950	2.47%	67,786	83.39%
Total	200 180	100%	81,291	100%

* Refer to net assessable profits after setting off losses from previous years

Signature _____

Name in block letters CHU Yam-yuen

Post Title Commissioner of Inland Revenue

Date 16 March 2011

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

Reply Serial No.

FSTB(Tsy)060

Question Serial No.

1698

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:

For issues that require special attention in the coming year (i.e. 2011-12), please provide:

- (a) the numbers and percentage shares of employees and employers who filed tax returns electronically in the past three years (i.e. 2008-09, 2009-10 and 2010-11); and
- (b) details on the Inland Revenue Department's plan to promote the use of electronic services among employees and employers, the estimated amount of expenditure concerned and the estimated number of new users in the coming year (i.e. 2011-12).

Asked by: Hon. WONG Kwok-kin

Reply:

- (a) During the years 2008-09, 2009-10 and 2010-11, the numbers of employer's returns on employees' remuneration submitted electronically by employers in the form of diskettes / CD-ROMs, and the percentage shares of electronic returns to all returns are as follows:

Year	No. of employers	Percentage share
2008-09	49,500	15%
2009-10	49,600	14%
2010-11 (up to 28.2.2011)	48,600	14%

The eTAX services of Inland Revenue Department (IRD) provide a wide range of personalized electronic services for individual taxpayers, including submission of tax returns. Individuals submitting tax returns electronically include employees, sole proprietors and the sole owners of properties. IRD does not have statistical breakdown on the number of employees filing tax returns through eTAX.

- (b) To encourage more employers to use electronic means to file returns on employees' remuneration, IRD will introduce a new service under eTAX by two phases in August 2011 and April 2012 to allow employers to file returns on employees' remuneration through the Internet. The estimated cost of the whole project is around \$4.7 million. Upon full implementation of the project, it is estimated that some 30,000 employers will use this new service.

For employees, IRD will continue to promote the eTAX services. IRD will launch a series of promotional activities, including seminars, posters, publicity leaflets, newspaper advertisements, electronic media advertisements, Internet publicity, roving exhibitions, promotional messages as well as e-mails to civil servants and other organizations to promote the eTAX services. IRD does not apportion the funding provision for the above promotional exercise. Hence, the relevant information cannot be provided.

Signature _____

Name in block letters CHU Yam-yuen

Post Title Commissioner of Inland Revenue

Date 16 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)061

Question Serial No.

2396

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:

What are the numbers of acceptable and unacceptable tax avoidance schemes in Hong Kong over the past 5 years (i.e. from 2006-07 to 2010-11)? What are the percentage shares to all tax revenue collected?

Asked by: Hon. WONG Yuk-man

Reply:

There are anti-avoidance provisions in the Inland Revenue Ordinance to combat and prevent tax avoidance. Information of audit cases on tax avoidance completed by the Inland Revenue Department (IRD) during the past five years is as follows:

	2006-07	2007-08	2008-09	2009-10	2010-11 (Revised estimate)
No. of cases completed	195	188	218	206	225
Back tax and penalties assessed (\$million)	778	591	527	1,240	2,058

The amount of back tax and penalties assessed represented about 0.5% to 1% of all earnings and profits tax assessed by IRD.

Signature _____

Name in block letters CHU Yam-yuen

Post Title Commissioner of Inland Revenue

Date 16 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)062

Question Serial No.

2397

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:

How many tax evasion cases were investigated by the Inland Revenue Department (“IRD”) over the past 5 years (i.e. from 2006-07 to 2010-11)? What is the number of tax evasion cases not yet discovered as estimated by IRD?

Asked by: Hon. WONG Yuk-man

Reply:

The Field Audit and Investigation Unit of the Inland Revenue Department (IRD) is responsible for auditing and investigating tax evasion and avoidance cases. The statistics on the number of tax evasion cases completed in the past five years are as follows:

	2006-07	2007-08	2008-09	2009-10	2010-11 (Revised estimate)
Number of tax evasion cases completed	1 680	1 676	1 644	1 597	1 575

All along, IRD strengthens risk management by enhancing its computer programme, and conducts field audit, investigation and desk audit against cases involving tax evasion. On the other hand, if there is information showing that any taxpayer has been involved in tax evasion activities, IRD will conduct follow-up investigation.

Signature _____

Name in block letters CHU Yam-yuen

Post Title Commissioner of Inland Revenue

Date 16 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)063

Question Serial No.

2592

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:

Provisions are earmarked for temporary staff under departmental expenses. Among the four programmes of work of the Department, which programme of work is the temporary staff employed mainly assigned to take up?

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

Reply:

The temporary staff employed by the Department are mainly assigned to take up the work under Programme (1) "Statutory Valuation and Assessments".

Signature _____

Name in block letters _____ MRS. MIMI BROWN

Post Title _____ Commissioner of Rating and Valuation

Date _____ 14.3.2011

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

Reply Serial No.

FSTB(Tsy)064

Question Serial No.

3224

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:

Regarding the estimates of expenditure of Information Technology Management Units (ITMUs) in government departments:

- (a) What is the estimated expenditure in 2011-12? What is the rate of change as compared with the actual expenditure in 2010-11? What is(are) the reason(s) for the above rate of change in expenditure?
- (b) What specific projects are included in the Estimates of Expenditure 2011-12? Which of them are on-going projects and new projects? What are the number of staff, the costs and the implementation timetable of each project? Of the staff involved for each project, how many of them are civil servants, non-civil service contract staff and staff of outsourced service providers?
- (c) Has the Administration earmarked any provision for the promotion of e-engagement as well as opening up of public sector information? If so, what are the specific contents (including project names, details, manpower and costs involved, and implementation timetable)? If not, what is(are) the reason(s) and will the Administration consider carrying out such measures in the future?
- (d) What are the permanent establishment, existing number of staff and vacancies of ITMUs? Will there be any increase in manpower in the coming year? If so, what is the estimated number of additional posts and the ranks involved? Are these posts permanent in nature? Will candidates for these posts be appointed on civil service terms of appointment? If not, what is(are) the reason(s) for that?
- (e) Has the effectiveness of ITMUs been reviewed comprehensively? If so, what are the results of the review and the specific improvement measures involved? If not, what is(are) the reason(s) and will such review be carried out in the future?

Asked by: Hon. TAM Wai-ho, Samson

Reply:

- (a) The estimated expenditure for the Information Technology Management Unit (ITMU) of the Rating and Valuation Department (RVD) in 2011-12 is \$18.54 million, which is 10.37% higher than the projected expenditure in 2010-11. It is due to the salary increase and the hiring of two additional staff from outsourced service provider.

(b) The major on-going project in 2011-12 is listed below:

Project	No. of staff required in 2011-12			Estimated expenditure in 2011-12 (\$million)
	Civil service staff	Non-civil service contract staff	Staff of outsourced service provider	
Support of Business Applications and Operations	14	6	14	18.54

(c) Currently, there is no plan for the promotion of e-engagement but we will consider it in the future. Nevertheless, the “Property Information Online” launched in 2009 has already enabled the public to browse easily the property information held by our Department.

(d) The permanent establishment, existing strength and vacancies of the ITMU are as follows:

Grade	Establishment	Strength	Vacancy
Analyst/Programmer	16	14	2

The Office of the Government Chief Information Officer is recruiting Analyst/Programmer IIs to fill the vacancies. Meanwhile, the work of the unfilled posts will be temporarily taken up by contract staff.

(e) Under the existing governance mechanism, the Information Technology Steering Committee of RVD reviews the manpower resources as well as the development plan of ITMU every year with a view to gauging the quality of services provided by the ITMU to assure its effectiveness and enhance the services.

Signature _____

Name in block letters _____ MRS. MIMI BROWN _____

Post Title _____ Commissioner of Rating and Valuation _____

Date _____ 21.3.2011 _____

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

Reply Serial No.

FSTB(Tsy)065

Question Serial No.

3506

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:

Unaudited quarterly accounts of the Government for the year ended 31 March 2010 were issued on 19 May 2010 while audited cash-based accounts and unaudited accrual-based consolidated financial statements of the Government for the year ended 31 March 2010 were issued in December 2010.

- (a) Why it takes more than 8 months after fiscal year end for the issuance of audited cash-based accounts?
- (b) In overseas developed economies in general, how many months after the fiscal year does it take for their governments to issue audited cash-based accounts?
- (c) Does the Administration have any plan to speed-up the issuance of audited cash-based accounts to say within 6 months after fiscal year end to align with the best practice in the private sector? If yes, when will the improvement be implemented? If not, why not?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

- (a) The preparation and audit of the annual cash-based financial statements for the General Revenue Account and the nine Funds established under section 29 of the Public Finance Ordinance (Cap. 2), viz. Capital Works Reserve Fund, Capital Investment Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund, and Bond Fund are governed by sections 11 and 12 of the Audit Ordinance (Cap. 122), except the Lotteries Fund which is governed by section 7 of the Government Lotteries Ordinance (Cap. 334)).

According to the Audit Ordinance, the Director of Accounting Services shall, within five months after the close of the financial year, transmit the annual financial statements to the Director of Audit. The Director of Audit shall, within seven months after the close of the financial year, submit to the President of the Legislative Council a report in respect of his examination and audit of these statements. For the cash-based financial statements for the year ended 31 March 2010, the preparation and audit work were completed on 25 August 2010 and 25 October 2010 respectively which are within the timeframe set out in sections 11 and 12 of the Audit Ordinance.

- (b) We do not have information on the time taken by overseas developed economies to issue audited cash-based accounts.
- (c) Taking into account the scale and amount of the work involved, we consider that the timeframe for the preparation and audit of the annual cash-based financial statements as set out in sections 11 and 12 of the Audit Ordinance is reasonable and appropriate.

Signature _____

Name in block letters Mrs Lesley Y C WONG

Post Title Director of Accounting Services

Date 17 March 2011

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

Reply Serial No.

FSTB(Tsy)066

Question Serial No.

3507

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:

Unaudited quarterly accounts of the Government for the year ended 31 March 2010 were issued on 19 May 2010 while audited cash-based accounts and unaudited accrual-based consolidated financial statements of the Government for the year ended 31 March 2010 were issued in December 2010.

- (a) From the letter of FSTB to Public Accounts Committee dated 24 January 2011, the committee members were given to understand that the consolidation process is relatively straightforward. So, why it takes more than 8 months after fiscal year end for the issuance of unaudited accrual-based consolidated financial statements?
- (b) In overseas developed economies, in general how many months after the fiscal year does it take for their governments to issue unaudited accrual-based consolidated financial statements?
- (c) Does the Administration have any plan to speed-up the issuance of unaudited accrual-based consolidated financial statements to say within 3 months after fiscal year end? If yes, when will the improvement be implemented? If not, why not?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

- (a) We publish two sets of annual accounts of the Government each year, one on cash basis and the other on accrual basis. It takes longer to prepare the accrual-based accounts because they are prepared on the basis of the cash-based government accounts which are published around November each year, after tabling at the Legislative Council. Besides, the consolidation process for the accrual-based accounts is rather complex as we need to consolidate a large number of entities not covered by the government accounts, including the Exchange Fund, Housing Authority, Airport Authority, Mass Transit Railway Corporation Limited, etc., and other government funds such as the Quality Education Fund. The entities or funds to be consolidated, which may have different financial year-end dates from that of the Government, may have transactions with the Government which need to be identified and eliminated.

- (b) In general, it takes 3 to 6 months for the governments of overseas developed economies to issue the accrual-based consolidated financial statements.
- (c) We have started to prepare accrual-based financial statements since 2002-03 to provide financial information in addition to the cash-based Consolidated Account. Since then, we have been making improvements to our accrual accounting policies as well as the relevant computer systems to enable better compliance with generally accepted accounting principles and to streamline the compilation work. We will continue to review and introduce improvements to the accrual-based accounts, including the need and practicability to speed up the issuance of the accrual-based accounts.

Signature _____

Name in block letters _____ Mrs Lesley Y C WONG

Post Title _____ Director of Accounting Services

Date _____ 17 March 2011

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

Reply Serial No.

FSTB(Tsy)067

Question Serial No.

3508

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:

As mentioned in the footnotes numbers 2 and 3 of the unaudited cash-based consolidated statement of assets and liabilities as at 31 December 2010, “the assets do not include the investments and loans totalling \$522,037 million in the Capital Investment Fund and the loans of \$18,513 million in the Loan Fund” and also “the liabilities do not include the outstanding institutional notes totaling \$11,229 million issued in July 2004 for the purposes of the Capital Works Reserve Fund under Section 3(1) of the Loans Ordinance (Cap. 61)”

Please explain the rationale for this accounting treatment and describe the accounting treatment of these omitted assets and liabilities when they were incurred in the previous fiscal years.

Asked by: Hon. CHAN Mo-po, Paul

Reply:

Under the cash basis of accounting, the investments and loans in the Capital Investment Fund, the loans in the Loan Fund and the liabilities of the outstanding institutional notes are recognised in the accounts of the relevant financial years as receipts or payments when cash arising from these transactions is received or paid. To give a better picture on the assets and liabilities of the Government, we disclose the outstanding balances of these items by way of notes to the financial statements.

Signature _____

Name in block letters _____ Mrs Lesley Y C WONG

Post Title _____ Director of Accounting Services

Date _____ 17 March 2011

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

Reply Serial No.

FSTB(Tsy)068

Question Serial No.

3510

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:

In the appendices to the annual budgets announced by the Financial Secretary, expenditure is classified into 4 categories, namely recurrent public expenditure, recurrent government expenditure, total recurrent public expenditure and total recurrent government expenditure. Besides, expenditure are further classified by policy area group, such as Education, Social Welfare, Health, Security, Infrastructure, Economic, Housing, Environment and Food, Community and External Affairs and Support.

However, the aforesaid information is not provided in the **audited** annual cash-based consolidated financial statements nor in the unaudited quarterly accounts. That is to say, the figures attributable to each policy area group widely referred to by the Government and the general public may not be the final actual expenditure in that policy area in the relevant year.

Does the Administration have any plan to include the said detailed information in the unaudited quarterly/annual accounts and also in the audited annual cash-based consolidated financial statements to facilitate the better understanding by the general public of how public funds are used and managed and the actual achievement of the budget? If yes, when will the improvement be implemented: If not, why not?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

Public expenditure is the sum of government expenditure and the expenditure (operating and capital) of the Trading Funds and the Housing Authority. Government expenditure is the aggregate of operating expenditure and capital expenditure charged to the General Revenue Account and the eight Funds established under section 29 of the Public Finance Ordinance (Cap. 2), viz. Capital Works Reserve Fund, Capital Investment Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund. The quarterly and annual accounts prepared under the cash basis of accounting cover government expenditure only and do not include the expenditure of the Trading Funds and the Housing Authority.

For the provision of the analysis of the actual government expenditure by policy area group in the annual financial statements, since such analysis has already been provided in the appendices to the budget with effect from the 2011-12 Budget, there is no plan to provide this analysis in the annual financial statements.

For the quarterly cash-based financial statements, we consider that as the current presentation of major revenue and expenditure items has served the purpose of provision of the interim updates on the overall financial performance and position of the Government during the year, there is no compelling need to provide the analysis by policy area group in these statements. That said, we will continue to review the content and format of the quarterly accounts to see if there is any further room for improvement.

Signature _____

Name in block letters Mrs Lesley Y C WONG

Post Title Director of Accounting Services

Date 17 March 2011

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

Reply Serial No.

FSTB(Tsy)069

Question Serial No.

3514

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:

In the annual budget announced by the Financial Secretary and in the annual cash-based consolidated accounts, expenditure is usually classified as operating, recurrent or capital expenditure while revenue are usually classified as operating or capital. However, the unaudited quarterly General Revenue Account and the accounts of the 9 funds established under Section 29 of the Public Finance Ordinance do not provide such information.

- (a) What are the reasons for such inconsistency in presentation?
- (b) Does the Administration have any plan to align the presentation to facilitate the better understanding of the general public of the operation and financial position of the government and the progressive achievement of the budget? If yes, when will the improvement be implemented? If not, why not?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

The Government's quarterly accounts are published to provide interim updates on the overall financial performance and position of the Government during the year. The format of the quarterly accounts has been reviewed and revised since December 2009 to provide further breakdown of major revenue and expenditure under the General Revenue Account and other Funds. We consider that the current presentation of major revenue and expenditure items in the quarterly financial statements for the General Revenue Account and the nine Funds established under section 29 of the Public Finance Ordinance has served the purpose of provision of interim updates. We will continue to review the content and format of the quarterly accounts to see if there is any further room for improvement.

Signature _____

Name in block letters _____ Mrs Lesley Y C WONG

Post Title _____ Director of Accounting Services

Date _____ 17 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)070

Question Serial No.

3515

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:

Unaudited quarterly accounts of the Government for the year ended 31 March 2010 were issued on 19 May 2010 while audited cash-based accounts and unaudited accrual-based consolidated financial statements of the Government for the year ended 31 March 2010 were issued in December 2010. From the letter of FSTB to Public Accounts Committee dated 24 January 2011, the committee members were given to understand that the consolidation process is relatively straightforward, the Administration sees no need for the cash-based consolidated accounts to be audited by the Director of Audit. Please explain the Administration's rationale.

- (a) It is a statutory requirement for every group companies, large or small, to prepare audited consolidated accounts. If the consolidation process is so straightforward as alleged by the Administration, why the general public of Hong Kong should accept our government which handles huge public funds to follow a lower transparency standard than in private sector? Why the general public of Hong Kong cannot have assurance by getting an audited cash-based consolidated account with an opinion from the auditors as to whether the consolidated accounts were true and fair?
- (b) In overseas developed economies in general, how many months after the fiscal year does it take for their governments to issue audited cash-based consolidated accounts?
- (c) Does the Administration have any plan to issue audited cash-based consolidated accounts? If yes, what is the implementation timetable? If not, why not?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

- (a) & (c) The cash-based financial statements of the General Revenue Account (GRA) and the Funds established under section 29 of the Public Finance Ordinance (Cap. 2) are audited by the Director of Audit pursuant to the Audit Ordinance (Cap. 122) (except the Lotteries Fund which is governed by the Government Lotteries Ordinance (Cap. 334)). In addition to the statutory accounts, for the purpose of giving an overview of the financial position in cash terms of the Government, the GRA and the individual Funds, excluding the Bond Fund, are aggregated to form the cash-based Consolidated Account. As the consolidation process is relatively straightforward, and the assets and liabilities of the GRA and the individual Funds have been certified by the Director of Audit to have been properly presented in the respective financial statements, we do not see a compelling need to introduce legislative amendments to conduct a statutory audit on the Consolidated Account.
- (b) We do not have information on the time taken by overseas developed economies to issue audited cash-based consolidated accounts.

Signature _____

Name in block letters Mrs Lesley Y C WONG

Post Title Director of Accounting Services

Date 17 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)071

Question Serial No.

2341

Head: 188 Treasury

Subhead (No. & title):

Programme: (4) Management of Funds

Controlling Officer: Director of Accounting Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The number of portfolio managers for Beat Drugs Fund has increased from 2 in 2009 and 2010 to 5 in 2011. What are the reasons? What is the amount of expenditure involved and how big is the increase?

Asked by: Hon. LAM Tai-fai

Reply:

The increase is due to the need for appointing additional portfolio managers to cope with the enlarged fund size following the Government's injection of \$3 billion into the Beat Drugs Fund in June 2010. The expenditure on the services of the portfolio managers is borne by the Fund and not charged to the General Revenue Account.

Signature _____

Name in block letters _____ Mrs Lesley Y C WONG

Post Title _____ Director of Accounting Services

Date _____ 17 March 2011

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

Reply Serial No.

FSTB(Tsy)072

Question Serial No.

3233

Head: 188 Treasury

Subhead (No. & title):

Programme:

Controlling Officer: Director of Accounting Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the estimates of expenditure of Information Technology Management Units (ITMUs) in government departments:

- (a) What is the estimated expenditure in 2011-12? What is the rate of change as compared with the actual expenditure in 2010-11? What is(are) the reason(s) for the above rate of change in expenditure?
- (b) What specific projects are included in the Estimates of Expenditure 2011-12? Which of them are on-going projects and new projects? What are the number of staff, the costs and the implementation timetable of each project? Of the staff involved for each project, how many of them are civil servants, non-civil service contract staff and staff of outsourced service providers?
- (c) Has the Administration earmarked any provision for the promotion of e-engagement as well as opening up of public sector information? If so, what are the specific contents (including project names, details, manpower and costs involved, and implementation timetable)? If not, what is(are) the reason(s) and will the Administration consider carrying out such measures in the future?
- (d) What are the permanent establishment, existing number of staff and vacancies of ITMUs? Will there be any increase in manpower in the coming year? If so, what is the estimated number of additional posts and the ranks involved? Are these posts permanent in nature? Will candidates for these posts be appointed on civil service terms of appointment? If not, what is(are) the reason(s) for that?
- (e) Has the effectiveness of ITMUs been reviewed comprehensively? If so, what are the results of the review and the specific improvement measures involved? If not, what is(are) the reason(s) and will such review be carried out in the future?

Asked by: Hon. TAM Wai-ho, Samson

Reply:

- (a) The estimated expenditure for the Information Technology Management Unit (ITMU) of the Treasury in 2011-12 is about \$93 million, which is lower than the revised estimate of 2010-11 by about 10%, mainly due to the reduced requirements for infrastructure improvement items.
- (b) In 2011-12, the on-going work of the Treasury ITMU for support of the various Treasury systems can be broadly classified as follows-

Items	Civil Service Staff	Non-civil service contract staff	Staff of outsourced service provider	Estimated Expenditure in 2011-12
Information System Strategy and Application Support	14	12	16	\$41 million
Infrastructure/Network Support and Systems Operation	46	2	7	\$52 million

In addition, the following new projects which are funded under Capital Works Reserve Fund Head 710 - Computerisation Subhead A007GX will be completed in 2011-12-

Project	No. of staff required in 2011-12			Estimated Expenditure in 2011-12	Implementation Schedule
	Civil Service Staff	Non-civil service contract staff	Staff of outsourced service provider		
Debt Management System	-	-	2	\$0.56 million	June 2011
Provision of e-Billing Services on the General Demand Note System	-	-	4	\$2.22 million	July 2011

- (c) The Treasury is responsible for the maintenance and operation of the centralized accounting and financial information systems for the purposes of budgetary control of expenditure and revenue by bureaux and departments, the production of the accounts of the Government as well as assisting bureaux and departments in better managing resources at their disposal. It also operates and maintains the Government's centralized payroll system and pensions system. The Treasury regularly publishes the Government accounts through various channels including its website for information of the public. We do not have any immediate plan to implement further e-engagement and opening up of public sector information but will keep in view any requirement in this regard.

- (d) The permanent establishment, existing strength and vacancies of the ITMU are as follows:-

Grade	Establishment	Strength	Vacancy
Analyst/Programmer	21	19	2
Computer Operator	30	30	-
Other Grades	11	11	-
Total	62	60	2

The Office of Government Chief Information Officer is recruiting Analyst/Programmer IIs to fill the vacancies. Meanwhile the work of the unfilled vacancies is temporarily taken up by contract staff.

There is no plan to increase the number of posts in 2011-12.

- (e) In accordance with the prevailing governance arrangement, we have set up an Information Technology Steering Committee in the Treasury to review the annual IT manpower and development plan prepared by the ITMU. We also conduct regular surveys with user bureaux and departments of Treasury systems to ensure the effectiveness of the services provided by the ITMU.

Signature _____

Name in block letters Mrs Lesley Y C WONG

Post Title Director of Accounting Services

Date 17 March 2011

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

Reply Serial No.

FSTB(Tsy)073

Question Serial No.

3113

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

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:

Subsequent to the passage of Inland Revenue (Amendment) (No. 3) Bill 2009 in the Legislative Council, how many countries / jurisdictions has the Administration signed comprehensive avoidance of double taxation agreement with and what was the timetable concerned, and how many countries / jurisdictions does the Administration expect to sign such agreement with in the coming year?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

Since the entry into force of the Inland Revenue (Amendment) Ordinance 2010 on 12 March 2010, we have signed comprehensive avoidance of double taxation agreements (CDTAs) with the following jurisdictions (as at 28 February 2011):

<u>Jurisdictions</u>	<u>Date of signing</u>	<u>Jurisdictions</u>	<u>Date of signing</u>
Brunei Darussalam	20 March 2010	Ireland	22 June 2010
Netherlands	22 March 2010	Liechtenstein	12 August 2010
Indonesia	23 March 2010	France	21 October 2010
Hungary	12 May 2010	Japan	9 November 2010
Kuwait	13 May 2010	New Zealand	1 December 2010
Austria	25 May 2010	Switzerland	6 December 2010
United Kingdom	21 June 2010		

We aim to conclude at least ten more CDTAs with our trading and investment partners in the coming three years.

Signature _____

Name in block letters Stanley YING

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

Date 15 March 2011

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

Reply Serial No.

FSTB(Tsy)074

Question Serial No.

3505

Head: 147 Government Secretariat: Subhead (No. & title): 000 Operational expenses
Financial Services and the
Treasury Bureau
(The Treasury Branch)

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 response to my written question on “Review and formulation of tax policies” raised in LegCo on 15 December 2010, the Secretary for Financial Services and the Treasury explained that there is a designated unit in the Treasury Branch of FSTB responsible for reviewing and formulating tax policies.

- (a) Has the designated unit conducted a comprehensive and in-depth review of Hong Kong’s policies and measures in taxation, social welfare and public finances before?
- (b) Is the designated unit staffed by full-time tax experts with international tax knowledge and exposure, to study the use of tax measures to dovetail with the Government’s policies on economy and industries, enhance Hong Kong’s competitiveness as an international financial, commercial and trade centre, address the problem of poverty and eradicate social and economic inequalities?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

- (a)&(b) The designated unit under the Treasury Branch of the Financial Services and the Treasury Bureau has adopted an ongoing approach to consider enhancing the tax system and tax laws in the light of the changing social and economic environment.

The tax rates of Hong Kong are very low already. Our tax regime has also reflected the equity of “earning more, paying more”. To address various social and economic problems, it is necessary to count on policies in different aspects, and to strive for wealth creation for the society through sustainable growth of the overall economy, other than relying solely on tax measures.

Over the past few years, after examining and considering jointly with relevant bureaux, various tax measures have been introduced to promote the development of relevant industries, thereby consolidating Hong Kong's position as an international financial, business, tourist and logistics centre. These measures include waiving hotel accommodation tax, waiving the duties on wine, beer and other alcoholic beverages except spirits, exempting offshore funds from profits tax and abolishing estate duty. Besides, the Inland Revenue (Amendment) Ordinance 2010 passed last year enables Hong Kong to align its exchange of information arrangement with international standard, thereby facilitating the conclusion of Comprehensive Agreements for the Avoidance of Double Taxation between Hong Kong and many of our major trading and investment partners. This is conducive to enhancing the competitiveness of Hong Kong as an international business and financial centre.

To cope with social development, we have from the year of assessment 2007-08 onwards raised the maximum amount of tax deduction for self-education expenses from \$40,000 to \$60,000 so as to encourage employees to seek continued self-advancement through learning and to facilitate the development of a knowledge-based economy in Hong Kong. Moreover, in order to alleviate the financial burden in supporting parents and raising children, the 2011-12 Budget has suggested increasing the parent/grandparent allowances, the child allowances and the deduction ceiling for elderly residential care expenses for salaries tax and tax under personal assessment.

Signature _____

Name in block letters Stanley YING

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

Date 21 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)075

Question Serial No.

3509

Head: 147 Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch) Subhead (No. & title): 000 Operational expenses

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- (a) Why no estimated balance sheet at the end of the relevant fiscal years has ever been included in the annual budgets announced by the Financial Secretary?
- (b) Please provide this Committee with the estimated balance sheet as at 31 March 2012 with corresponding actual/estimated figures as at 31 March 2010 and 31 March 2011.
- (c) Does the Administration have any plan to provide the omitted information in future budgets to facilitate the better understanding by the general public of how public funds were and would be managed and what would be the financial position of the government at the relevant fiscal year end? If yes, when will the improvement be implemented? If not, why not?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

The Government Budget is prepared on a cash basis. Under this basis of accounting, the consolidated fund balance as shown in the statement of assets and liabilities of the consolidated government accounts is equivalent to the fiscal reserves of the Government. Other particulars shown in the statement of assets and liabilities include information on where the fiscal reserves are placed, such as the amount placed with the Exchange Fund, the amount deposited in the banks and the amount of cash, etc. We think that the simplest way should be adopted to facilitate the public in understanding the financial position of the Government. Announcing the fiscal reserves in the Budget is sufficient, and is also the best practice. The actual/estimated fiscal reserves as at end of March 2010, 2011 and 2012 are as follows:

	as at end of March 2010	as at end of March 2011	as at end of March 2012
(\$billion)	520.3	591.6	595.5

Signature _____

Name in block letters Stanley YING

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

Date 18.3.2011

Revised

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)076

Question Serial No.

3519

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

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 article posted in the blog of the Financial Secretary on 13 February 2011, Financial Secretary mentioned that the government expenditure had increased by 35% in the past 3 years. In respect of the aforesaid increase, please provide the following information:

- (a) the total amount of expenditure **by policy area group** in each of the past 3 years attributable to the aforesaid increase in government expenditure;
- (b) in respect of each expenditure in item (a) above, the breakdown of operating expenditure, non-operating expenditure and capital expenditure included in General Revenue Account and/or in each of the 9 fund established under Section 29 of the Public Finance Ordinance in each of the past 3 years;
- (c) in respect of each expenditure in item (b) above, the breakdown of expenditure into non-recurrent and recurrent nature;
- (d) in respect of each expenditure in item (c) above, the breakdown of expenditure in dollar amount and nature in each of the past 3 years;
- (e) in respect of each expenditure in item (d) above, the respective amount and nature of expenditure for injection into each pilot scheme or specific purpose funds in each of the past 3 years; and
- (f) in respect of each expenditure in item (e) above, the respective amount of expenditure actually spent in each pilot scheme or specific purpose funds in each of the past 3 years after injection of funds.

Asked by: Hon. CHAN Mo-po, Paul

Reply:

- (a)-(d) Government expenditure can be classified as Operating and Capital. The former is further broken down into recurrent and non-recurrent. The requested breakdown is set out in **Appendix 1**.
- (e) Details of injections to specific purpose funds in 2008-09 to 2010-11 are set out in **Appendix 2**. There is no injection to pilot schemes as such expenditure is charged to general revenue when paid.
- (f) Expenditure for specific purpose funds in 2008-09 to 2010-11 and non-recurrent expenditure for funding pilot schemes is set out in **Appendix 3**.

Signature _____

Name in block letters Stanley YING

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

Date 24 March 2011

**Total Government Expenditure
Breakdown by Policy Area Group^{Note}**

(\$ million)	Actual			2010-11 Original Estimate
	2007-08	2008-09	2009-10	
Education	53,825	74,995	58,240	63,701
Recurrent Expenditure	46,794	49,863	50,831	52,159
Non-recurrent Expenditure	2,146	19,737	1,002	4,088
Capital Expenditure	4,885	5,395	6,407	7,454
Social Welfare	34,868	39,248	40,418	43,495
Recurrent Expenditure	33,979	38,511	39,405	39,687
Non-recurrent Expenditure	19	89	208	2,593
Capital Expenditure	870	648	805	1,215
Health	33,623	36,706	38,387	40,501
Recurrent Expenditure	31,641	33,849	35,333	36,923
Non-recurrent Expenditure	83	1,063	408	758
Capital Expenditure	1,899	1,794	2,646	2,820
Security	27,985	27,999	29,843	34,405
Recurrent Expenditure	24,130	25,888	26,869	27,968
Non-recurrent Expenditure	12	7	10	3,339
Capital Expenditure	3,843	2,104	2,964	3,098
Infrastructure	26,196	29,031	47,097	49,708
Recurrent Expenditure	13,413	14,261	14,969	15,377
Non-recurrent Expenditure	28	221	590	1,823
Capital Expenditure	12,755	14,549	31,538	32,508
Environment & Food	12,051	12,391	13,700	17,417
Recurrent Expenditure	8,567	9,173	9,718	10,274
Non-recurrent Expenditure	1,865	1,005	270	872
Capital Expenditure	1,619	2,213	3,712	6,271
Economic	10,225	21,324	14,768	14,885
Recurrent Expenditure	7,274	7,319	7,574	7,716
Non-recurrent Expenditure	1,083	12,908	5,764	2,529
Capital Expenditure	1,868	1,097	1,430	4,640
Community & External Affairs	8,482	38,928	14,092	15,118
Recurrent Expenditure	7,070	7,567	7,852	8,136
Non-recurrent Expenditure	42	6,341	3,103	3,419
Capital Expenditure	1,370	25,020	3,137	3,563
Housing	178	2,705	1,993	2,035
Recurrent Expenditure	175	188	191	195
Non-recurrent Expenditure	0	2,513	1,799	1,822
Capital Expenditure	3	4	3	18
Support	27,382	29,085	30,487	35,944
Recurrent Expenditure	26,403	27,500	28,438	31,210
Non-recurrent Expenditure	10	4	33	512
Capital Expenditure	969	1,581	2,016	4,222
Total Government Expenditure	234,815	312,412	289,025	317,209
Increase over 2007-08 actual				35%

Note: Policy area group classification in the 2011-12 estimate has been adopted.

Injections to Specific Purpose Funds

Name of Specific Purpose Fund	Policy Area Group	2007-08 Actual \$M	2008-09 Actual \$M	2009-10 Actual \$M	2010-11 Revised Estimate \$M
Language Fund	Education	-	-	-	500.0
HKSAR Government Scholarship Fund	Education	1,000.0	-	-	-
Research Endowment Fund	Education	-	18,000.0	-	-
Emergency Relief Fund ^(Note)	Social Welfare	10.0	10.0	10.0	10.0
Hong Kong Paralympians Fund	Social Welfare	-	-	3.5	-
Environment and Conservation Fund	Environment and Food	1,000.0	-	-	-
Beat Drugs Fund	Security	-	-	-	3,000.0
Arts and Sport Development Fund	Community and External Affairs	-	150.0	-	3,000.0
Hong Kong Athletes Fund	Community and External Affairs	-	5.0	-	-
Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas	Community and External Affairs	-	6,000.0	3,000.0	-

Note: Injections to the Emergency Relief Fund are accounted for under recurrent expenditure of the General Revenue Account. Other injections are accounted for under non-recurrent expenditure of the General Revenue Account.

Expenditure of Specific Purpose Funds and Pilot Schemes

(A) Specific Purpose Funds

Name of Specific Purpose Fund	Policy Area Group	2007-08 Actual \$M	2008-09 Actual \$M	2009-10 Actual \$M	2010-11 Revised Estimate \$M
Language Fund	Education	263.5	295.2	251.4	313.3
HKSAR Government Scholarship Fund	Education	-	12.0	25.0	34.3
Research Endowment Fund	Education	-	-	-	475.0
Emergency Relief Fund	Social Welfare	7.4	9.2	3.9	8.6
Hong Kong Paralympians Fund	Social Welfare	5.3	4.0	4.0	3.9
Environment and Conservation Fund	Environment and Food	11.3	26.0	85.3	135.8
Beat Drugs Fund	Security	10.8	12.0	26.2	35.0
Arts and Sport Development Fund	Community and External Affairs	39.1	47.6	63.7	47.5
Hong Kong Athletes Fund	Community and External Affairs	0.5	0.5	1.2	0.4
Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas	Community and External Affairs	-	798.8	1,339.0	3,983.0

(B) Pilot Schemes Funded under Non-recurrent Expenditure

Name of Pilot Schemes	Policy Area Group	2007-08 Actual \$M	2008-09 Actual \$M	2009-10 Actual \$M	2010-11 Revised Estimate \$M
Pilot scheme to contract out cases of winding-up of companies	Economic	-	0.2	-	0.2
Pilot Employment Navigator Programme	Economic	-	-	-	0.3
Pilot Transport Support Scheme	Economic	11.9	84.2	97.4	34.8
Pilot Transport Support Scheme for trainees of Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme	Economic	1.0	2.4	1.8	0.1
Pilot Scheme on e-Learning	Education	-	-	-	36.3
Child Development Fund	Social Welfare	-	1.6	7.1	15.1
Health Care Voucher Pilot Scheme	Health	-	6.6	49.0	84.0
Pilot scheme for sensor leakage detection of in-service pressurised water mains	Infrastructure	-	-	-	9.7

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

Reply Serial No.

FSTB(Tsy)077

Question Serial No.

3028

Head: 147 Government Secretariat: Subhead (No. & title): 000 Operational expenses
Financial Services and the
Treasury Bureau
(The Treasury Branch)

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:

The fiscal reserves level of Hong Kong now stands at 23 months of government expenditure, higher than those of other advanced economies. In 2011-12, will the Government consider allocating resources to conduct a review on the reasonable level of fiscal reserves and better utilisation of the reserves? If so, what are the work plan, time schedule and estimated expenditure of the review? If not, what are the reasons?

Asked by: Hon. CHAN Tanya

Reply:

We aim to maintain an adequate level of fiscal reserves to meet unfunded liabilities and to cope with pressure on government finances arising from economic downturns, unforeseen events or changes in social structure. An adequate level of reserves can also help the Exchange Fund maintain the stability of Hong Kong's monetary and financial systems. In preparing the annual budget, we will review the levels of our revenue, expenditure and fiscal reserves. The required expenditure will be absorbed within the existing provision.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)078

Question Serial No.

3029

Head: 147 Government Secretariat: Subhead (No. & title): 000 Operational expenses
Financial Services and the
Treasury Bureau
(The Treasury Branch)

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:

Over the past few years, the Administration has still not been able to avoid reliance on non-recurrent income to support its recurrent expenditure. In 2011-12, will the Administration consider setting aside resources to review the structure of government income and expenditure and put forward proposals to stabilise government income? If so, what are the work plan, schedule and estimated expenditure involved? If not, what are the reasons?

Asked by: Hon. CHAN Tanya

Reply:

Achieving balance in the operating account is one of the objectives of the Government. The Government also needs, over time, to achieve an operating surplus to partially finance capital expenditure. We attained these goals in most of the past financial years.

In July 2006, the Government issued a consultation document on tax reform. Through the consultation, the public generally gained a better understanding of the problem with our narrow tax base, and agreed that the issue had to be addressed. However, as to which option or options should be adopted to broaden our tax base, the public did not have any clear inclinations or mainstream views. Nevertheless, we would continue to explore under the established mechanism options for broadening the tax base and for stabilizing government revenue. We will encourage different sectors of the community to continue to discuss this issue with a view to building consensus gradually, and to consult the public on those more practical options in due course.

Signature _____

Name in block letters Stanley YING

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

Date 18.3.2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)079

Question Serial No.

3031

Head: 147 Government Secretariat: Subhead (No. & title): 000 Operational expenses
Financial Services and the
Treasury Bureau
(The Treasury Branch)

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:

The Government has frequently over-estimated the deficit or under-estimated the surplus in the past when preparing the budget estimates. In 2011-12, will the Government consider allocating resources to conducting a comprehensive review of the exercise, so as to improve the accuracy in preparing the budget and to achieve better planning for utilisation of public resources? If yes, what are the details of the review? If no, what are the reasons?

Asked by: Hon. CHAN Tanya

Reply:

The forecast fiscal surplus is different from the actual outturn as huge revenue and expenditure and thousands of items are involved in the government accounts. Even though the actual differs from the estimate for some parts of the estimates only, considerable deviations will be resulted in the consolidated figures. Forecasting has never been an absolutely precise science. Many changes that occur in the course of a financial year are very often neither controllable nor predictable. When preparing the budget, we will draw on past experience and take into account the prevailing social, economic and external factors and strive to make the best assessment.

Signature _____

Name in block letters Stanley YING

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

Date 18 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)080

Question Serial No.

0470

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

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:

The Financial Secretary mentioned in paragraph 56 of Budget Speech that there would be a consolidated surplus of \$71.3 billion for 2010-11. Would there be any transactions that have not yet to be recorded in the books when the Government worked out the above-mentioned surplus? If so, what is the estimated amount for the transactions involved?

Asked by: Hon. HO Chun-yan, Albert

Reply:

Based on information available at the time of preparing the 2011-12 Budget, the Government estimates that total revenue for 2010-11 is \$374.8 billion and total expenditure \$303.5 billion. These estimates include revenue and expenditure which have been collected and paid at that time and those which are expected to be collected and paid up to the end of March 2011. The 2011-12 Budget therefore announced an estimated consolidated surplus of \$71.3 billion for 2010-11.

Signature _____

Name in block letters Stanley YING

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

Date 18 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)081

Question Serial No.

0804

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

Programme: (3) Service Departments

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What were the actual amounts of resources used in 2009-10 and 2010-11 respectively and what are the amounts of resources to be reserved for 2011-12 by the Financial Services and the Treasury Bureau (the Treasury Branch) (FSTB(TsyB)) and by each department under the FSTB(TsyB) in respect of the following items? What are the details and policy objectives of their activities in these respects?

- (a) the expenditure for local officials' duty visits, exchanges and meetings in the Mainland, and the level and number of local participating officials (please provide a breakdown by provincial administrative region, and by city for Guangdong Province);
- (b) the expenditure for exchanges, entertainment and meetings with Mainland officials and authorities within Hong Kong, and the levels and numbers of local and Mainland participating officials (please provide a breakdown by provincial administrative region, and by city for Guangdong Province);
- (c) the expenditure for local officials' overseas duty visits, exchanges and meetings, and the level and number of local participating officials (including Taiwan and Macao, and please provide a breakdown by continent and country/region); and
- (d) the expenditure for exchanges, entertainment and meetings with overseas officials and authorities within Hong Kong, and the levels and numbers of local and overseas participating officials (including Taiwan and Macao, and please provide a breakdown by continent and country/region).

Asked by: Hon. HO Sau-lan, Cyd

Reply:

The details and policy objectives of the duty visits, exchanges and meetings organised by the Financial Services and the Treasury Bureau (the Treasury Branch) (FSTB(TsyB)) and its departments, and the exchanges, entertainment and meetings organised for visiting officials are as follows:

Bureau/Department	Details of the Activities	Policy Objectives of the Activities
FSTB – Office of the Secretary for Financial Services and the Treasury, and the TsyB	Duty meetings, visits, exchange interviews	To enhance exchange by identifying the similarities and differences with international and other Mainland parties, with a view to achieving a complementary, mutually-beneficial and harmonious relationship; to strengthen cooperation to enhance the depth and breadth of the management of financial services and public finances.
Audit Commission	Duty visits and exchanges	To introduce the work of the Audit Commission; to facilitate the sharing of operational experience between the Audit Commission and its counterparts in the Mainland and overseas countries.
Government Property Agency	No such activity was organised	
Government Logistics Department	Duty exchanges	To exchange information on Hong Kong's procurement policies.
Treasury	Meetings about financial management and accounting; professional exchanges with relevant bodies	To promote regional exchange and cooperation within the policy purview of government revenue and financial management.
Rating and Valuation Department	Duty visits, exchanges and meetings	To enhance international and regional exchange and cooperation in the area of property valuation.
Inland Revenue Department	Duty visits, exchanges and meetings	To enhance regional exchange and cooperation on tax policies.

The actual amounts of resources used in 2009-10 and 2010-11, and the resources reserved for 2011-12 by the FSTB(TsyB) and its departments for the following activities are set out in the table below:

Activity	Annex
The expenditure for local officials' duty visits, exchanges and meetings in the Mainland, and the level and number of local participating officials (with a breakdown by provincial administrative region, and by city for Guangdong Province)	Annex 1
The expenditure for exchanges, entertainment and meetings with Mainland officials and authorities within Hong Kong, and the levels and numbers of local and Mainland participating officials (with a breakdown by provincial administrative region, and by city for Guangdong Province)	Annex 2
The expenditure for local officials' overseas duty visits, exchanges and meetings, and the level and number of local participating officials (including Taiwan and Macao, and with a breakdown by continent and country/region)	Annex 3
The expenditure for exchanges, entertainment and meetings with overseas officials and authorities within Hong Kong, and the levels and numbers of local and overseas participating officials (including Taiwan and Macao, and with a breakdown by continent and country/region)	Annex 4

Signature _____

Name in block letters Stanley YING

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

Date 18 March 2011

Annex 1 (Rev.): Expenditure for local officials' duty visits, exchanges and meetings in the Mainland, and the level and number of local participating officials (with a breakdown by provincial administrative region, and by city for Guangdong Province)

Bureau/ Department (Note 1)	Destination	2009-2010				2010-11				Resources Earmarked for 2011-12 (HK\$)
		No. of Activities	Expenditure Incurred (HK\$)	Rank of Officials from Hong Kong	No. of Officials	No. of Activities	Expenditure Incurred (HK\$)	Rank of Officials from Hong Kong	No. of Officials	
FSTB - Office of the Secretary for Financial Services and TsyB	Beijing	9	213,091	Bureau Secretary, Under Secretary, Permanent Secretary, Deputy Secretary, Principal Assistant Secretary, Chief Information Officer, Assistant Secretary, Senior Assessor	17	9	150,000 (Note 2)	Bureau Secretary, Under Secretary, Principal Assistant Secretary, Chief Information Officer	15	500,000
	Shanghai	3	44,145	Bureau Secretary, Under Secretary, Chief Information Officer	4	3	75,634	Bureau Secretary, Principal Assistant Secretary, Chief Information Officer	7	
	Sichuan	1	21,308	Bureau Secretary, Principal Assistant Secretary, Chief Information Officer	3	0	0	N.A.	0	
	Fujian	1	18,430	Bureau Secretary, Principal Assistant Secretary, Chief Information Officer	3	0	0	N.A.	0	
	Guangzhou and Foshan, Guangdong	1	8,172	Bureau Secretary, Principal Assistant Secretary, Chief Information Officer	3	0	0	N.A.	0	

Bureau/ Department (Note 1)	Destination	2009-2010				2010-11				Resources Earmarked for 2011-12 (HK\$)
		No. of Activities	Expenditure Incurred (HK\$)	Rank of Officials from Hong Kong	No. of Officials	No. of Activities	Expenditure Incurred (HK\$)	Rank of Officials from Hong Kong	No. of Officials	
	Guangzhou, Guangdong	2	2,976	Under Secretary	2	1	380	Under Secretary	1	
<i>Sub-total</i>		<i>17</i>	<i>308,122</i>		<i>32</i>	<i>13</i>	<i>226,014</i>		<i>23</i>	<i>500,000</i>
Audit Commission	Beijing	1	6,754	Director	1	0	0	N.A.	0	100,000
	Heilongjiang	0	0	N.A.	0	1	4,948	Senior Auditor	1	
	Jiangsu	0	0	N.A.	0	1	47,507	Senior Auditor, Auditor, Senior Examiner	6	
	Shenzhen, Guangdong	0	0	N.A.	0	1	24,242	Assistant Director, Auditor , Examiner	10	
	Guangzhou and Foshan, Guangdong	1	9,973	Director, Principal Auditor, Senior Auditor , Auditor	4	0	0	N.A.	0	
	Dongguan, Guangdong	1	5,394	Senior Auditor, Auditor	2	0	0	N.A.	0	
<i>Sub-total</i>		<i>3</i>	<i>22,121</i>		<i>7</i>	<i>3</i>	<i>76,697</i>		<i>17</i>	<i>100,000</i>
Inland Revenue Department	Beijing	2	80,897	Commissioner, Deputy Commissioner, Assistant Commissioner, Senior Assessor	5	1	8,784	Commissioner, Senior Assessor	2	150,000
	Changsha, Hunan	0	0	N.A.	0	1	33,288	Commissioner, Deputy Commissioner, Assistant Commissioner, Senior Assessor	4	

Bureau/ Department (Note 1)	Destination	2009-2010				2010-11				Resources Earmarked for 2011-12 (HK\$)
		No. of Activities	Expenditure Incurred (HK\$)	Rank of Officials from Hong Kong	No. of Officials	No. of Activities	Expenditure Incurred (HK\$)	Rank of Officials from Hong Kong	No. of Officials	
	Shenzhen, Guangdong	0	0	N.A.	0	2	6,794	Commissioner, Deputy Commissioner, Senior Assessor	7	
<i>Sub-total</i>		2	80,897		5	4	48,866		13	150,000
Treasury	Beijing	1	58,608	Deputy Director, Assistant Director, Chief Treasury Accountant, Senior Treasury Accountant, Treasury Accountant	7	1	70,410	Deputy Director, Assistant Director, Chief Treasury Accountant, Treasury Accountant	5	99,500
<i>Sub-total</i>		1	58,608		7	1	70,410		5	99,500
Total		23	469,748		51	21	421,987		58	849,500

Note 1: The Government Property Agency, Government Logistics Department, and Rating and Valuation Department did not have activity of this kind in both 2009-10 and 2010-11, and no provision has been earmarked for this purpose for 2011-12.

Note 2: Since the expenditure incurred by specific activities in the latter months of the financial year has yet to be confirmed, this item partly covers estimated expenditure.

Annex 2 (Rev.): Expenditure for exchanges, entertainment and meetings with Mainland officials and authorities within Hong Kong, and the levels and numbers of local and Mainland participating officials
(with a breakdown by provincial administrative region, and by city for Guangdong Province)

Bureau/ Department (Note 1)	Source Province/ City of visitors	2009-2010						2010-11						Resources Earmarked for 2011-12 (HK\$)
		No. of Activities	Expenditure Incurred (HK\$)	Local Participating Officials		Mainland Participating Officials		No. of Activities	Expenditure Incurred (HK\$)	Local Participating Officials		Mainland Participating Officials		
				Rank	No. of Officials	Rank	No. of Officials			Rank	No. of Officials	Rank	No. of Officials	
FSTB – Office of the Secretary for Financial Services and the Treasury, and TsyB	Beijing	1	875	Under Secretary, Permanent Secretary	2	Director-General, Deputy Director	2	3	14,510	Bureau Secretary, Under Secretary, Permanent Secretary, Principal Assistant Secretary, Officer-in- charge of research team	12	Delegation of Department of Finance of the Ministry of Finance, delegation of State Administration of Foreign Exchange, delegation of Ministry of Finance	19	30,000
	Shanghai	1	9,576	Bureau Secretary, Under Secretary, Permanent Secretary, Principal Assistant Secretary, Chief Executive of Hong Kong Monetary Authority, Commissioner of Insurance, Director of Hong Kong Economic and Trade Office in Shanghai	9	Delegation of People's Government of Shanghai Municipality	15	0	0	N.A.	0	N.A.	0	
	Jiangsu	0	0	N.A.	0	N.A.	0	1	15	Chief Executive Officer	1	Deputy Director and delegation	12	

Bureau/ Department (Note 1)	Source Province/ City of visitors	2009-2010						2010-11						Resources Earmarked for 2011-12 (HK\$)
		No. of Activities	Expenditure Incurred (HK\$)	Local Participating Officials		Mainland Participating Officials		No. of Activities	Expenditure Incurred (HK\$)	Local Participating Officials		Mainland Participating Officials		
				Rank	No. of Officials	Rank	No. of Officials			Rank	No. of Officials	Rank	No. of Officials	
	Sichuan	1	31	Assistant Secretary	1	Deputy Director-General and delegation	24	1	12	Principal Assistant Secretary, Principal Executive Officer, Senior Executive Officer	3	Deputy Director-General and delegation	9	
	Hainan	1	44	Principal Assistant Secretary	2	Deputy Director-General and delegation	25	0	0	N.A.	0	N.A.	0	
	Shenzhen, Guangdong	2	204	Under Secretary, Principal Assistant Secretary, Assistant Secretary	3	Director and delegation, branch delegation of the People's Bank of China	14	1	17	Principal Assistant Secretary, Senior Treasury Accountant	2	Deputy Director-General and delegation	15	
	Others: institutional delegations	2	2,728	Bureau Secretary, Under Secretary, Permanent Secretary	4	Vice Minister, delegation of China Securities Regulatory Commission	7	5	5,365	Bureau Secretary, Under Secretary, Officer-in- charge of research team, Researcher of the Central Policy Unit	8	Delegation of the Liaison Office of the Central People's Government, delegation of the Economic Department, delegation of the Financial Market Department of the People's Bank of China, delegation of China Development Bank, delegation of the People's Bank of China	11	
<i>Sub-total</i>		8	13,458		21		87	11	19,919		26		66	30,000

Bureau/ Department (Note 1)	Source Province/ City of visitors	2009-2010						2010-11						Resources Earmarked for 2011-12 (HK\$)
		No. of Activities	Expenditure Incurred (HK\$)	Local Participating Officials		Mainland Participating Officials		No. of Activities	Expenditure Incurred (HK\$)	Local Participating Officials		Mainland Participating Officials		
				Rank	No. of Officials	Rank	No. of Officials			Rank	No. of Officials	Rank	No. of Officials	
Audit Commission	Beijing	2	5,097	Director, Deputy Director, Assistant Director, Principal Auditor, Senior Auditor, Auditor	14	Vice Auditor General, Assistant	4	0	0	N.A.	0	N.A.	0	10,000
	Guangdong (Provincial General Office)	2	3,500	Deputy Director, Principal Auditor, Senior Auditor	6	Director, Deputy Director, Section Chief, Deputy Section Chief, Assistant Inspector	6	0	0	N.A.	0	N.A.	0	
<i>Sub-total</i>		<i>4</i>	<i>8,597</i>		<i>20</i>		<i>10</i>	<i>0</i>	<i>0</i>		<i>0</i>		<i>0</i>	<i>10,000</i>
Government Logistics Department	Others: institutional delegations	0	0	N.A.	0	N.A.	0	1	3,920	Director, Deputy Director and other staff of Government Logistics Department	5	Vice Minister and delegation	9	0
<i>Sub-total</i>		<i>0</i>	<i>0</i>		<i>0</i>		<i>0</i>	<i>1</i>	<i>3,920</i>		<i>5</i>		<i>9</i>	<i>0</i>
Inland Revenue Department	Beijing	1	2,880	Commissioner	4	Ministry Finance	3	2	33,091	Commissioner, Deputy Commissioner, Assistant Commissioner, Senior Assessor	13	Delegation of State Administration of Taxation	6	24,000
<i>Sub-total</i>		<i>1</i>	<i>2,880</i>		<i>4</i>		<i>3</i>	<i>2</i>	<i>33,091</i>		<i>13</i>		<i>6</i>	<i>24,000</i>

Bureau/ Department (Note 1)	Source Province/ City of visitors	2009-2010						2010-11						Resources Earmarked for 2011-12 (HK\$)
		No. of Activities	Expenditure Incurred (HK\$)	Local Participating Officials		Mainland Participating Officials		No. of Activities	Expenditure Incurred (HK\$)	Local Participating Officials		Mainland Participating Officials		
				Rank	No. of Officials	Rank	No. of Officials			Rank	No. of Officials	Rank	No. of Officials	
Rating and Valuation Department	Shenzhen, Guangdong	1	1,160	Director, Deputy Director, Assistant Director, Principal Valuation Surveyor	4	Deputy-Director General and delegation	6	2	214	Assistant Director, Principal Valuation Surveyor	5	Deputy-Director General and delegation, Deputy Director and delegation	15	15,000
	Others: institutional delegations	0	0	N.A.	0	N.A.	0	3	10,480	Director, Deputy Director, Assistant Director, Principal Valuation Surveyor	15	Delegation of the Standing Committee of the National People's Congress, delegation of State Council	13	
<i>Sub-total</i>		<i>1</i>	<i>1,160</i>		<i>4</i>		<i>6</i>	<i>5</i>	<i>10,694</i>		<i>20</i>		<i>28</i>	<i>15,000</i>
Treasury	Beijing	0	0	N.A.	0	N.A.	0	1	90,577	Director, Deputy Director, Assistant Director, Chief Treasury Accountant, Senior Treasury Accountant, Chief Executive Officer	12	Delegation of Ministry of Finance	6	0
<i>Sub-total</i>		<i>0</i>	<i>0</i>		<i>0</i>		<i>0</i>	<i>1</i>	<i>90,577</i>		<i>12</i>		<i>6</i>	<i>0</i>
Total		14	26,095		49		106	20	158,201		76		115	79,000

Note 1: The Government Property Agency did not have activity of this kind in both 2009-10 and 2010-11, and no provision has been earmarked for this purpose for 2011-12.

Annex 3 (Rev.): Expenditure for local officials' overseas duty visits, exchanges and meetings, and the level and number of local participating officials (including Taiwan and Macao, and with a breakdown by continent and country/region)

Bureau/ Department (Note 1)	Destination		2009-10				2010-11				Resources Earmarked for 2011-12 (HK\$)
	Continent	Country/ Region	No. of Activities	Expenditure Incurred (HK\$)	Rank of Officials from Hong Kong	No. of Officials	No. of Activities	Expenditure Incurred (HK\$)	Rank of Officials from Hong Kong	No. of Officials	
FSTB – Office of the Secretary for Financial Services and the Treasury, and TsyB	Asia	Malaysia	1	25,515	Bureau Secretary, Chief Information Officer	2	0	0	N.A.	0	1,500,000
	Asia	South Korea and Japan	1	74,995	Bureau Secretary, Principal Assistant Secretary, Chief Information Officer	3	0	0	N.A.	0	
	Asia	Taiwan	0	0	N.A.	0	1	17,316	Under Secretary	1	
	North America	United States	2	168,344	Under Secretary, Deputy Secretary	2	2	200,000 (Note 2)	Under Secretary	2	
	North America	United States and Canada	1	321,593	Bureau Secretary, Principal Assistant Secretary, Chief Information Officer	3	0	0	N.A.	0	
	Europe	Belgium and United Kingdom	1	277,290	Bureau Secretary, Principal Assistant Secretary, Chief Information Officer	3	0	0	N.A.	0	
	Europe	Germany and Switzerland	1	235,003	Bureau Secretary, Principal Assistant Secretary, Chief Information Officer	3	0	0	N.A.	0	

Bureau/ Department (Note 1)	Destination		2009-10				2010-11				Resources Earmarked for 2011-12 (HK\$)
	Continent	Country/ Region	No. of Activities	Expenditure Incurred (HK\$)	Rank of Officials from Hong Kong	No. of Officials	No. of Activities	Expenditure Incurred (HK\$)	Rank of Officials from Hong Kong	No. of Officials	
	Europe	Russia, United Kingdom and Ireland	0	0	N.A.	0	1	422,447	Bureau Secretary, Principal Assistant Secretary, Chief Information Officer	3	
	Europe	United Kingdom	0	0	N.A.	0	1	367,896	Bureau Secretary, Principal Assistant Secretary, Chief Information Officer	3	
	Europe	Russia	0	0	N.A.	0	1	131,320	Bureau Secretary, Principal Assistant Secretary, Chief Information Officer	3	
<i>Sub-total</i>			7	1,102,740		16	6	1,138,979		12	1,500,000
Audit Commission	Asia	Macao	0	0	N.A.	0	1	1,648	Director, Assistant Director, Principal Auditor, Senior Auditor	4	300,000
	Asia	Pakistan	1	44,483	Director, Senior Auditor	2	0	0	N.A.	0	
	Oceania	Australia	1	19,311	Auditor	1	1	5,000 (Note 2)	Director	1	
	Europe	United Kingdom	0	0	N.A.	0	1	73,000 (Note 2)	Director	1	

Bureau/ Department (Note 1)	Destination		2009-10				2010-11				Resources Earmarked for 2011-12 (HK\$)
	Continent	Country/ Region	No. of Activities	Expenditure Incurred (HK\$)	Rank of Officials from Hong Kong	No. of Officials	No. of Activities	Expenditure Incurred (HK\$)	Rank of Officials from Hong Kong	No. of Officials	
	Africa	South Africa	0	0	N.A.	0	1	119,700	Director, Senior Auditor	2	
<i>Sub-total</i>			2	63,794		3	4	199,348		8	300,000
Inland Revenue Department	Asia	Vietnam	3	73,995	Commissioner, Deputy Commissioner, Senior Assessor	6	0	0	N.A.	0	1,850,000
	Asia	Indonesia	2	118,058	Commissioner, Deputy Commissioner, Senior Assessor	7	0	0	N.A.	0	
	Asia	Japan	3	36,749	Commissioner, Chief Assessor, Senior Assessor	3	3	152,475	Commissioner, Assistant Commissioner, Chief Assessor, Senior Assessor, Assessor	9	
	Asia	Korea	0	0	N.A.	0	1	24,680	Senior Assessor, Assessor	2	
	Asia	Singapore	0	0	N.A.	0	1	44,475	Commissioner, Assessor	2	
	Asia	Taiwan	0	0	N.A.	0	1	4,594	Senior Assessor	1	
	Asia	Philippines	0	0	N.A.	0	1	9,690	Senior Assessor	4	
	Asia	United Arab Emirates	0	0	N.A.	0	1	119,866	Deputy Commissioner, Senior Assessor	3	

Bureau/ Department (Note 1)	Destination		2009-10				2010-11				Resources Earmarked for 2011-12 (HK\$)
	Continent	Country/ Region	No. of Activities	Expenditure Incurred (HK\$)	Rank of Officials from Hong Kong	No. of Officials	No. of Activities	Expenditure Incurred (HK\$)	Rank of Officials from Hong Kong	No. of Officials	
	Oceania	Australia	0	0	N.A.	0	2	62,192	Chief Assessor, Senior Assessor, Assessor	4	
	Europe	Turkey	0	0	N.A.	0	1	146,372	Commissioner, Assistant Commissioner, Senior Assessor	3	
	Europe	Germany	1	50,205	Chief Assessor, Senior Assessor	2	0	0	N.A.	0	
	Europe	France	2	221,619	Commissioner, Deputy Commissioner, Assistant Commissioner, Senior Assessor	6	1	170,143	Deputy Commissioner, Assistant Commissioner, Senior Assessor	3	
	Europe	Switzerland	0	0	N.A.	0	1	167,898	Assistant Commissioner, Senior Assessor	3	
	Europe	Czech Republic	0	0	N.A.	0	1	175,197	Deputy Commissioner, Senior Assessor	3	
	America	Mexico	1	115,269	Deputy Commissioner, Chief Assessor	2	0	0	N.A.	0	
	Africa	Mauritius	0	0	N.A.	0	1	70,100	Chief Assessor	1	
<i>Sub-total</i>			<i>12</i>	<i>615,895</i>		<i>26</i>	<i>15</i>	<i>1,147,682</i>		<i>38</i>	<i>1,850,000</i>
Rating and Valuation Department	Asia	Thailand	1	3,154	Commissioner, Assistant Commissioner	2	0	0	N.A.	0	150,000
	Oceania	Australia	0	0	N.A.	0	1	43,283	Commissioner	1	

Bureau/ Department (Note 1)	Destination		2009-10				2010-11				Resources Earmarked for 2011-12 (HK\$)
	Continent	Country/ Region	No. of Activities	Expenditure Incurred (HK\$)	Rank of Officials from Hong Kong	No. of Officials	No. of Activities	Expenditure Incurred (HK\$)	Rank of Officials from Hong Kong	No. of Officials	
	Europe	United Kingdom	0	0	N.A.	0	1	74,840	Commissioner	1	
	Europe	Poland	1	41,676	Commissioner	1	0	0	N.A.	0	
<i>Sub-total</i>			<i>2</i>	<i>44,830</i>		<i>3</i>	<i>2</i>	<i>118,123</i>		<i>2</i>	<i>150,000</i>
Treasury	Asia	Macao	1	322	Director	1	1	472	Director	1	500
<i>Sub-total</i>			<i>1</i>	<i>322</i>		<i>1</i>	<i>1</i>	<i>472</i>		<i>1</i>	<i>500</i>
Total			24	1,827,581		49	28	2,604,604		61	3,800,500

Note 1: The Government Property Agency and Government Logistics Department did not have activity of this kind in both 2009-10 and 2010-11, and no provision has been earmarked for this purpose for 2011-12.

Note 2: Since the expenditure incurred by specific activities in the latter months of the financial year has yet to be confirmed, this item partly covers estimated expenditure.

Annex 4 (Rev.): Expenditure for exchanges, entertainment and meetings with overseas officials and authorities within Hong Kong, and the levels and numbers of local and overseas participating officials (including Taiwan and Macao, and with a breakdown by continent and country/region)

Bureau/ Department (Note 1)	Source of Visitors		2009-2010						2010-11						Resources Earmarked for 2011-12 (HK\$)
			No. of activities	Expenditure Incurred (HK\$)	Local Participating Officials		Overseas Participating Officials		No. of activities	Expenditure Incurred (HK\$)	Local Participating Officials		Overseas Participating Officials		
	Continent	Country/ Region			Rank	No.	Rank	No.			Rank	No.	Rank	No.	
FSTB – Office of the Secretary for Financial Services and the Treasury, and TsyB	Asia	Taiwan	1	31	Deputy Secretary, Principal Assistant Secretary	2	Assistant Bureau Director and delegation	11	2	1,800	Bureau Secretary, Principal Assistant Secretary	3	Delegation of the Council for Economic Planning & Development, Taiwan Financial Supervisory Commission and Securities Dealers Administration	3	30,000
	Asia	Singapore	0	0	N.A.	0	N.A.	0	2	1,807	Permanent Secretary, Deputy Secretary, Commissioner of Inland Revenue, Deputy Commissioner of Inland Revenue	5	Minister, representative of the Prime Minister's Office and Permanent Secretary	6	
	Europe	France	1	7,900	Financial Secretary, Bureau Secretary, Principal Assistant Secretary	3	Minister and delegation	15	0	0	N.A.	0	N.A.	0	

Bureau/ Department (Note 1)	Source of Visitors		2009-2010						2010-11						Resources Earmarked for 2011-12 (HK\$)
			No. of activities	Expenditure Incurred (HK\$)	Local Participating Officials		Overseas Participating Officials		No. of activities	Expenditure Incurred (HK\$)	Local Participating Officials		Overseas Participating Officials		
	Continent	Country/ Region			Rank	No.	Rank	No.			Rank	No.	Rank	No.	
	Europe	Ireland	1	2,400	Deputy Secretary	1	Ireland delegation	7	0	0	N.A.	0	N.A.	0	
	Europe	Hungary	1	2,500	Principal Assistant Secretary, Senior Government Counsel, Senior Assessor	3	Hungary delegation	6	0	0	N.A.	0	N.A.	0	
	America	United States	1	300	Deputy Secretary	1	Assistant Secretary	1	2	1,435	Under Secretary	2	Delegation of the Economic Unit, American Consulate General Hong Kong	3	
	Europe	Malta	1	6	Principal Assistant Secretary	2	Minister and delegation	2	0	0	N.A.	0	N.A.	0	
	Europe	European Union	1	4	Principal Assistant Secretary	2	Minister and delegation	2	0	0	N.A.	0	N.A.	0	
	Europe	World Trade Organisation	1	5	Deputy Secretary, Principal Assistant Secretary	2	World Trade Organisation Secretariat Team	3	0	0	N.A.	0	N.A.	0	
	Africa	South Africa	0	0	N.A.	0	N.A.	0	1	8	Deputy Secretary, Principal Assistant Secretary	2	Delegation of South Africa Consulate	6	

Bureau/ Department (Note 1)	Source of Visitors		2009-2010						2010-11						Resources Earmarked for 2011-12 (HK\$)
			No. of activities	Expenditure Incurred (HK\$)	Local Participating Officials		Overseas Participating Officials		No. of activities	Expenditure Incurred (HK\$)	Local Participating Officials		Overseas Participating Officials		
	Continent	Country/ Region			Rank	No.	Rank	No.			Rank	No.	Rank	No.	
	Oceania	New Zealand	0	0	N.A.	0	N.A.	0	1	9	Permanent Secretary, Deputy Secretary, Principal Assistant Secretary	3	Delegation of New Zealand Consulate	4	
<i>Sub-total</i>			8	13,146		16		47	8	5,059		15		22	30,000
Audit Commission	Asia	Macao	0	0	N.A.	0	N.A.	0	1	3,900	Director, Deputy Director, Assistant Director, Principal Auditor, Senior Auditor, Auditor	9	Commissioner, Assistant Commissioner and delegation	5	10,000
<i>Sub-total</i>			0	0		0		0	1	3,900		9		5	10,000
Inland Revenue Department	Asia	Japan	3	8,490	Commissioner, Deputy Commissioner	17	Consul, Commissioner, delegation of the Ministry of Finance	9	3	6,560	Commissioner	14	Commissioner, Deputy Commissioner	11	45,000
	Asia	Korea	1	1,070	Commissioner	1	Consul	3	1	3,223	Commissioner	6	Minister	4	
	Asia	Indonesia	5	14,000	Commissioner, Assistant Commissioner	14	Minister	16	0	0	N.A.	0	N.A.	0	
	Asia	Brunei	1	2,630	Commissioner	7	Delegation of the Ministry of Finance	5	0	0	N.A.	0	N.A.	0	

Bureau/ Department (Note 1)	Source of Visitors		2009-2010						2010-11						Resources Earmarked for 2011-12 (HK\$)
			No. of activities	Expenditure Incurred (HK\$)	Local Participating Officials		Overseas Participating Officials		No. of activities	Expenditure Incurred (HK\$)	Local Participating Officials		Overseas Participating Officials		
	Continent	Country/ Region			Rank	No.	Rank	No.			Rank	No.	Rank	No.	
	Asia	Organisation for Economic Cooperation and Development	0	0	N.A.	0	N.A.	0	2	3,980	Commissioner	11	Minister	3	
	Asia	India	0	0	N.A.	0	N.A.	0	1	2,300	Commissioner	5	Consul	4	
	Asia	Malaysia	0	0	N.A.	0	N.A.	0	1	3,960	Deputy Commissioner	6	Ministry of Finance	7	
	Asia	Saudi Arabia	1	3,000	Commissioner	7	Delegation of the Ministry of Finance	5	1	1,060	Deputy Commissioner	4	Minister	3	
	Europe	Austria	1	2,650	Commissioner	5	Minister	4	1	2,100	Commissioner	7	Commissioner	2	
	Europe	France	1	2,530	Deputy Commissioner	7	Minister	3	0	0	N.A.	0	N.A.	0	
	Europe	United Kingdom	1	3,144	Deputy Commissioner	7	Minister	3	1	1,760	Commissioner	6	Minister	1	
	Europe	Switzerland	1	3,250	Commissioner	6	Minister	5	0	0	N.A.	0	N.A.	0	
	Europe	Liechtenstein	1	2,050	Commissioner	6	Liechtenstein delegation	2	0	0	N.A.	0	N.A.	0	
	Europe	Spain	0	0	N.A.	0	N.A.	0	1	2,280	Commissioner	6	Minister	4	
	Europe	Italy	0	0	N.A.	0	N.A.	0	1	2,800	Commissioner	6	Minister	3	
	Europe	Netherlands	0	0	N.A.	0	N.A.	0	1	2,250	Commissioner	5	Minister	4	
	Europe	Portugal	0	0	N.A.	0	N.A.	0	1	2,600	Commissioner	5	Minister	3	
	Europe	Finland	0	0	N.A.	0	N.A.	0	1	2,550	Commissioner	6	Minister	3	

Bureau/ Department (Note 1)	Source of Visitors		2009-2010						2010-11						Resources Earmarked for 2011-12 (HK\$)
			No. of activities	Expenditure Incurred (HK\$)	Local Participating Officials		Overseas Participating Officials		No. of activities	Expenditure Incurred (HK\$)	Local Participating Officials		Overseas Participating Officials		
	Continent	Country/ Region			Rank	No.	Rank	No.			Rank	No.	Rank	No.	
	Australia	New Zealand	0	0	N.A.	0	N.A.	0	1	2,550	Commissioner	6	Deputy Commissioner	3	
	America	Mexico	0	0	N.A.	0	N.A.	0	1	2,050	Commissioner	6	Minister	3	
<i>Sub-total</i>			<i>16</i>	<i>42,814</i>		<i>77</i>		<i>55</i>	<i>18</i>	<i>42,023</i>		<i>99</i>		<i>58</i>	<i>45,000</i>
Rating and Valuation Department	Asia	Singapore	1	2,453	Commissioner, Deputy Commissioner, Assistant Commissioner, Principal Valuation Surveyor	10	Director	3	0	0	N.A.	0	N.A.	0	5,000
	Oceania	Australia	0	0	N.A.	0	N.A.	0	1	1,030	Commissioner, Principal Valuation Surveyor, Senior Valuation Surveyor	4	State Minister	2	
	Europe	Belgium	0	0	N.A.	0	N.A.	0	1	180	Commissioner, Deputy Commissioner, Assistant Commissioner	6	Director	2	
<i>Sub-total</i>			<i>1</i>	<i>2,453</i>		<i>10</i>		<i>3</i>	<i>2</i>	<i>1,210</i>		<i>10</i>		<i>4</i>	<i>5,000</i>

Bureau/ Department (Note 1)	Source of Visitors		2009-2010						2010-11						Resources Earmarked for 2011-12 (HK\$)
			No. of activities	Expenditure Incurred (HK\$)	Local Participating Officials		Overseas Participating Officials		No. of activities	Expenditure Incurred (HK\$)	Local Participating Officials		Overseas Participating Officials		
	Continent	Country/ Region			Rank	No.	Rank	No.			Rank	No.	Rank	No.	
Treasury	Asia	Macao	1	3,238	Director, Deputy Director, Assistant Director, Chief Treasury Accountant	6	Bureau Secretary and delegation	7	0	0	N.A.	0	N.A.	0	0
<i>Sub-total</i>			<i>1</i>	<i>3,238</i>		<i>6</i>		<i>7</i>							<i>0</i>
Total			26	61,651		109		112	29	52,192		133		89	90,000

Note 1: The Government Property Agency and Government Logistics Department did not have activity of this kind in both 2009-10 and 2010-11, and no provision has been earmarked for this purpose for 2011-12.

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

Reply Serial No.

FSTB(Tsy)082

Question Serial No.

2007

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding consultancy studies (if any) commissioned by the Financial Services and the Treasury Bureau (The Treasury Branch) and its departments for the purpose of formulating and assessing policies, please provide information in the following format.

- 1) Using the table below, please provide information on studies on public policy and strategic public policy for which funds had been allocated between 2008-09 and 2010-11:

Name of consultant	Mode of award (open auction / tender / others (please specify))	Title, content and objectives of project	Consultancy fee (\$)	Start date	Progress of study (under planning / in progress / completed)	Follow-ups taken by the Administration on the study reports and their progress (if any)	If completed, have they been made public? If yes, through what channels? If no, why?

- 2) Are there any projects for which funds have been reserved for conducting consultancy studies in 2011-12? If yes, please provide the following information:

Name of consultant	Mode of award (open auction / tender / others (please specify))	Title, content and objectives of project	Consultancy fee (\$)	Start date	Progress of study (under planning / in progress / completed)	For the projects that are expected to be completed in 2011-12, is there any plan to make them public? If yes, through what channels? If no, why?

- 3) What are the criteria for considering the award of consultancy projects to the research institutions concerned?

Asked by: Hon. HO Sau-lan, Cyd

Reply:

The Financial Services and the Treasury Bureau (The Treasury Branch) has commissioned a number of consultancy studies since 2008-09, with details as follows:

- a) In 2008-09, a sum of about \$8.11 million was incurred for financial consultancy services, including provisions for financial advisory services in relation to the future financial arrangements for Hong Kong Disneyland.
- b) In 2009-10, a sum of \$12.17 million was incurred for financial consultancy services, including provisions for the continuation of financial advisory services in relation to the future financial arrangements for Hong Kong Disneyland and the railway development project of the West Island Line.
- c) In 2010-11, a sum of \$1.43 million has been earmarked for financial consultancy services, including provisions for financial advisory services in relation to reviewing the target rates of return for government utilities and trading funds.

In 2011-12, a sum of \$4 million has been earmarked for financial consultancy services. It is for contingency purpose to cater for funding requirement for unexpected financial consultancy services.

The Government will select financial consultancies through open, fair and transparent tendering procedures to achieve best value for money.

Departments under the purview of the Financial Services and the Treasury Bureau (The Treasury Branch) did not commission any consultancy studies for the purpose of formulating and assessing policies and do not have such plan in 2011-12.

Signature _____

Name in block letters Stanley YING

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

Date 18 March 2011

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

Reply Serial No.

FSTB(Tsy)083

Question Serial No.

2752

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In regard to the implementation of the Framework Agreement on Hong Kong/Guangdong Co-operation (the Framework Agreement) and growing co-operation between Hong Kong and the Mainland in recent years, please provide relevant information on Hong Kong/Mainland cross-boundary projects or programmes in which the Financial Services and the Treasury Bureau (The Treasury Branch) and departments under its purview are or have been involved.

a) For Hong Kong/Mainland cross-boundary projects or programmes from 2008-09 to 2010-11, please provide information in the following format:

Project/ programme title	Details, objective and whether it is related to the Framework Agreement	Expenditure involved	Name of Mainland department/ organization involved	Progress (% completed, start date, anticipated completion date)	Have the details, objective, amount involved or impact on the public, society, culture and ecology been released to the public? If yes, through which channels and what were the manpower and expenditure involved? If no, what are the reasons?
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b) For Hong Kong/Mainland cross-boundary projects or programmes in 2011-12, please provide information in the following format:

Project/ programme title	Details, objective and whether it is related to the Framework Agreement	Expenditure involved	Name of Mainland department/ organization involved	Progress (% completed, start date, anticipated completion date)	Will the details, objective, amount involved or impact on the public, society, culture and ecology be released to the public? If yes, through which channels and what will be the manpower and expenditure involved? If no, what are the reasons?
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- c) Apart from the projects or programmes listed above, are there any other modes of cross-boundary co-operation? If yes, what are they? What were the manpower and expenditure involved in the past 3 years, and how much financial and manpower resources are earmarked in the 2011-12 Estimates?

Asked by: Hon. HO Sau-lan, Cyd

Reply:

The Financial Services and the Treasury Bureau (The Treasury Branch) and departments under its purview have not been involved in any Hong Kong/Mainland cross-boundary projects and programmes from 2008-09 to 2010-11 and have no such plan in 2011-12.

Signature _____

Name in block letters Stanley YING

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

Date 18 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)084

Question Serial No.

1805

Head: 147 Government Secretariat: Subhead (No. & title): 000 Operational expenses
Financial Services and the
Treasury Bureau
(The Treasury Branch)

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:

The Treasury Branch estimated that the expenditure on the appointment of financial consultants in 2011-12 is \$4 million. Please advise the purpose of the appointment and the details regarding the open tender and related procedures to be conducted for the appointment.

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

Reply:

In 2011-12, \$4 million has been earmarked for financial consultancy services. The amount earmarked is for contingency purpose to cater for funding requirement for unexpected financial consultancy services.

The Government will select financial consultancies through open, fair and transparent tendering procedures to achieve best value for money.

Signature _____

Name in block letters Stanley YING

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

Date 14 March 2011

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

Reply Serial No.

FSTB(Tsy)085

Question Serial No.

0565

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

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:

According to the section on Matters Requiring Special Attention in the coming year under the above Programme, the Administration will "continue with the implementation of the Asset Sale and Securitisation Programme". Please advise us:

- a) What asset sale and securitization plans did the Administration consider in the past three years and were they carried out in the end?
- b) What is the Administration's plan in respect of the Asset Sale and Securitisation Programme in the coming year? What are the details? What are the estimated expenditure and manpower involved?
- c) Apart from asset sale, will the Administration carry out any study and relevant work in respect of embarkation on an asset buy-back scheme (for example, buying back cross-harbour road tunnels) on recommendation by a department? If so, will the work commence in the coming year and what are the expenditure and manpower involved? If not, what is the reason for that?

Asked by: Hon. IP Wai-ming

Reply:

- a) In the past three years, the Government continued with the sale of civil servants' housing loans. The Government also disposed of the entire shareholding in Digital Trade and Transportation Network Limited in 2008-09.
- b) In 2011-12, we will continue with the sale of civil servants' housing loans. It is estimated that around \$158 million will be received from the sale of these loans. No additional resources will be required for the implementation of the programme for 2011-12.
- c) In 2011-12, under Head 147, TsyB has no plan to conduct any studies on matters relating to asset buy-back schemes.

Signature _____

Name in block letters Stanley YING

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

Date 14 March 2011

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

Reply Serial No.

FSTB(Tsy)086

Question Serial No.

1715

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

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:

The Bureau says it will continue to maintain the “user pays” principle for appropriate government services by revisions of fees and charges. Does it indicate that fees and charges for government services will be increased? On what criteria will the revisions be made? Will the factor of inflation be taken into account?

Asked by: Hon. LAM Kin-fung, Jeffrey

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

Fees and charges review is an on-going exercise. The ‘user pays’ principle seeks to recover from service users the government costs of providing the services. In reviewing fees and charges, the Government will take into account the circumstances of the individual services, public acceptability and affordability, and the views of the Legislative Council Members

Signature _____

Name in block letters Stanley YING

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

Date 10 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)087

Question Serial No.

1722

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

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:

Why is there an increase of 6.2% in the estimated expenditure for 2011-12 over the revised expenditure for 2010-11? Why is there a decrease of 7.1% in the revised expenditure for 2010-11 over the estimate of the same year?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

The increase in the provision for 2011-12 is mainly due to the increased provision for equipment, printing services, maintenance services, incidental administrative expenses, service cost for collecting tax-loaded fee and air passenger departure tax administration fee.

The decrease in the revised expenditure for 2010-11 is mainly due to the less than expected requirement for appointment of consultants.

The deferred payment of the planned expenditure for the office relocation, i.e. in 2011-12 instead of 2010-11, also partly explains the increase in the provision for 2011-12 and decrease in the revised expenditure for 2010-11.

Signature _____

Name in block letters Stanley YING

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

Date 18 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)088

Question Serial No.

3867

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

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:

For allocations of funds /allocations of additional funds /and setting aside of funds as proposed by the Administration in the 2011-12 Budget, please provide a breakdown of those already included in the Estimates by Head, Programme and Controlling Officer. Besides, for those which have not been included in the Estimates and hence require applications for funds to be made to the Finance Committee, please list the expected dates of such application and implementation.

Asked by: Hon. LAU Kin-yee, Miriam

Reply:

Funds/additional funds/funds set aside as proposed in the 2011-12 Budget have all been reflected in the Estimates of Expenditure 2011-12. A breakdown by Head, Programme and Controlling Officer is at the Appendix.

Provision has been set aside under Additional commitments subheads in Head 106 to meet funding for items which cannot be included under other heads or subheads. These items include initiatives under planning, such as raising the Comprehensive Social Security Assistance (CSSA) standard rates for the disabled and persons of ill-health under the age of 60, setting up an "Elite Athletes Development Fund", providing electricity subsidy, setting up a "Self-financing Post-secondary Education Fund", providing additional allowance to CSSA, Old Age Allowance and Disability Allowance recipients, and paying two months' rent for public housing tenants etc. The bureaux concerned are now formulating the details of these initiatives. Pending the passage of the Appropriation Ordinance and the finalisation of details, funding approval for the initiatives will be sought from the Finance Committee of the Legislative Council and the expected dates of implementation will be provided in the Finance Committee papers.

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

Head of Expenditure	2011-12 Estimate (\$'000)	Controlling Officer	Programme
21 Chief Executive's Office	85,217	Permanent Secretary, Chief Executive's Office	(1) Chief Executive's Office (2) Executive Council
22 Agriculture, Fisheries and Conservation Department	964,195	Director of Agriculture, Fisheries and Conservation	(1) Agriculture, Fisheries and Fresh Food Wholesale Markets (2) Nature Conservation and Country Parks (3) Animal, Plant and Fisheries Regulation and Technical Services
25 Architectural Services Department	1,565,434	Director of Architectural Services	(1) Monitoring and Advisory Services (2) Facilities Upkeep (3) Facilities Development
24 Audit Commission	121,132	Director of Audit	(1) Regularity Audit (2) Value for Money Audit
23 Auxiliary Medical Service	66,360	Chief Staff Officer of the Auxiliary Medical Service	(1) Auxiliary Medical Service
82 Buildings Department	993,996	Director of Buildings	(1) Buildings and Building Works
26 Census and Statistics Department	827,607	Commissioner for Census and Statistics	(1) Trade Statistics (2) Social Statistics (3) National Accounts and Balance of Payments Statistics (4) General Statistical Services (5) Price/Industry/Service Statistics (6) Labour Statistics
27 Civil Aid Service	81,696	Chief Staff Officer of the Civil Aid Service	(1) Civil Aid Service

Head of Expenditure	2011-12 Estimate (\$'000)	Controlling Officer	Programme
28 Civil Aviation Department	758,817	Director-General of Civil Aviation	(1) Flight Standards (2) Airport Standards (3) Air Traffic Management (4) Air Traffic Engineering and Standards (5) Air Services (6) Air Passenger Departure Tax Administration
33 Civil Engineering and Development Department	1,996,469	Director of Civil Engineering and Development	(1) Tourism and Recreational Development (2) Port and Marine Facilities (3) Provision of Land and Infrastructure (4) Slope Safety and Geotechnical Standards (5) Greening and Technical Services (6) Supervision of Mining, Quarrying and Explosives (7) Management of Construction and Demolition Materials (8) Advice on Development Proposals
30 Correctional Services Department	2,895,922	Commissioner of Correctional Services	(1) Prison Management (2) Re-integration

Head of Expenditure	2011-12 Estimate (\$'000)	Controlling Officer	Programme
31 Customs and Excise Department	2,565,707	Commissioner of Customs and Excise	(1) Control and Enforcement (2) Anti-narcotics Investigation (3) Intellectual Property Rights and Consumer Protection (4) Revenue Protection and Collection (5) Trade Controls
37 Department of Health	4,870,346	Director of Health	(1) Statutory Functions (2) Disease Prevention (3) Health Promotion (4) Curative Care (5) Rehabilitation (6) Treatment of Drug Abusers (7) Medical and Dental Treatment for Civil Servants (8) Personnel Management of Civil Servants Working in Hospital Authority
92 Department of Justice	1,043,191	Director of Administration and Development	(1) Prosecutions (2) Civil (3) Legal Policy (4) Law Drafting (5) International Law
39 Drainage Services Department	1,850,534	Director of Drainage Services	(1) Stormwater Drainage (2) Sewage Services

Head of Expenditure	2011-12 Estimate (\$'000)	Controlling Officer	Programme
42 Electrical and Mechanical Services Department	345,418	Director of Electrical and Mechanical Services	(1) Energy Supply; Electrical, Gas and Nuclear Safety (2) Mechanical Installations Safety (3) Energy Efficiency and Conservation, and Alternative Energy (4) Centralised Services and Special Support
44 Environmental Protection Department	2,425,515	Permanent Secretary for the Environment / Director of Environmental Protection	(1) Waste (2) Air (3) Noise (4) Water (5) Environmental Assessment and Planning (6) Nature Conservation
45 Fire Services Department	4,205,211	Director of Fire Services	(1) Fire Service (2) Fire Protection and Prevention (3) Ambulance Service
49 Food and Environmental Hygiene Department	4,572,750	Director of Food and Environmental Hygiene	(1) Food Safety and Public Health (2) Environmental Hygiene and Related Services (3) Market Management and Hawker Control (4) Public Education and Community Involvement

Head of Expenditure	2011-12 Estimate (\$'000)	Controlling Officer	Programme
46 General Expenses of the Civil Service	2,848,009	Permanent Secretary for the Civil Service Permanent Secretary for Home Affairs Secretary-General, Independent Police Complaints Council Land Registrar Registrar of Companies Chief Executive of Hong Kong Monetary Authority Director of Accounting Services Director of Electrical and Mechanical Services Director-General of Telecommunications Postmaster General	(1) General Expenses of the Civil Service
166 Government Flying Service	558,834	Controller, Government Flying Service	(1) Government Flying Service
48 Government Laboratory	347,454	Government Chemist	(1) Statutory Testing (2) Advisory and Investigative Services (3) Forensic Science Services
59 Government Logistics Department	499,456	Director of Government Logistics	(1) Procurement (2) Supplies Management (3) Land Transport (4) Printing Services
51 Government Property Agency	1,800,542	Government Property Administrator	(1) Acquisition and Allocation (2) Property Management (3) Estate Utilisation

Head of Expenditure	2011-12 Estimate (\$'000)	Controlling Officer	Programme
143 Government Secretariat: Civil Service Bureau	420,026	Permanent Secretary for the Civil Service	(1) Director of Bureau's Office (2) Human Resource Management (3) Translation and Interpretation Services and Use of Official Languages (4) Civil Service Training and Development
152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)	1,355,242	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)	(1) Director of Bureau's Office (2) Commerce and Industry (3) Subvention: Hong Kong Trade Development Council (4) Posts, Competition Policy and Consumer Protection (5) Subvention: Consumer Council (6) Travel and Tourism (7) Subvention: Hong Kong Tourism Board (8) Public Safety
55 Government Secretariat: Commerce and Economic Development Bureau (Communications and Technology Branch)	310,890	Permanent Secretary for Commerce and Economic Development (Communications and Technology)	(1) Broadcasting and Creative Industries (2) Telecommunications

Head of Expenditure	2011-12 Estimate (\$'000)	Controlling Officer	Programme
144 Government Secretariat: Constitutional and Mainland Affairs Bureau	388,055	Permanent Secretary for Constitutional and Mainland Affairs	(1) Director of Bureau's Office (2) Constitutional and Mainland Affairs (3) Mainland Offices (4) Rights of the Individual (5) Subvention: Equal Opportunities Commission and Office of the Privacy Commissioner for Personal Data
138 Government Secretariat: Development Bureau (Planning and Lands Branch)	831,364	Permanent Secretary for Development (Planning and Lands)	(1) Director of Bureau's Office (2) Buildings, Lands and Planning (3) Development Opportunities Office
159 Government Secretariat: Development Bureau (Works Branch)	316,711	Permanent Secretary for Development (Works)	(1) Water Supply (2) Heritage Conservation (3) Greening, Landscape and Tree Management (4) Intra-Governmental Services
156 Government Secretariat: Education Bureau	41,050,152	Permanent Secretary for Education	(1) Director of Bureau's Office (2) Primary Education (3) Secondary Education (4) Special Education (5) Other Educational Services and Subsidies (6) Vocational Education (7) Policy and Support
137 Government Secretariat: Environment Bureau	80,035	Permanent Secretary for the Environment	(1) Director of Bureau's Office (2) Power (3) Sustainable Development

Head of Expenditure	2011-12 Estimate (\$'000)	Controlling Officer	Programme
148 Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)	185,493	Permanent Secretary for Financial Services and the Treasury (Financial Services)	(1) Financial Services
147 Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)	332,979	Permanent Secretary for Financial Services and the Treasury (Treasury)	(1) Director of Bureau's Office (2) Revenue and Financial Control (3) Service Departments
139 Government Secretariat: Food and Health Bureau (Food Branch)	77,031	Permanent Secretary for Food and Health (Food)	(1) Director of Bureau's Office (2) Agriculture, Fisheries and Food Safety (3) Environmental Hygiene
140 Government Secretariat: Food and Health Bureau (Health Branch)	37,322,905	Permanent Secretary for Food and Health (Health)	(1) Health (2) Subvention: Hospital Authority (3) Subvention: Prince Philip Dental Hospital
53 Government Secretariat: Home Affairs Bureau	1,358,524	Permanent Secretary for Home Affairs	(1) Director of Bureau's Office (2) Social Harmony and Civic Education (3) District, Community, and Public Relations (4) Recreation, Sport and Entertainment Licensing (5) Culture (6) Subvention: Hong Kong Sports Institute Limited, Hong Kong Academy for Performing Arts, Hong Kong Arts Development Council and Major Performing Arts Groups

Head of Expenditure	2011-12 Estimate (\$'000)	Controlling Officer	Programme
			(7) Subvention: Duty Lawyer Service and Legal Aid Services Council
155 Government Secretariat: Innovation and Technology Commission	498,232	Commissioner for Innovation and Technology	(1) Support for Research and Development (2) Fostering University-Industry Collaboration (3) Promotion of Technological Entrepreneurship (4) Planning for Innovation and Technology Development (5) Infrastructural Support (6) Quality Support (7) Subvention: Hong Kong Productivity Council, Hong Kong Applied Science and Technology Research Institute Company Limited
141 Government Secretariat: Labour and Welfare Bureau	583,946	Permanent Secretary for Labour and Welfare	(1) Director of Bureau's Office (2) Social Welfare (3) Women's Interests (4) Manpower Development (5) Subvention: Skills Centres (6) Subvention: Guardianship Board and Environmental Advisory Service (7) Subvention: Vocational Training Council (Vocational Training)

Head of Expenditure	2011-12 Estimate (\$'000)	Controlling Officer	Programme
47 Government Secretariat: Office of the Government Chief Information Officer	657,581	Government Chief Information Officer	(1) Use of Information Technology (IT) in Government (2) IT Infrastructure and Standards (3) IT in the Community
142 Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary	624,800	Director of Administration	(1) Efficiency Unit (2) Government Records Service (3) CSO-Administration Wing (4) Protocol Division
96 Government Secretariat: Overseas Economic and Trade Offices	299,302	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)	(1) Commercial Relations (2) Public Relations (3) Investment Promotion
151 Government Secretariat: Security Bureau	272,961	Permanent Secretary for Security	(1) Director of Bureau's Office (2) Internal Security (3) Immigration Control
158 Government Secretariat: Transport and Housing Bureau (Transport Branch)	137,433	Permanent Secretary for Transport and Housing (Transport)	(1) Director of Bureau's Office (2) Land and Waterborne Transport (3) Air and Sea Communications and Logistics Development
60 Highways Department	2,230,549	Director of Highways	(1) Capital Projects (2) District and Maintenance (3) Railway Development (4) Technical Services

Head of Expenditure	2011-12 Estimate (\$'000)	Controlling Officer	Programme
63 Home Affairs Department	1,769,413	Director of Home Affairs	(1) District Administration (2) Community Building (3) Local Environmental Improvements (4) Licensing (5) Territory Planning and Development
168 Hong Kong Observatory	220,668	Director of the Hong Kong Observatory	(1) Weather Services (2) Radiation Monitoring and Assessment (3) Time Standard and Geophysical Services
122 Hong Kong Police Force	13,157,929	Commissioner of Police	(1) Maintenance of Law and Order in the Community (2) Prevention and Detection of Crime (3) Road Safety (4) Operations
62 Housing Department	146,083	Permanent Secretary for Transport and Housing (Housing)	(1) Building Control (2) Private Housing (3) Appeal Panel (Housing) (4) Rehousing of Occupants upon Clearance (5) Support Services
70 Immigration Department	3,071,992	Director of Immigration	(1) Pre-entry Control (2) Control upon Entry (3) Control after Entry (4) Personal Documentation (5) Nationality and Assistance to HKSAR Residents outside Hong Kong

Head of Expenditure	2011-12 Estimate (\$'000)	Controlling Officer	Programme
72 Independent Commission Against Corruption	824,119	Commissioner, Independent Commission Against Corruption	(1) Corruption Prevention (2) Operations (3) Preventive Education (4) Enlisting Support
121 Independent Police Complaints Council	35,230	Secretary-General, Independent Police Complaints Council	(1) Police Complaints Administration
74 Information Services Department	375,902	Director of Information Services	(1) Public Relations Outside Hong Kong (2) Local Public Relations and Public Information (3) Public Opinion (4) Civic Responsibility (5) Publishing
76 Inland Revenue Department	1,290,339	Commissioner of Inland Revenue	(1) Assessing Functions (2) Collection (3) Investigation and Field Audit (4) Taxpayer Services
78 Intellectual Property Department	97,817	Director of Intellectual Property	(1) Statutory Functions (2) Protection of Intellectual Property
79 Invest Hong Kong	110,647	Director-General of Investment Promotion	(1) Investment Promotion
174 Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	19,244	Secretary General, Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	(1) Secretariat services for the following advisory bodies on civil service and judicial salaries and conditions of service : <ul style="list-style-type: none"> • Standing Commission on Civil Service Salaries and Conditions of Service • Standing Committee on Disciplined

Head of Expenditure	2011-12 Estimate (\$'000)	Controlling Officer	Programme
			Services Salaries and Conditions of Service <ul style="list-style-type: none"> • Standing Committee on Directorate Salaries and Conditions of Service • Standing Committee on Judicial Salaries and Conditions of Service
80 Judiciary	1,137,930	Judiciary Administrator	(1) Courts, Tribunals and Various Statutory Functions (2) Support Services for Courts' Operation
90 Labour Department	1,298,408	Commissioner for Labour	(1) Labour Relations (2) Employment Services (3) Safety and Health at Work (4) Employee Rights and Benefits
91 Lands Department	1,810,067	Director of Lands	(1) Land Administration (2) Survey and Mapping (3) Legal Advice
94 Legal Aid Department	784,260	Director of Legal Aid	(1) Processing of Legal Aid Applications (2) Litigation Services (3) Support Services (4) Official Solicitor's Office

Head of Expenditure	2011-12 Estimate (\$'000)	Controlling Officer	Programme
112 Legislative Council Commission	566,961	Secretary General of the Legislative Council Secretariat	(1) Remuneration and Reimbursements for Members (2) General and Secretariat Services (3) Legal Service (4) Redress System (5) Research and Library Services
95 Leisure and Cultural Services Department	5,630,026	Director of Leisure and Cultural Services	(1) Recreation and Sports (2) Horticulture and Amenities (3) Heritage and Museums (4) Performing Arts (5) Public Libraries
100 Marine Department	988,869	Director of Marine	(1) Infrastructure (2) Port Services (3) Local Services (4) Services to Ships (5) Government Fleet
106 Miscellaneous Services	54,145,750	Permanent Secretary for Financial Services and the Treasury (Treasury) Chief Executive, Hong Kong Monetary Authority	-
114 Office of The Ombudsman	89,391	Ombudsman	(1) Complaints Administration
116 Official Receiver's Office	136,331	Official Receiver	(1) Official Receiver's Office
120 Pensions	19,772,434	Director of Accounting Services	(1) Public and Judicial Service Pension Benefits (2) War Memorial Pensions/Volunteer Pensions

Head of Expenditure	2011-12 Estimate (\$'000)	Controlling Officer	Programme
118 Planning Department	479,470	Director of Planning	(1) Territorial Planning (2) District Planning (3) Town Planning Information Services (4) Technical Services
136 Public Service Commission Secretariat	18,203	Secretary, Public Service Commission	(1) Secretariat services for the Public Service Commission
160 Radio Television Hong Kong	563,106	Director of Broadcasting	(1) Radio (2) Public Affairs and General Television Programme (3) School Education Television Programme (4) New Media
162 Rating and Valuation Department	411,711	Commissioner of Rating and Valuation	(1) Statutory Valuation and Assessments (2) Collection and Billing of Rates and Government Rent (3) Provision of Valuation and Property Information Services (4) Landlord and Tenant Services
163 Registration and Electoral Office	411,923	Chief Electoral Officer	(1) Electoral Services
169 Secretariat, Commissioner on Interception of Communications and Surveillance	17,079	Secretary, Secretariat, Commissioner on Interception of Communications and Surveillance	(1) Compliance with Interception and Surveillance Legislation

Head of Expenditure	2011-12 Estimate (\$'000)	Controlling Officer	Programme
170 Social Welfare Department	41,265,733	Director of Social Welfare	(1) Family and Child Welfare (2) Social Security (3) Services for Elders (4) Rehabilitation and Medical Social Services (5) Services for Offenders (6) Community Development (7) Young People
173 Student Financial Assistance Agency	3,955,741	Controller, Student Financial Assistance Agency	(1) Student Assistance Scheme
180 Television and Entertainment Licensing Authority	78,962	Commissioner for Television and Entertainment Licensing	(1) Broadcast Monitoring and Regulation (2) Film Classification and Control of Obscene and Indecent Articles (3) Entertainment Licensing
181 Trade and Industry Department	718,441	Director-General of Trade and Industry	(1) Commercial Relations (2) Trade Support and Facilitation (3) Support for Small and Medium Enterprises and Industries
186 Transport Department	1,306,014	Commissioner for Transport	(1) Planning and Development (2) Licensing of Vehicles and Drivers (3) District Traffic and Transport Services (4) Management of Transport Services (5) Transport Services for Persons with Disabilities

Head of Expenditure	2011-12 Estimate (\$'000)	Controlling Officer	Programme
188 Treasury	332,454	Director of Accounting Services	(1) Central Accounting, Collections and Payments (2) Payment of Salaries, Pensions and Benefits (3) Accounting and Financial Information Systems (4) Management of Funds
190 University Grants Committee	11,027,723	Secretary-General, University Grants Committee	(1) University Grants Committee
194 Water Supplies Department	6,118,761	Director of Water Supplies	(1) Water Supply: Planning and Distribution (2) Water Quality Control (3) Customer Services
184 Transfers to Funds	25,000,000	Permanent Secretary for Financial Services and the Treasury (Treasury)	-

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)089

Question Serial No.

1173

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

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 his 2007 Policy Address, the Chief Executive stated that he would ask the Financial Secretary to undertake a study on exploring ways to achieve higher returns and better management of Government owned assets. What is the progress of this study?

Asked by: Hon. LEUNG Mei-fun, Priscilla

Reply:

When investing in the development of large-scale infrastructure projects, the Government has set up some organisations operating on commercial principles, such as the railway corporations and Airport Authority. The Government will, from time to time, review its relationship with these organizations, and encourage them to achieve a higher return on our assets and better corporate governance.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 17 March 2011

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

Reply Serial No.

FSTB(Tsy)090

Question Serial No.

1094

Head: 147 Government Secretariat: Subhead (No. & title): 700 General non-recurrent
Financial Services and the
Treasury Bureau
(The Treasury Branch)

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In 2008-09, the Government provided an electricity charges subsidy of \$1,800 to each residential electricity account. It was claimed that this had directly resulted in an increase of 700 million units in electricity consumption in respect of residential accounts in the same year. Please advise this Committee the average electricity consumption per residential account and the total electricity consumption between 2007-08 and 2010-11.

Asked by: Hon. LEUNG Yiu-chung

Reply:

To ease the inflationary pressure faced by the people at the time, the Government provided an electricity charges subsidy of \$300 per month over the 12 months from September 2008 to August 2009 to every residential electricity account.

According to information provided by the Environment Bureau, the average electricity consumption per residential account and the total electricity consumption from 2007 to 2010 are as follows:

	Average electricity consumption per account (kWh)	Total electricity consumption (GWh)
2007	4 200	10 100
2008	4 220	10 300
2009	4 380	10 800
2010	4 380	10 900

Signature _____

Name in block letters Stanley YING

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

Date 18 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)091

Question Serial No.

2973

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

Programme:

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 publicity expenses on encouraging members of the public to give views on the Budget before announcement of the Budget by the Financial Secretary for the past three years (i.e. from 2008-09 to 2010-11) and give a breakdown of such expenses.

Asked by: Hon. LI Fung-ying

Reply:

The breakdown of publicity expenses on encouraging members of the public to give views on the Budget before the announcement of the Budget for the past three years are as follow:

Items	2008-09 (\$)	2009-10 (\$)	2010-11 (\$)
Consultation document – Financial Secretary invites your views	62,600	65,600	65,300
Budget consultation comic book*	336,500	400,100	389,800
Publicity through TV and Radio*	400,000	334,000	398,700
Total	799,100	799,700	853,800

* These two items are expenditures under Head 74 – Information Services Department.

Signature _____

Name in block letters Stanley YING

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

Date 18 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)092

Question Serial No.

0663

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

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:

What are the provisions in 2011-12 for the emoluments of the Secretary, the Under Secretary and the Political Assistant respectively?

Asked by: Hon. LI Wah-ming, Fred

Reply:

The provision in 2011-12 for the emoluments for the Secretary, Under Secretary and Political Assistant of the Financial Services and the Treasury Bureau are at follow :

	2011-12 Estimate (\$ million)
Secretary for Financial Services and the Treasury	3.40
Under Secretary	2.55
Political Assistant	1.87
Total	7.82

Signature _____

Name in block letters Stanley YING

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

Date 18 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)093

Question Serial No.

0592

Head: 147 Government Secretariat: Subhead (No. & title): 000 Operational expenses
Financial Services and the
Treasury Bureau
(The Treasury Branch)

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:

The estimated expenditure of the Financial Services and the Treasury Bureau (The Treasury Branch) for the appointment of financial consultants for 2011-12 is \$4 million, which is \$2.57 million over the revised estimate of \$1.43 million for 2010-11. Please give the details of the reasons, the projects to be funded and their estimated expenditures.

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

In 2011-12, \$4 million has been earmarked for financial consultancy services. The amount earmarked is for contingency purpose to cater for funding requirement for unexpected financial consultancy services.

Signature _____

Name in block letters Stanley YING

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

Date 14 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)094

Question Serial No.

1883

Head: 147 Government Secretariat: Subhead (No. & title): 700 General non-recurrent
Financial Services and the
Treasury Bureau
(The Treasury Branch)

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding item 881 "Electricity charges subsidy for eligible residential accounts", the balance is \$644.265 million. Currently, how many residential accounts are there in Hong Kong which have not yet used up the subsidy provided by the Government in 2008?

Asked by: Hon. WONG Kwok-kin

Reply:

As at end of January 2011, there were about 280,000 electricity accounts with unused electricity charges subsidy.

Signature _____

Name in block letters Stanley YING

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

Date 18 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)095

Question Serial No.

1884

Head: 147 Government Secretariat: Subhead (No. & title): 700 General non-recurrent
Financial Services and the
Treasury Bureau
(The Treasury Branch)

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In view of the fact that this year's Budget again proposed granting each residential electricity account a subsidy of \$1,800, will the Administration extend the period during which the subsidy can be used until the residents concerned have used up all of their subsidy?

Asked by: Hon. WONG Kwok-kin

Reply:

Electricity charges subsidy is a one-off relief measure and a time limit should be imposed. In fact most users have used up all the subsidies provided when this scheme was implemented in 2008. The Administration has no intention to extend the validity period of the current subsidy.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 18 March 2011

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

Reply Serial No.

FSTB(Tsy)096

Question Serial No.

1991

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

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 2011-12, the Treasury Branch will continue to consider major investment and loan proposals. What are the details of the planned investment and loan items, the timetables and the expenditure?

Asked by: Hon. WONG Ting-kwong

Reply:

Investment and loan proposals are funded by the Capital Investment Fund (CIF) and Loan Fund (LF) as appropriate in accordance with the resolutions of the Legislative Council (LegCo) for the establishment of the respective funds. Individual commitments of CIF and LF are subject to the approval of the Finance Committee of the LegCo.

In 2011-12, the Government has earmarked \$258 million under the LF to provide loans to the Open University of Hong Kong and Hang Seng School of Commerce so as to support their construction of purpose-built campuses for the operation of full-time locally accredited post-secondary programmes. The Government's financial support totaling \$625 million for the two institutions was approved by the Finance Committee of the Legislative Council on 28 January 2011.

The Treasury Branch will consider investment and loan proposals from other Bureaux as and when they arise.

Signature _____

Name in block letters Stanley YING

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

Date 17 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)097

Question Serial No.

1993

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

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 2011-12, the Treasury Branch will continue with the implementation of the Asset Sale and Securitisation Programme. What are the items, timetable and expenditure details of the Programme?

Asked by: Hon. WONG Ting-kwong

Reply:

In 2011-12, we will continue with the sale of civil servants' housing loans. It is estimated that around \$158 million will be received from the sale of these loans. No additional resources will be required for the implementation of the programme for 2011-12.

Signature _____

Name in block letters Stanley YING

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

Date 14 March 2011

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

Reply Serial No.

FSTB(Tsy)098

Question Serial No.

3904

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 has indicated that following the adjustment of the proposed measures in the 2011-12 Budget, additional funding will be earmarked to assist people with special needs who cannot benefit from the new measures. In this connection, please list out in detail the categories of such people, and provide the estimated number of people involved by category and in total. What is the total amount of extra funding earmarked and what are the specific approaches and measures of using such funding?

Asked by: Hon. CHAN Kam-lam

Reply:

In respect of the Financial Secretary's plan to inject additional money into the Community Care Fund (CCF) to help those who cannot directly benefit from Budget initiatives but are in need of financial assistance, the Steering Committee on the CCF and its committees will consider how to assist them. 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 _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)099

Question Serial No.

3905

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 2 March that adjustments would be made to specific proposals in the 2011-12 Budget, which include not pursuing of the injection of \$6,000 into Mandatory Provident Fund accounts and instead giving a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above. In this connection, please advise:

- (a) the change in the expenditure involved before and after the proposed adjustment, the estimated increase in the number of beneficiaries, the administrative procedures and administrative cost to be involved for implementing this measure?
- (b) the expected date of implementation of this measure and distribution of this sum of money.

Asked by: Hon. CHAN Kam-lam

Reply:

We estimate that the proposal to make injection into Mandatory Provident Fund accounts will involve expenditure of some \$24 billion, benefiting some 4 million people. As for the proposal to give a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above, around 6.1 million people will benefit. At this stage, we do not have an exact expenditure estimate. 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.

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.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)100

Question Serial No.

3912

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:

Please provide the changes in 2011-12 estimated government expenditure and the level of fiscal reserves after taking into account the adjustments to the proposed measures in the Budget.

Asked by: Hon. CHAN Kam-lam

Reply:

After the adjustments to the Budget, total expenditure for 2011-12 is estimated to be \$378.2 billion and the consolidated deficit \$8.5 billion. Fiscal reserves are estimated at \$583.1 billion by end-March 2012, representing about 31 per cent of the GDP and equivalent to 18 months of government expenditure.

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

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

Reply Serial No.

FSTB(Tsy)101

Question Serial No.

3917

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:

Please provide the number of people who will benefit from the planned measures in the adjustment proposals in relation to the 2011-12 Budget:

- (a) the number of people in various categories who will benefit from the plan to inject \$6,000 into Mandatory Provident Fund (MPF) accounts and the total number of such people;
- (b) the number of people who will benefit from the Government's giving a sum of \$6,000;
- (c) the number of people who could have benefited from the plan of injecting \$6,000 into MPF accounts but suffered as a result of non-pursuance of the plan and are not eligible for the Government's measure of giving \$6,000; and
- (d) the number of people who will enjoy assistance provided additionally by Government for people failing to benefit from the new measures but having special needs.

Asked by: Hon. CHAN Kam-lam

Reply:

- (a) The proposal was to make a one-off injection of \$6,000 into the Mandatory Provident Fund (MPF) accounts of each MPF scheme member and member of occupational retirement schemes covered by the Employment Ordinance of Hong Kong as of 23 February 2011. The injection proposal would benefit about 4 million people.
- (b) It is estimated that the proposal will benefit about 6.1 million people.
- (c) We do not have the relevant data.
- (d) The Financial Secretary plans to make additional injection into the Community Care Fund to provide assistance to those who cannot benefit from the proposed measure to give \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above but who face financial hardship. The Steering Committee on the Community Care Fund and its committees will consider how to assist those persons. Details will be announced later.

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)102

Question Serial No.

3516

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:

- (a) In respect of "Additional Commitments" totalling \$53,613 million provided in the Estimate 2011-12, please provide breakdown showing the aim, brief description, bureau and/or department involved, amount and respective policy area of the expenditure.
- (b) Please explain why the expenditure mentioned in (a) above is provided in the budget under Head 106 Miscellaneous Services and not under the Heads of expenditure by bureaux and/or departments so that the total expenditure of each relevant bureau and/or department would be more readily recognized in the said budget.

Asked by: Hon. CHAN Mo-po, Paul

Reply:

The provisions of \$1,782,000,000 under subhead 251, \$100,000,000 under subhead 689 and \$51,731,000,000 under subhead 789 for Additional Commitments are to meet funding for initiatives under planning and any unavoidable expenditure that may arise during the year in excess of the amounts provided under other heads and subheads of the Estimates. Such expenditure cannot be included under the relevant heads in the Estimates of Expenditure because they are subject to approval later in the financial year by the Finance Committee of the Legislative Council or by the Administration under authority delegated by the Finance Committee. For some items, the amount required cannot be determined and allocated with precision at the time of Estimates compilation. All bureaux, departments and policy areas may be involved.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)103

Question Serial No.

3517

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:

As stated in audited cash-based consolidation accounts for the fiscal years from 2005-06 to 2009-10 and unaudited cash-based quarterly consolidation account for December 2010, total original estimates of "Additional Commitments" were \$8,898.892 million, \$8,362.092 million, \$9,482.750 million, \$40,797.698 million, \$9,501.471 million and \$17,489 million respectively. Please explain why no actual figure was shown correspondingly in the said accounts.

Asked by: Hon. CHAN Mo-po, Paul

Reply:

No actual expenditure can be charged to the provisions for Additional Commitments under Head 106 directly. The provisions for Additional Commitments are to meet funding for initiatives under planning and any unavoidable expenditure that may arise during the year in excess of the amounts provided under other heads and subheads of the Estimates but which cannot be determined and allocated with precision at the time of Estimates compilation. When from time to time expenditure requirements under other heads and subheads are higher than the approved provisions, and supplementary provisions are approved by the relevant authority, offsetting savings are quoted from Additional Commitments.

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)104

Question Serial No.

3518

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:

Please confirm whether any of the original estimates mentioned in Q.3517 were actually spent and, if so, how they were accounted for in the accounts and the rationale for such accounting treatment. In particular, please provide, by fiscal year of such payment, breakdown showing the Head number, programme name, aim, brief description, bureau and/or department involved, dollar amount and respective policy area of the expenditure. In the breakdown, please mention whether the expenditure is grouped under recurrent expenditure, non-current expenditure or capital expenditure.

Asked by: Hon. CHAN Mo-po, Paul

Reply:

No actual expenditure was charged to the provisions for Additional Commitments under Head 106.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)105

Question Serial No.

3485

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 Administration states that it will inject funds into the Community Care Fund to benefit those who are in needs but cannot get the \$6,000. Will the Administration provide the estimated amount of funds to be injected and the number of beneficiaries? What is the rationale for its decision on the amount of injection?

Asked by: Hon. CHAN Tanya

Reply:

In respect of the Financial Secretary's plan to inject additional money into the Community Care Fund (CCF) to help those who cannot directly benefit from Budget initiatives but are in need of financial assistance, the Steering Committee on the CCF and its committees will consider how to assist them. Details of the initiative, including the estimated number of beneficiaries, will be announced later.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)106

Question Serial No.

3486

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 Administration states that it will not pursue the proposal of MPF accounts injection. Instead, it will give a sum of \$6,000 to all Hong Kong permanent residents aged 18 or above directly. Will the Administration explain in detail the rationale for such revision?

Asked by: Hon. CHAN Tanya

Reply:

Since the proposed injection into Mandatory Provident Fund accounts has not been well received by the public, the Financial Secretary accepts the public view and decides not to pursue the proposal. Instead, he proposes to give a sum of \$6,000 to 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 _____ 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)107

Question Serial No.

3531

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 the Administration has indicated that giving cash directly to the public is a considerably complicated measure, did it consider other relief measures before deciding on this one? If so, what were the details of those measures and why were they not pursued eventually? If not, what were the reasons?

Asked by: Hon. CHAN Tanya

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.

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)108

Question Serial No.

3532

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 Administration emphasised that the adjustments to the budget were made in response to the strong demands from the public. However, giving out cash by the Government is only part of the public's demands, many of them have asked for a community-wide retirement protection system, resumption of production of Home Ownership Scheme flats, and increase in recurrent expenditure, etc. On what basis and criteria did the Administration decide to accept the public opinion of doling out cash but refuse to address other public aspirations?

Asked by: Hon. CHAN Tanya

Reply:

We believe in "policy leads and resources follow" approach. 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 _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)109

Question Serial No.

3931

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:

According to understanding, under Section 43E of the Bankruptcy Ordinance (the Ordinance), the trustee (i.e. the Official Receiver's Office (ORO)) may apply to the court for an income payments order, requiring the bankrupt or the bankrupt's employer to pay the trustee part of the bankrupt's income. As no definition of income is given in the Ordinance, the \$6,000 cash given by the Government may be regarded as income under the Ordinance, in which case the ORO should forfeit the amount and transfer it to the creditor(s) concerned. If the ORO may forfeit the sum of \$6,000 by virtue of Section 43E of the Ordinance, the sum will not be able to serve the purpose of alleviating hardship for those who have not been discharged from bankruptcy. Besides, public funds will not be put to the best use as additional administrative costs will be incurred when the ORO transfers the amount to the creditor(s).

In these circumstances, will the Administration advise this Committee:

- (a) Will the sum of \$6,000 given by the government be regarded as income under Section 43E of the Ordinance?
- (b) Will the Government consider excluding by express provisions the sum of \$6,000 given by the government from the scope of income under Section 43E of the Ordinance, so that bankrupts bound by bankruptcy order can also make use of these \$6,000 to improve their quality of living? If yes, what are the details? If not, what are the reasons?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

We are examining and working out the details. After finalising the details of the scheme, 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 23 March 2011

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

Reply Serial No.

FSTB(Tsy)110

Question Serial No.

3932

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:

I was told by a member of the public recently that there are quite a number of people who came to Hong Kong by way of a Permit for Proceeding to Hong Kong and Macao (commonly known as "One-way Permit"), completed their residence in Hong Kong for 7 years but have yet to obtain or are in the process of obtaining the Hong Kong permanent identity card; these people need to be issued a document by the Immigration Department for verification of eligibility for a permanent identity card before they can be confirmed permanent residents of Hong Kong. They are of the view that, given their completion of residence in Hong Kong for 7 years, they should be eligible for the \$6,000 to be given by the Government though they have not yet obtained the verification document from the Immigration Department on their eligibility for a permanent identity card. They considered, therefore, the government's giving of \$6,000 to permanent identity card holders only is unfair to them. In this regard, please advise:

- (1) Will the Government give the sum of \$6,000 to holders of One-way Permit who have completed their residence in Hong Kong for 7 years but have yet to apply for verification of eligibility for a permanent identity card? If yes, what are the details? If not, what are the reasons?
- (2) Will the Government give the sum of \$6,000 to holders of One-way Permit who have completed their residence in Hong Kong for 7 years and have applied for verification of eligibility for a permanent identity card but are awaiting for issue of the document? If yes, what are the details? If not, what are the reasons?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

We are examining and working out the details. After finalising the details of the scheme, 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 21 March 2011

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

Reply Serial No.

FSTB(Tsy)111

Question Serial No.

2058

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 Administration will give a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above.

- (1) What is the number of Hong Kong permanent residents who are not eligible for the sum of \$6,000 because they are aged under 18?
- (2) What is the number of persons who are not eligible for the sum of \$6,000 because they have resided in Hong Kong for less than seven years?
- (3) What is the number of Hong Kong permanent residents who are aged 18 or above and have settled abroad?

Asked by: Hon. CHEUNG Kwok-che

Reply:

- (1) According to the statistics of the Immigration Department (ImmD), as at February 2011, there are about 1.16 million Hong Kong permanent residents aged under 18.
- (2) According to Article 24 of the Basic Law and Hong Kong legislation, residents of HKSAR shall include permanent residents and non-permanent residents. We propose to give each Hong Kong Permanent Identity Card holder aged 18 or above a sum of \$6,000. The statistics of the ImmD show that, as at February 2011, there are about 1.1 million people aged 18 or above who are holders of non-permanent identity cards. Among this figure, one-way permit holders from the Mainland, persons approved by the ImmD to stay in Hong Kong with a visa/entry permit (e.g. for the purposes of employment, being a dependant, education, etc.) and non-permanent residents with the right to land or granted unconditional stay are included. Yet, this figure may also include non-permanent residents who have left Hong Kong.
- (3) The ImmD does not have statistics on Hong Kong Identity Card holders (including both permanent and non-permanent residents) who reside in a place other than Hong Kong.

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

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

Reply Serial No.

FSTB(Tsy)112

Question Serial No.

2466

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:

A sum of \$6,000 is to be given by the Administration to all Hong Kong Permanent Identity Card holders aged 18 or above, who may choose to defer withdrawal in order to accumulate "savings bonus". As encouraging savings is one of the purposes of this initiative, please advise:

- (1) What are the reasons for not giving the money to Hong Kong Permanent Identity Card holders aged below 18 or their guardians?
- (2) Does the Administration not encourage savings by Hong Kong Permanent Identity Card holders aged below 18?

Asked by: Hon. CHEUNG Kwok-che

Reply:

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

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

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

Reply Serial No.

FSTB(Tsy)113

Question Serial No.

3899

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:

Regarding the giving of a sum of \$6,000 to Hong Kong Permanent Identity Card holders aged 18 or above, would the Administration clarify the following points:

- (1) Among the 6.1 million people estimated to benefit from the proposal, how many are Hong Kong residents?
- (2) What is the cut-off date for "aged 18"?
- (3) What are the arrangements for "saving bonus"? How long can the eligible people "save" the money?
- (4) It seems that the expenditure of \$37 billion does not include the "saving bonus", how much money will the Administration set aside for providing the "saving bonus" and to which account will the money be debited?
- (5) If some eligible people do not apply for or collect the money, how will the undistributed money be handled? How long will the money be kept?

Asked by: Hon. EU Yuet-mee, Audrey

Reply:

- (1) The Immigration Department does not have statistics on Hong Kong Permanent Identity Card holders who reside outside Hong Kong.
- (2)-(5) At this stage, the exact estimate for the proposal of giving a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above is not known. 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. Subject to the approval of the Finance Committee, we will create an item under Head 147 Subhead 700. We are examining and working out the details for implementing the proposal. After finalising the details, we will seek funding approval from the Finance Committee and will provide the relevant information in the paper

Signature

Name in block letters

Post Title

Date

Stanley YING

Permanent Secretary for Financial
Services and the Treasury (Treasury)

23 March 2011

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

Reply Serial No.

FSTB(Tsy)114

Question Serial No.

3900

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 injection of funds into the Community Care Fund (CCF), what is the planned amount of injection? What are the respective proportions of the proposed injection as against the originally proposed Government injection and private donations in the CCF?

Asked by: Hon. EU Yuet-mee, Audrey

Reply:

In respect of the Financial Secretary's plan to inject additional money into the Community Care Fund (CCF) to help those who cannot directly benefit from Budget initiatives but are in need of financial assistance, the Steering Committee on the CCF and its committees will consider how to assist them. 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 _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)115

Question Serial No.

3901

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:

Regarding the original provision of 51,731,000,000 under subhead 789 Additional Commitments of Head 106 –Miscellaneous Services, please advise:

- (a) Will the provision under this subhead be increased as a result of the “adjustment proposals”? If yes, what will be the amount?
- (b) As the original provision under this subhead is “to meet funding for initiatives under planning Initiatives under planning include funding for Work Incentive Transport Subsidy Scheme; injections to Community Care Fund, Environment and Conservation Fund and Supplementary Legal Aid Scheme Fund; and one-off payment (if any) announced in the Budget Speech” (page 231 of Volume IB), will there be any impact on the funding for the said initiatives as a result of the “adjustment plan” and if yes, what is the impact?

Asked by: Hon. EU Yuet-mee, Audrey

Reply:

The Financial Secretary announced the following adjustments to the 2011-12 Budget in relation to the expenditure side:

- (a) to give a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above, involving an expenditure of around \$37 billion;
- (b) to inject funds into the Community Care Fund to provide assistance to those who cannot benefit from the above measure but face financial hardship, including new arrivals; and
- (c) not to pursue the proposal to inject funds into Mandatory Provident Fund (MPF) accounts.

To meet the expenditure likely to be incurred by the above proposals in 2011-12, we plan to move a Committee Stage Amendment to the Appropriation Bill 2011 to increase the provision under Head 106 Subhead 789 by \$7.1 billion to \$58.8 billion, after offsetting the \$24 billion earmarked for the proposed injection into MPF accounts.

Signature

Name in block letters

Post Title

Date

Stanley YING

Permanent Secretary for Financial
Services and the Treasury (Treasury)

23 March 2011

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

Reply Serial No.

FSTB(Tsy)116

Question Serial No.

3902

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:

Regarding the Budget adjustment proposals, please list by departments:

- (a) the manpower engaged in working out the adjustment proposals and the additional expenditure involved; and
- (b) the estimated manpower to be engaged in implementing the adjustment proposals and the additional expenditure involved.

Asked by: Hon. EU Yuet-mee, Audrey

Reply:

We are examining and working out the details. After finalising the details of the scheme, 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 _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)117

Question Serial No.

2464

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:

On the morning of 2 March, the Financial Secretary put forward a new proposal that funds would be reserved for those "N-nothings people". Would the Administration please advise this Committee of the specific arrangements under the aforesaid new proposal; the mode and method for provision of support to these people; the eligibility criteria for the targeted group of people to be offered assistance and the estimated number of people to benefit under this proposal; and the actual amount of funds reserved?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

The Financial Secretary has earlier announced his plan to inject additional money into the Community Care Fund (CCF) to help those who cannot directly benefit from Budget initiatives but are in need of financial assistance, the Steering Committee on the CCF and its committees will consider how to assist them. 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 _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)118

Question Serial No.

2465

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:

On the morning of 2 March, the Financial Secretary announced that the Budget proposal of injection to Mandatory Provident Fund accounts would not be pursued and instead, would be replaced by giving a sum of \$6,000 to each Hong Kong permanent resident aged 18 or over. Would the Administration advise this Committee on the specific details and arrangements of the aforesaid new proposal, the method for distributing the said money to the public, the estimated number of people to be benefitted from the new proposal and the estimated total expenditure, and the anticipated time when the said sum of money will be formally distributed to the public?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

It is estimated that the proposal of giving a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above will benefit around 6.1 million people.

We are now working out the implementation details of the proposal. 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.

We are working out the details and will submit them to the relevant Legislative Council Panel for discussion in accordance with the established procedures. We will then seek funding approval from the Finance Committee of the Legislative Council. 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.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)119

Question Serial No.

1853

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:

It is stated in paragraph 2 of the Adjustments to the Proposed Measures in the 2011-12 Budget that "Instead, he proposes to give a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above." Would the Government please explain:

- (a) the rationale for making this proposal other than the public's opposition to the proposed injection of \$6,000 into MPF accounts;
- (b) whether it has given up other options when choosing this proposal, and what are the details of the other options if that have been considered; and
- (c) the reasons for choosing those aged 18 or above to receive \$6,000.

Asked by: Hon. HO Chun-yan, Albert

Reply:

- (a) The proposal can leave wealth with the people and respond to public demands.
- (b) The Administration has decided not to pursue the proposal of injection into Mandatory Provident Fund accounts as originally proposed in the 2011-12 Budget.
- (c) According to Article 24 of the Basic Law and Hong Kong legislation, residents of HKSAR shall include permanent residents and non-permanent residents. It is estimated that there are about 6.1 million and 1.1 million people aged 18 or above who are holders of permanent identity cards and non-permanent identity cards respectively. Holders of non-permanent identity cards comprise different groups of people, such as new arrivals, imported labour, foreign domestic helpers and others who come to Hong Kong for work or study, etc. Extending the proposal to non-permanent residents may not fit in with the objective to leave wealth with the people. Under Hong Kong law, a person attains full age on attaining the age of 18 years. Therefore, we propose that only Hong Kong Permanent Identity Card holders aged 18 or above would be given a sum of \$6,000. This is in line with the aim of leaving wealth with the people, and is a reasonable arrangement.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)120

Question Serial No.

1854

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:

Line 5, in paragraph 2 of the Adjustments to the Proposed Measures in the 2011-12 Budget reads: "Those who apply and are eligible may, having regard to his or her own wish, withdraw the sum upfront or choose to defer withdrawal in order to accumulate 'savings bonus'." Please provide information on the following:

- (a) what are the details of the method of calculation, mode of operation, etc. in respect of the "savings bonus"?
- (b) whether the expenditure incurred in the disbursement of "savings bonus" will be borne by the Government?
- (c) if the "savings bonus" is to be disbursed by the Government, which government department will be responsible for the disbursement? What is the estimated expenditure to be incurred? How many years will the expenditure span? What financial implications will it have on the Government; and
- (d) if the "savings bonus" is not to be disbursed by the Government, which party will be responsible?

Asked by: Hon. HO Chun-yan, Albert

Reply:

We are examining and working out the details for implementing the proposal. We will seek funding approval from the Finance Committee of the Legislative Council and will provide the relevant information in the paper. Subject to the approval of the Finance Committee, we will create an item under Head 147 Subhead 700 for expenditure of the scheme, including expenditure for the "savings bonus".

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)121

Question Serial No.

1855

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:

It is mentioned in paragraph 2 of the Adjustments to the Proposed Measures in the 2011-12 Budget that the proposal of giving a sum of \$6,000 will benefit over 6.1 million people. Are Hong Kong Permanent Identity Card holders who have emigrated included?

Asked by: Hon. HO Chun-yan, Albert

Reply:

All Hong Kong Permanent Identity Card holders aged 18 or above are eligible upon registration.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)122

Question Serial No.

3929

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:

Does the Government intend to revise the provision of \$51.7 billion under Subhead 789 Additional Commitments of Head 106 Miscellaneous Services to reflect the additional expenditure of \$13 billion arising from the implementation of the adjustments to the Budget proposals (i.e. difference between the estimated \$37 billion for giving out the sum of \$6,000 under the proposed adjustments and the estimated \$24 billion for Mandatory Provident Fund injection under the original proposal)? If yes, through which Legislative Council (LegCo) proceedings will the Government achieve the effect; if not, through which LegCo proceedings will the Government seek the additional provision from LegCo?

Asked by: Hon. HO Chun-yan, Albert

Reply:

The Financial Secretary announced the following adjustments to the 2011-12 Budget in relation to the expenditure side:

- (a) to give a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above, involving an expenditure of around \$37 billion;
- (b) to inject funds into the Community Care Fund to provide assistance to those who cannot benefit from the above measure but face financial hardship, including new arrivals; and
- (c) not to pursue the proposal to inject funds into Mandatory Provident Fund (MPF) accounts.

To meet the expenditure likely to be incurred by the above proposals in 2011-12, we plan to move a Committee Stage Amendment to the Appropriation Bill 2011 to increase the provision under Head 106 Subhead 789 by \$7.1 billion to \$58.8 billion, after offsetting the \$24 billion earmarked for the proposed injection into MPF accounts.

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)123

Question Serial No.

3930

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:

Does the estimated expenditure of \$37 billion for the proposal of giving out sum of cash cover those permanent residents (including working adults and adult students) who are residing outside Hong Kong on a long-term basis? If yes, what is the estimated number of these persons; if not, what are the rationale and methodology adopted for excluding these persons from the proposal; and has the Government evaluated the risk of judicial review that may arise?

Asked by: Hon. HO Chun-yan, Albert

Reply:

All Hong Kong Permanent Identity Card holders aged 18 or above are eligible upon registration. The Immigration Department does not have statistics on the number of holders of Hong Kong identity cards (including both permanent and non-permanent residents) who have settled outside Hong Kong.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)124

Question Serial No.

3918

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 mentioned in the submitted document "Adjustments to the Proposed Measures in the 2011-12 Budget" that funds would be injected to the Community Care Fund to provide assistance to those who cannot benefit from the Government's proposal to give a sum of \$6,000 to all Hong Kong Permanent Identity Card Holders aged 18 or above but face financial hardship. The Welfare Sub-Committee under the Community Care Fund earlier proposed to provide meal allowance to Primary One to Secondary Three students from low-income families who are receiving full-grant assistance under the Student Financial Assistance Scheme. Could the Administration advise this Committee:

- (a) Apart from meal allowance, will the Administration provide allowances for school fees, textbooks and miscellaneous fees, such as fees for extra-curricular activities, to students from low-income families? If yes, what are the details? If not, what are the reasons? and
- (b) How will the Administration help Secondary Four to Secondary Six students from low-income families who have financial difficulties?

Asked by: Hon. IP Wai-ming

Reply:

The four Sub-committees (i.e. Education, Home Affairs, Medical and Welfare) under the Steering Committee on the Community Care Fund (CCF) are considering proposals on and priority of assistance programmes under their purviews for consideration and endorsement by the Executive Committee and the Steering Committee. The Steering Committee aims at rolling out the assistance programmes within the second quarter of 2011.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)125

Question Serial No.

3420

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:

Regarding the Financial Secretary's plan to inject money into the Community Care Fund to help those in financial difficulties, including new arrivals, please advise:

- (a) how much money will the Administration reserve for the above plan?
- (b) how to ensure those in financial difficulties will be granted assistance upon application to the Community Care Fund?
- (c) when will the assistance plan be launched?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

In respect of the Financial Secretary's plan to inject additional money into the Community Care Fund (CCF) to help those who cannot directly benefit from Budget initiatives but are in need of financial assistance, the Steering Committee on the CCF and its committees will consider how to assist them. Details of the initiative, including the implementation timetable, will be announced later.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)126

Question Serial No.

3473

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 proposes to give a sum of \$6,000 to all Hong Kong Permanent Identity card holders aged 18 or above. This proposal is expected to benefit over 6.1 million people and involve an expenditure of almost \$37 billion. Please advise:

- (a) Which date will the administration use as the cut-off date to determine if a member of the public is “Hong Kong Permanent Identity Card holder aged 18 or above”?
- (b) Will the Administration give this sum to a Hong Kong Permanent Identity Card holder aged 18 or above who does not live in Hong Kong or has moved out of Hong Kong?
- (c) By what means will this sum be distributed?
- (d) How to ensure that eligible members of the public can receive this sum?
- (e) How to ensure that this sum will not be duplicately distributed to the same person?
- (f) When will be the expected date of distribution?
- (g) The Administration has indicated that members of the public can choose to defer withdrawal in order to accumulate “savings bonus”. What are the details of the “savings bonus”? What is the amount of the bonus or interests? How many people are expected to take this option?
- (h) Among those people eligible to receive \$6,000 according to the original proposal of Mandatory Provident Fund accounts injection, how many of them are estimated to be not Hong Kong Permanent Identity Card holders aged 18 or above?
- (i) For those Hong Kong Identity Card holders without permanent resident status, are there any measures from the Administration to benefit them?
- (j) What are the additional administrative and manpower expenses for giving out this sum? Will the “savings bonus” scheme involve additional long-term manpower expenses? From which head or department’s expenditure will these expenses be deducted?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

(a)-(g) and (j)

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.

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

- (h) We do not have the required data.
- (i) The Government plans to inject funds into the Community Care Fund to provide assistance to those who cannot benefit from the proposal of giving a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above but face financial hardship, including the new arrivals. The Steering Committee on Community Care Fund will further discuss the details with the relevant government departments.

Signature	_____
Name in block letters	Stanley YING
Post Title	Permanent Secretary for Financial Services and the Treasury (Treasury)
Date	23 March 2011

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

Reply Serial No.

FSTB(Tsy)127

Question Serial No.

3913

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:

Taking into account the Financial Secretary's adjustments to the proposed measures in the 2011-12 Budget, will the provision of \$51.731 billion under Subhead 789 Additional commitments of Head 106 – Miscellaneous Services be adequate? Please provide a breakdown of the estimated expenditure of the measures for which funding has been earmarked under this Subhead.

Asked by: Hon. LEE Cheuk-yan

Reply:

The provision of \$51.7 billion under Subhead 789 Additional commitments is to meet funding for initiatives under planning and any unavoidable non-recurrent expenditure that may arise during the year in excess of the amounts provided under other heads and subheads of the Estimates, but which cannot at present be determined and allocated with precision. The major expenditure items under planning include injections into the Community Care Fund, the Environment and Conservation Fund and the Supplementary Legal Aid Scheme Fund; and the expenditure required in 2011-12 for one-off measures announced in the Budget Speech. Major items which are subject to funding approval from the Finance Committee of the Legislative Council include setting up the Elite Athletes Development Fund, the Self-financing Post-secondary Education Fund and the Health and Medical Research Fund; providing electricity charges subsidy; providing extra allowances to the recipients of Comprehensive Social Security Assistance, Old Age Allowance and Disability Allowance; and paying two months' rent for public housing tenants, etc. In addition, a provision of \$24 billion has been earmarked for the original proposal of injection into Mandatory Provident Fund (MPF) accounts.

To meet the expenditure likely to arise from the revised Budget proposals in 2011-12, we plan to move a Committee Stage Amendment to the Appropriation Bill 2011 to increase the provision under Head 106 Subhead 789 by \$7.1 billion to \$58.8 billion, after offsetting the \$24 billion earmarked for the proposed injection into MPF accounts.

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

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

Reply Serial No.

FSTB(Tsy)128

Question Serial No.

3914

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:

If the original estimate under Head 106 - Miscellaneous Services Subhead 789 Additional commitments is not sufficient to meet the estimated expenditure for the various measures, will the Administration move an amendment to increase the provision during the Committee Stage of the Appropriation Bill 2011? If not, what are the reasons?

Asked by: Hon. LEE Cheuk-yan

Reply:

The Financial Secretary announced the following adjustments to the 2011-12 Budget in relation to the expenditure side:

- (a) to give a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above, involving an expenditure of around \$37 billion;
- (b) to inject funds into the Community Care Fund to provide assistance to those who cannot benefit from the above measure but face financial hardship, including new arrivals; and
- (c) not to pursue the proposal to inject funds into Mandatory Provident Fund (MPF) accounts.

To meet the expenditure likely to be incurred by the above proposals in 2011-12, we plan to move a Committee Stage Amendment to the Appropriation Bill 2011 to increase the provision under Head 106 Subhead 789 by \$7.1 billion to \$58.8 billion, after offsetting the \$24 billion earmarked for the proposed injection into MPF accounts.

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)129

Question Serial No.

3555

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's substantial adjustments to this year's Budget in an abrupt manner will become a precedent for future Budgets. Is the Government worried that this will raise public expectations for future Budgets such that cash payment has to be made in every year's Budget for the sake of public sentiment?

Asked by: Hon. LEONG Kah-kit, Alan

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 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)130

Question Serial No.

3927

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 Administration indicates in the Adjustments to the Proposed Measures in the 2011-12 Budget that a sum of \$6,000 will be given to all Hong Kong Permanent Identity Card holders aged 18 or above. However, new arrivals cannot benefit from the above proposal. The Administration only indicates in the document that it plans to inject funds to the Community Care Fund to provide assistance to new arrivals who face financial hardship but cannot benefit from the above proposal, in order to help them tide over the financial difficulties. Please provide details of the measures concerned and the expenditure involved.

Asked by: Hon. LEONG Kah-kit, Alan

Reply:

In respect of the Financial Secretary's plan to inject additional money into the Community Care Fund (CCF) to help those who cannot directly benefit from Budget initiatives but are in need of financial assistance, the Steering Committee on the CCF and its committees will consider how to assist them. 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 _____ 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)131

Question Serial No.

3928

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:

Will the Government consider giving sum of cash to the new arrivals proportional to the years of residence so that they could benefit from this measure? If yes, what are the details? If no, what are the reasons?

Asked by: Hon. LEONG Kah-kit, Alan

Reply:

In respect of the Financial Secretary's plan to inject additional money into the Community Care Fund (CCF) to help those who cannot directly benefit from Budget initiatives but are in need of financial assistance, the Steering Committee on the CCF and its committees will consider how to assist them. 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 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)132

Question Serial No.

2044

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:

What is the start date for the Government to provide each residential electricity account with the \$1,800 electricity charge subsidy?

Asked by: Hon. LEUNG Kwok-hung

Reply:

The 2011-12 Budget proposes granting each residential electricity account a subsidy of \$1,800. The Administration will discuss with the two electricity companies on the details and then seek funding approval from the Finance Committee. We hope that we can start crediting the subsidy during the summer vacation.

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)133

Question Serial No.

2051

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 will give a sum of \$6,000 to each citizen. What is the date and the place of distribution? Will it be issued in the form of a cheque, cash or through bank transfer?

Asked by: Hon. LEUNG Kwok-hung

Reply:

We are working out the details and will submit the proposal to the relevant Legislative Council Panel for discussion in accordance with the established procedures. We will then seek funding approval from the Finance Committee of the Legislative Council. 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 in the planning stage, the timetable for inviting registration and making payment has yet to be confirmed.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)134

Question Serial No.

2057

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 will give a sum of \$6,000 to each citizen. Are recipients of Comprehensive Social Security Assistance, Old Age Allowance and Disability Allowance who will receive an extra one-month payment included?

Asked by: Hon. LEUNG Kwok-hung

Reply:

All Hong Kong Permanent Identity Card holders aged 18 or above are eligible upon registration.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)135

Question Serial No.

2059

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 will give a sum of \$6,000 to each citizen. Are those Hong Kong permanent residents currently serving time in prisons under the Correctional Services Department included? If yes, how could they get the payment? If no, would it be unfair to them?

Asked by: Hon. LEUNG Kwok-hung

Reply:

All Hong Kong Permanent Identity Card holders aged 18 or above are eligible upon registration. We are examining and working out the details. After finalising the details of the scheme, 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 _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)136

Question Serial No.

3921

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:

Under the proposed measures, a sum of \$6,000 will be given to eligible members of the public. On deciding which category of citizens are eligible to receive the sum, did the Administration make reference to similar overseas experiences before coming to the final decision that the sum will be given to Hong Kong Permanent Identity Card holders aged 18 or above? If yes, which were the countries studied?

Asked by: Hon. LEUNG Mei-fun, Priscilla

Reply:

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

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

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

Reply Serial No.

FSTB(Tsy)137

Question Serial No.

3922

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:

Has the Administration taken account of the consideration that the proposal to give a sum of money to those permanent residents who have resided in Hong Kong for over seven years only may give rise to discrimination against new migrants to Hong Kong and lead to related judicial review?

Asked by: Hon. LEUNG Mei-fun, Priscilla

Reply:

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

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)138

Question Serial No.

3923

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 Administration states that it will provide assistance through the platform of the Community Care Fund to those who cannot benefit from the \$6,000. Regarding the amount of assistance for such people, does the Administration incline to offer less than, more than or equivalent to \$6,000 in value?

Asked by: Hon. LEUNG Mei-fun, Priscilla

Reply:

In respect of the Financial Secretary's plan to inject additional money into the Community Care Fund (CCF) to help those who cannot directly benefit from Budget initiatives but are in need of financial assistance, the Steering Committee on the CCF and its committees will consider how to assist them. 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 _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)139

Question Serial No.

3924

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:

Has the Administration assessed the impact on the current high inflation if the \$37 billion cash to be given to the public is in circulation in the market at the same time?

Asked by: Hon. LEUNG Mei-fun, Priscilla

Reply:

In choosing the relief measures, the major considerations for the Government have always been whether the measures are consistent with the state of the economy, and whether they are targeted, practical and within our means. Currently, Hong Kong's economic growth is strong, the consumption market is robust, and as such, we cannot take the threat from inflation lightly, and any relief measures will unavoidably affect inflation. Nevertheless, the community's call for sharing wealth and taxation relief is loud and clear, which we believe should be respected. The decision was made after weighing various factors and giving careful considerations.

As the Hong Kong economy is now in a strong expansionary stage, and as the abundance of liquidity in Hong Kong and worldwide is unprecedented due to the US adopting a quantitative easing policy, it is indeed difficult to produce precise estimates on the impact from the new proposed measures on inflation merely on the basis of past economic data.

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)140

Question Serial No.

3925

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 Administration states that for the sum of \$6,000 to be given out, people may 'choose to defer withdrawal in order to accumulate "savings bonus". Please explain details of the scheme, and how it can help the public keep it from depreciation under a low interest rate and high inflation environment.

Asked by: Hon. LEUNG Mei-fun, Priscilla

Reply:

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. We are examining and working out the details for implementing 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 _____ 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)141

Question Serial No.

1626

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:

Regarding the proposal of handing out \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above, will the Administration have any measures or publicity to guard against swindlers taking advantage of the opportunity to prey on the elderly and etc.? If yes, what are the details? What is the estimated expenditure involved? If no, what are the reasons?

Asked by: Hon. PAN Pey-chyou

Reply:

We are examining and working out the details for implementing the proposal. After finalising the details of the scheme, 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 _____ 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)142

Question Serial No.

2554

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:

Regarding the proposal of giving a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above, how much administrative costs would be involved? What measures would be taken by the Administration in minimising the administrative costs?

Asked by: Hon. PAN Pey-chyou

Reply:

At this stage, we do not have the exact figures. 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. We will seek funding approval from the Finance Committee of the Legislative Council in accordance with the established mechanism and will provide the relevant information (including the administration cost) in the paper.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)143

Question Serial No.

3436

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:

Paragraph 3 of the Adjustments to the Proposed Measures in the 2011-12 Budget says that the Government plans to inject funds to the Community Card Fund:

- (a) Does the Government intend to inject the funds in 2011-12?
- (b) If yes, what approximately is the amount? If no, what is the Government's plan for injecting funds?
- (c) What is the impact of the injection plan on the Government's financial position in 2011-12 or subsequent years?

Asked by: Hon. TO Kun-sun, James

Reply:

- (a)&(b) The Steering Committee on the Community Care Fund and its sub-committees will consider how to assist people who have financial difficulties but who cannot benefit from the proposal to give a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above. The details will be announced in due course. The Administration will seek funding approval from the Finance Committee of the Legislative Council in accordance with the established mechanism.
- (c) The Government's expenditure for 2011-12 will increase correspondingly with the injection of funds.

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

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

Reply Serial No.

FSTB(Tsy)144

Question Serial No.

3437

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:

It is mentioned in paragraph 3 of the Adjustments to the Proposed Measures in the 2011-12 Budget that “the Steering Committee on Community Care Fund and relevant Government departments will further examine the details.” Please advise:

- (a) What Government departments do “relevant Government departments” refer to?
- (b) By “further examine the details”, does it mean the Steering Committee and relevant Government departments have already initially examined the details?
- (c) What existing policies and new policies to be implemented are involved in the details examined?

Asked by: Hon. TO Kun-sun, James

Reply:

The Financial Secretary has earlier announced his plan to inject additional money into the Community Care Fund (CCF) to help those who cannot directly benefit from Budget initiatives but are in need of financial assistance. As the co-ordinating bureau for the CCF, the Home Affairs Bureau is gathering information and looking into the issues involved, with a view to submitting a proposal to the Steering Committee on the CCF and its committees for discussion and consideration.

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)145

Question Serial No.

3895

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:

It is mentioned in paragraph 5 of the Adjustments to the Proposed Measures in the 2011-12 Budget that any relief measure will inevitably have an impact on inflation. Has the Government assessed the impact of the giving out \$6,000 proposal on inflation before it decided to put forward the proposal? If yes, what is the result of the assessment? If no, what are the reasons?

Asked by: Hon. TO Kun-sun, James

Reply:

In choosing the relief measures, the major considerations for the Government have always been whether the measures are consistent with the state of the economy, and whether they are targeted, practical and within our means. Currently, Hong Kong's economic growth is strong, the consumption market is robust, and as such, we cannot take the threat from inflation lightly, and any relief measures will unavoidably affect inflation. Nevertheless, the community's call for sharing wealth and taxation relief is loud and clear, which we believe should be respected. The decision was made after weighing various factors and giving careful considerations.

As the Hong Kong economy is now in a strong expansionary stage, and as the abundance of liquidity in Hong Kong and worldwide is unprecedented due to the US adopting a quantitative easing policy, it is indeed difficult to produce precise estimates on the impact from the new proposed measures on inflation merely on the basis of past economic data.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)146

Question Serial No.

3896

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:

Paragraph 6 of the Adjustments to the Proposed Measures in the 2011-12 Budget mentions about the payment of \$6,000 to 6.1 million residents, and that the Treasury Branch of the Financial Services and Treasury Bureau and relevant departments are exploring and formulating the implementation details. Does the Government have a comprehensive plan before putting forward the proposal? Why does it still have to explore the implementation details at this stage?

Asked by: Hon. TO Kun-sun, James

Reply:

The payment of \$6,000 each to some 6.1 million residents is a brand new venture. In view of the scale of the proposal, we must be meticulous in our planning so as to facilitate the public as far as possible while ensuring the proper use of public money.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)147

Question Serial No.

3897

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:

It is mentioned in paragraph 6 of the Adjustments to the Proposed Measures in the 2011-12 Budget that a sum of \$6,000 will be given to 6.1 million residents and the proposal will incur a total expenditure of \$37 billion to be transferred from Head 106 of the General Revenue Account. Will this transfer affect other expenditure items under the same Head, including funding for Work Incentive Transport Subsidy Scheme, and injections to Community Care Fund, Environment and Conservation Fund and Supplementary Legal Aid Scheme Fund?

Asked by: Hon. TO Kun-sun, James

Reply:

The Financial Secretary announced the following adjustments to the 2011-12 Budget in relation to the expenditure side:

- (a) to give a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above, involving an expenditure of around \$37 billion;
- (b) to inject funds into the Community Care Fund to provide assistance to those who cannot benefit from the above measure but face financial hardship, including new arrivals; and
- (c) not to pursue the proposal to inject funds into Mandatory Provident Fund (MPF) accounts.

To meet the expenditure likely to be incurred by the above proposals in 2011-12, we plan to move a Committee Stage Amendment to the Appropriation Bill 2011 to increase the provision under Head 106 Subhead 789 by \$7.1 billion to \$58.8 billion, after offsetting the \$24 billion earmarked for the proposed injection into MPF accounts.

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)148

Question Serial No.

3898

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:

It is mentioned in paragraph 6 of the Adjustments to the Proposed Measures in the 2011-12 Budget that a sum of \$6,000 will be given to 6.1 million residents. Which government department will be responsible for distributing this money? What are the manpower and approximate working hours required? What is the approximate cost involved in the distribution of money?

Asked by: Hon. TO Kun-sun, James

Reply:

Subject to the approval of the Finance Committee of the Legislative Council, an item will be created under Head 147 Subhead 700, with the Permanent Secretary for the Financial Services and the Treasury (Treasury) as the controlling officer. We are examining and working out the details for implementation of the proposal. After finalising the details, we will seek funding approval from the Finance Committee under the established mechanism 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 _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)149

Question Serial No.

1065

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 Adjustments to the Proposed Measures in the 2011-12 Budget states that, the proposed injection into MPF accounts has not been well received by the public, therefore the Administration decides to make adjustments in response to public demand. In this connection, would the Administration please advise:

- (a) Whether it agrees that the proposed injection is undesirable, and will not consider such means when formulating relief measures in the future?
- (b) Whether it has taken heed of the public's strong opposition and doubts about the existing MPF scheme in the event? Drawing on a lesson this time, will the Administration conduct a comprehensive review of the scheme so as to restore people's confidence in it?
- (c) While the Government has made adjustment to the MPF injection proposal in response to public demand, it still has to pay attention to the issue of people's livelihood after retirement. There is suggestion that the Administration should make long-term planning for people's retirement life. What are the proposals and studies being undertaken by the Government now? When will there be an announcement?

Asked by: Hon. WONG Kwok-hing

Reply:

- (a) Since the proposed injection into Mandatory Provident Fund (MPF) accounts has not been well received by the public, we have decided not to pursue it. 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.
- (b) The MPF System was introduced with consensus reached after long and thorough community discussions. Its aim is to assist the working population to accumulate retirement benefits through contributions from employers and employees. Overall speaking, the MPF System has made contributions to enhancing the retirement protection of the working population in Hong Kong. Before the implementation of the MPF System, only one-third of Hong Kong's working population were covered by some form of retirement protection. As at end December 2010, together with other retirement protection schemes, around 90% of our working population participated in some form of retirement protection schemes. The MPF System has also accumulated assets of over \$365.4 billion for more than 2.52 million employees and self-employed persons for retirement use.

The Administration has maintained close liaison with the Mandatory Provident Fund Schemes Authority (MPFA) in its review of the various arrangements under the MPF System, including the adequacy of the contents of the information disclosed to scheme members and the disclosure channels, the conditions of allowing early withdrawal of scheme members' accrued benefits, the feasibility of allowing scheme members to withdraw MPF accrued benefits in phases, the review of the Compensation Fund and the review of minimum and maximum relevant income levels. The Administration will take into account MPFA's review results in considering appropriate follow-up actions, and will consult the Legislative Council on proposals that require legislative amendments.

- (c) Hong Kong has adopted a three-pillar model of retirement protection: the non-contributory social security system (including Comprehensive Social Security Assistance, Old Age Allowance and Disability Allowance), the MPF System, and voluntary private savings.

The Panel on Welfare Services discussed in the past (including the meeting on 10 January 2011) the issue of retirement planning of the public, and the Labour and Welfare Bureau responded that the Administration has been monitoring closely the operation of the three-pillar model of retirement protection in the light of Hong Kong's changing socio-economic circumstances. The Central Policy Unit (CPU) is refining its study on the sustainability of the three-pillar model of retirement protection in Hong Kong having regard to the latest developments. In the process, CPU will take into account the opinions of the community on retirement protection for the elderly and tap the views of academics, professionals, think tanks and relevant stakeholders. The study is ongoing and its findings will be for the Government's internal reference.

On the MPF System, as mentioned in paragraph (b) of the reply, the Government and MPFA will continue to review its operation and make improvements as necessary.

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

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

Reply Serial No.

FSTB(Tsy)150

Question Serial No.

3916

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 Administration plans to give a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or over instead of injecting \$6,000 into all Mandatory Provident Fund (MPF) accounts in Hong Kong. Although the new measure can benefit more people, there are some people who originally will receive \$6,000 through injection into their MPF accounts but will not get the money under the new measure. In this regards, please advise this Committee:

- (a) how many people are affected and will not get the \$6,000 under the new measure;
- (b) what amount of expenditure will be involved if this group of people is also given the \$6,000;
- (c) whether the Government will help this group of people through the Community Care Fund and if yes, what the details are and if no, what the reasons are and what specific measures the Administration has to help this group of people.

Asked by: Hon. WONG Kwok-hing

Reply:

- (a)–(b) As the Mandatory Provident Fund Authority does not have information on whether members of the Mandatory Provident Fund Scheme and other occupational retirement schemes are holders of Hong Kong Permanent Identity Cards, we cannot work out the number of people who are affected by the new measure and the amount of expenditure involved.
- (c) The Financial Secretary plans to make additional injection into the Community Care Fund to provide assistance to those who cannot benefit from the proposed measure to give \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above but who face financial hardship. The Steering Committee on the Community Care Fund and its committees will consider how to assist persons. Details will be announced later.

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

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

Reply Serial No.

FSTB(Tsy)151

Question Serial No.

3915

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 Administration plans to give a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above. It also states that an incentive in the form of "savings bonus" will be given to the public to encourage them to defer withdrawal of the sum. In this regard, please advise this Committee:

- (a) What are the details of the "savings bonus" plan?
- (b) What is the duration of this plan?
- (c) How much additional expenses and additional administrative cost are involved?
- (d) What factors would the Administration consider in formulating this plan?

Asked by: Hon. WONG Kwok-kin

Reply:

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. We are examining and working out the details for implementing 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 23 March 2011

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

Reply Serial No.

FSTB(Tsy)152

Question Serial No.

3920

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:

Regarding the proposal to give a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above as mentioned in the Adjustments to the Proposed Measures in the 2011-12 Budget, would the Administration advise this Committee:

- (a) the ways of giving the sum of \$6,000 to members of the public; and
- (b) whether the above sum can be given to members of the public in the first half of the year (before June 2011).

Asked by: Hon. WONG Kwok-kin

Reply:

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.

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.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)153

Question Serial No.

3926

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:

As stated in the Adjustments to the Proposed Measures in the 2011-12 Budget, the Administration will “inject funds to the Community Care Fund to provide assistance to those who cannot benefit from the above measure but face financial hardship, including new immigrants”. Please advise:

- a. What is the amount of injection into the Community Care Fund? Is funding approval from the Finance Committee of the Legislative Council required before the injection?
- b. Can the Administration ensure that the various assistance to be provided by the Community Care Fund to those who cannot benefit from the above measure but face financial hardship will equivalent to the sum of \$6,000? If not, what are the reasons?
- c. Some new arrivals, who are in employment and thus were supposed to benefit from the originally proposed \$6,000 injection into their MPF accounts, complained to me that they would now receive no money. To avoid division between new arrivals and Hong Kong permanent residents, will the Administration consider offering help to those new arrivals who are in employment, so that they may receive an injection of \$6,000 into their MPF accounts as originally proposed?

Asked by: Hon. WONG Kwok-kin

Reply:

The Financial Secretary plans to inject extra funds into the Community Care Fund to provide assistance to those who cannot benefit from the proposed measure to give \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above but face financial hardship. The Steering Committee on the Community Care Fund and its committees will consider how to assist those who cannot benefit from the measure. Details will be announced later.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)154

Question Serial No.

3906

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 plans to inject funds into the Community Care Fund (CCF) to help those new arrivals who will not benefit from the measure of giving a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above. Will the Administration please advise the specific details of the assistance rendered to new arrivals by the CCF? How will such assistance achieve the effect of giving out cash or a similar effect?

Asked by: Hon. WONG Yuk-man

Reply:

In respect of the Financial Secretary's plan to inject additional money into the Community Care Fund (CCF) to help those who cannot directly benefit from Budget initiatives but are in need of financial assistance, the Steering Committee on the CCF and its committees will consider how to assist them. 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 _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)155

Question Serial No.

3907

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 Administration has all along based on the concern of intensifying inflation, declined to distribute cash to all citizens of Hong Kong. However, the proposed adjustments to the Budget are now offering \$6,000 cash to all holders of Hong Kong Permanent Identity Cards aged 18 or above and also a rebate of salary tax and tax under personal assessment for 2010-11.

In this connection, has the Administration assessed the inflationary implications of the tax rebate and giving out cash? If their inflationary implications are serious, what measures will the Administration take to mitigate the effects? If their inflationary implications are mild, why did the Administration keep declining to give out cash to the people in the past years?

Asked by: Hon. WONG Yuk-man

Reply:

In choosing the relief measures, the major considerations for the Government have always been whether the measures are consistent with the state of the economy, and whether they are targeted, practical and within our means. Currently, Hong Kong's economic growth is strong, the consumption market is robust, and as such, we cannot take the threat from inflation lightly, and any relief measures will unavoidably affect inflation. Nevertheless, the community's call for sharing wealth and taxation relief is loud and clear, which we believe should be respected. The decision was made after weighing various factors and giving careful considerations.

As the Hong Kong economy is now in a strong expansionary stage, and as the abundance of liquidity in Hong Kong and worldwide is unprecedented due to the US adopting a quantitative easing policy, it is indeed difficult to produce precise estimates on the impact from the new proposed measures on inflation merely on the basis of past economic data.

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

Examination of Estimates of Expenditure 2011-12

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

Reply Serial No.

FSTB(Tsy)156

Question Serial No.

3908

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:

Beneficiaries of Macao government's cash handout include non-permanent residents. In his Policy Address, Macao's Chief Executive Fernando CHUI Sai-on proposed to "inject 6,000 patacas into each eligible account in the Central Provident Fund plus a cash handout of 4,000 patacas to every permanent resident and 2,400 patacas to every non-permanent resident."¹

What is the rationale of the Administration for not giving out cash to new arrivals in Hong Kong? Has any consideration been given to following the example of the Macao Special Administrative Region Government by giving them a certain sum of cash, say \$3,600 (equivalent to 60% of the amount to be received by a permanent resident)?

Asked by: Hon. WONG Yuk-man

Reply:

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

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

¹ Page 17 [of the Chinese version] of the Policy Address for the Fiscal Year 2011 of the Macao Special Administrative Region Government

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

Reply Serial No.

FSTB(Tsy)157

Question Serial No.

3909

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:

Regarding the proposal of giving a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above as mentioned in the Adjustments to the Proposed Measures in the 2011-12 Budget submitted by the Administration, does the Administration plan to give out the cash in July before summer holidays? Does the Administration intend to give out the money through local banks, and that the banks need to take time till September or October to issue the sum? When would the Administration announce the relevant details and when would the public receive the money in cash?

Asked by: Hon. WONG Yuk-man

Reply:

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.

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.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)158

Question Serial No.

3910

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:

According to the Adjustments to the Proposed Measures in the 2011-12 Budget, only Hong Kong Permanent Identity Card holders aged 18 or above will receive a sum of \$6,000 given by the Government. This adjustment has provoked dissatisfaction among the new arrivals and their reaction aroused hostility from the locals. In just a few days, 80 000 people joined a group against giving the sum to new migrants created on Facebook, a social networking website. Some criticised that by excluding the new arrivals in giving the sum, the Government has created social division and brought permanent residents and non-permanent residents into confrontation.

Has the Administration assessed the implication of the exclusion on social division? Any measures to ease the tension caused by confrontation?

Asked by: Hon. WONG Yuk-man

Reply:

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

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 23 March 2011

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

Reply Serial No.

FSTB(Tsy)159

Question Serial No.

3919

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:

Regarding the adjustments to the proposed measures in the Budget, in addition to giving a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above, the Financial Secretary also proposes to reduce salaries tax and tax under personal assessment by 75%, subject to a ceiling of \$6,000. Some people who earn a high income can get both a tax rebate and cash payment, up to a maximum of \$12,000.

Under the tax rebate and cash payment measures, the higher the income of a person, the more benefit he will enjoy. Are the two measures in contravention of the reasonable redistribution of wealth principle?

Asked by: Hon. WONG Yuk-man

Reply:

The Financial Secretary proposes 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 is clearly a redistribution of wealth in favour of low income earners.

Besides, we propose these two measures in order to leave wealth with the people and respond to public demands. These two measures are part and parcel of the Budget which, in overall terms, has the effect of redistributing wealth from wealthier people to poorer ones.

Signature _____

Name in block letters Stanley YING

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

Date 23 March 2011

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

Reply Serial No.

FSTB(Tsy)160

Question Serial No.

0357

Head: Not applicable

Subhead (No. & title):

Programme: Not applicable

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Paragraph 48 of the Budget Speech mentions the following: "Paying two months' rent for public housing tenants. The Government will pay two months' base rent for tenants who are required to pay extra rent to the Hong Kong Housing Authority. For non-elderly tenants of the HKHS's Group B estates, the Government will pay two-thirds of their rent for two months. This measure will involve expenditure of approximately \$1.9 billion."

Earlier on, a CSSA-receiving public housing tenant asked the SWD for a refund of rents paid under the relief measures, and the court ruled in favour of the tenant. In this connection, will the Administration advise whether the present rent payment measure covers CSSA-receiving public housing tenants whose rents are paid by the SWD? If yes, what are the reasons? What are the number of tenants and amount of money involved? If no, what measures will the Administration take to avoid recurrence of litigations lodged by CSSA-receiving tenants?

Asked by: Hon. LEUNG LAU Yau-fun, Sophie

Reply:

A series of measures are proposed in the Budget to help ease the pressure of inflation on people, including paying two months' rent for public housing tenants. It is clearly indicated in paragraph 49 of the Budget Speech that as in the past, CSSA recipients who do not have to bear public housing rents will not obtain any pecuniary advantage from the government payment of public housing rents.

Signature _____

Name in block letters _____ Stanley YING

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

Date _____ 18.3.2011

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

Reply Serial No.

FSTB(Tsy)161

Question Serial No.

1068

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

Programme: (3) Estate Utilisation

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the expenditure of Head 51 Government Property Agency, it is stated in the Budget that the Administration will optimise land resources and examine releasing the land originally occupied by Government offices for more cost-effective use. Other than the original sites of the Water Supplies Department and the Food and Environmental Hygiene Department at Sai Yee Street, Mong Kok stated in the Budget, has the Administration formulated a preliminary list of other sites? What are the criteria adopted by the Government in assessing the suitability of a site? Once a site is selected, how many Government departments are expected to make the necessary endorsement and how long does it take?

Asked by: Hon. LEUNG Mei-fun, Priscilla

Reply:

The Government reviews from time to time the usage of government properties with a view to putting them to more cost-effective uses. Examples include the ex-Government Supplies Depot at Oil Street, North Point, the ex-Wan Chai Police Station and the ex-Wan Chai Police Married Quarters. When assessing the suitability of a site for release or redevelopment, the Government will consider factors such as the need to conform with district planning, environmental improvement, development of infrastructure, response to community's demand for housing and offices, age of the building, condition of existing facilities and the recurrent cost for maintaining those facilities, and whether the site has been developed to its full potential, etc.

Separately, the Government is also considering to release the site of the three government office buildings at Wan Chai waterfront.

The time required for releasing a site and redevelopment varies from case to case, depending on the number of departments involved and the reprovisioning requirements.

Signature _____

Name in block letters _____ K K Kwok

Post Title _____ Government Property Administrator

Date _____ 21.3.2011