

**Replies to initial written questions raised by Finance Committee Members
in examining the Estimates of Expenditure 2012-13**

**Director of Bureau : Secretary for Financial Services and the Treasury
Session No. : 15**

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

FSTB(Tsy)001

Question Serial No.

0869

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

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 amount of resources used in each of the past three years and how much resources will be reserved for 2012-13 by the Financial Services and the Treasury Bureau (The Treasury Branch) and the departments under its purview in respect of the following items? What are the specific expenditure guidelines on these items?

- (a) officials' duty visits and study tours overseas and to the Mainland at public expense, including air passages and other travelling expenses;
- (b) entertainment expenses within Hong Kong; and
- (c) provision of private government vehicles used by officials.

Asked by: Hon. CHAN Kam-lam

Reply:

The actual expenditure on the following items in the three years from 2009-10 to 2011-12 and resources reserved for 2012-13 are set out in the following annexes –

<u>Items</u>	<u>Annex</u>
(a) Duty visits and study tours overseas and to the Mainland at public expense, including air passages and other travelling expenses	Annex A
(b) Entertainment expenses within Hong Kong	Annex B
(c) Provision of private government vehicles to officials	Annex C

The guidelines governing the above expenditure items are stipulated in the Civil Service Regulations (CSR), General Regulations (GR) and relevant circulars. The relevant provisions are extracted at Annex D for reference.

Signature: _____

Name in block letters: Stanley YING

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

Date: 29.2.2012

**Expenditure on duty visits and study tours overseas and to the Mainland
incurred by the Treasury Branch and departments under its purview** ^(Note 1)

Branch/ Department	2009-10 Actual (\$)	2010-11 Actual (\$)	2011-12 Actual (up to 31 Jan 2012) (\$)	2012-13 Estimates (\$)
Financial Services and the Treasury Bureau (The Treasury Branch) ^(Note 2)	1,027,496	1,525,510	863,955	1,873,000
Audit Commission	23,500	152,937	12,495	150,000
Government Property Agency	0	0	0	1,000
Government Logistics Department	0	0	0	37,000
Inland Revenue Department	394,171	792,494	1,637,133	1,800,000
Rating and Valuation Department	45,787	78,512	86,240	113,000
Treasury	28,722	20,322	36,419	25,000
Total:	1,519,676	2,569,775	2,636,242	3,999,000

Notes:

1. The figures cover expenses on air tickets, train fares, hire of vehicles and taxi fares.
2. The figures include expenditure incurred by the Office of the Secretary for Financial Services and the Treasury.

**Expenditure on entertainment expenses within Hong Kong
incurred by the Treasury Branch and departments under its purview**

Branch/ Department	2009-10 Actual (\$)	2010-11 Actual (\$)	2011-12 Actual (up to 31 Jan 2012) (\$)	2012-13 Estimates (\$)
Financial Services and the Treasury Bureau (The Treasury Branch) ^(Note)	151,111	161,587	106,309	271,000
Audit Commission	12,312	13,108	12,049	20,000
Government Property Agency	1,560	660	0	10,000
Government Logistics Department	7,922	8,835	3,740	13,000
Inland Revenue Department	57,694	68,773	64,380	63,000
Rating and Valuation Department	7,663	14,974	1,180	30,000
Treasury	26,798	8,685	13,320	25,000
Total:	265,060	276,622	200,978	432,000

Note: The figures include expenditure incurred by the Office of the Secretary for Financial Services and the Treasury

**Expenditure on provision of private government vehicles
to senior officials of the Treasury Branch and departments under its purview^(Note)**

Branch/ Department	2009-10 Actual (\$)	2010-11 Actual (\$)	2011-12 Actual (up to 31 Jan 2012) (\$)	2012-13 Estimates (\$)
Financial Services and the Treasury Bureau (The Treasury Branch) ^(Note 2)	131,094	84,674	86,248	145,000
Audit Commission	20,653	26,957	29,801	56,700
Total:	151,747	111,631	116,049	201,700

Note: The figures cover fuel costs, toll, parking fees and maintenance charges spent on government vehicles provided to the Secretary for Financial Services and the Treasury, Permanent Secretary for Financial Services and the Treasury (Treasury) and the Director of Audit, i.e. senior officials at D7 or above who are eligible to use government vehicle for all purposes without charge.

Relevant Guidelines

(a) Expenditure on duty visits and study tours overseas and to the Mainland

Civil Service Regulation 1365

- (1) Except as provided in (2) and (3) below, an officer travelling by air on duty outside Hong Kong will normally be provided with passages of the following class –

Office	Class of Air Travel
D4 to D8 or equivalent	Business Class (see <i>Note</i> below)
D3 and below or equivalent	Economy Class

Note : Officers are encouraged to travel on Economy Class for short flights where the flying time is less than 4 hours.

- (2) The passage for an officer travelling in the capacity of D3 and below or equivalent may be upgraded from Economy Class to Business Class under the following circumstances -
- (i) where the flying time exceeds 9 hours (referring to the normal flying time, including transit time, according to the original route approved by the relevant Permanent Secretary/Head of Department for the duty visit); or
 - (ii) where the officer has to travel again within 7 calendar days from his last return from duty outside Hong Kong or where the officer is subject to a tight flight schedule of no less than 3 flights within 5 days; or
 - (iii) where the appropriate class of travel is not available on the route concerned and choice of other flights is not appropriate for the purpose of the visit; or
 - (iv) where the officer is required on duty to travel in the same class with another person or group of persons taking a higher class of passage than that normally provided to the officer.
- (3) Notwithstanding (1) and (2) above, no upgrading will be allowed -
- (a) for the outward journey to the duty place, if an officer takes leave outside Hong Kong before duty is performed; or
 - (b) for the return journey to Hong Kong, if an officer takes leave or is granted authorised absence under CSR 1111(4) after performance of duty outside Hong Kong or upon arrival in Hong Kong.
- (4) Approval may be given for an officer to vary his duty passage arrangements for personal reasons subject to the following -
- (a) the modification would not undermine the original justifications for the passage arranged by the Department;
 - (b) additional expenses, if any, must be met by the officer; and
 - (c) savings, if any, should not be used to subsidise the officer's personal travel.

Where the modified passage is at a class of travel or fare level (e.g. Economy Class fare contains various fare levels such as Advanced Purchase Excursion (APEX), Point-to-Point, Excursion etc.) lower than the original unmodified passage, a fare level commensurate with that of the modified passage should be used for determining the cost to be borne by the Government.

- (5) The authority for upgrading/modification of passage rests with Heads of Department, or the relevant Permanent Secretary (or supervising officer if there is no relevant Permanent Secretary) if the officer travelling is a Head of Department. For cases concerning officers at the rank of Permanent Secretary or equivalent, the authority rests with the Secretary for the Civil Service.

Civil Service Regulation 734

...

- (2) Travelling expenses incurred for duty travel outside Hong Kong, or across the border or waters of Hong Kong, may be reimbursed if the approving authority is satisfied that such journeys are operationally necessary and that the most appropriate mode of transport has been used having regard to operational needs and cost-effectiveness.
 - (3) An officer travelling by ferry or train will normally be reimbursed fares on the most economical class. Where the Head of Department is satisfied that travelling on a higher class (if available) for the journey concerned is justified having regard to operational needs (e.g. the officer is required to travel in the same class with nongovernment personnel on official business) and cost-effectiveness, he may approve reimbursement of the fares of the higher class.
- ...
- (5) An officer on duty outside Hong Kong is normally not reimbursed taxi fares, except as provided under CSR 713(5), 713(6) or 714. A Head of Department may, however, approve a claim for reimbursement of taxi fares incurred if he is fully satisfied that a more economical mode of transport is not available or appropriate. The officer concerned should forward such a claim together with a full explanation of the circumstances to his Head of Department.

(b) Entertainment expenses within Hong Kong

Civil Service Regulation 750

- (1) Heads of Department and officers duly authorised by their Head of Department may be reimbursed expenses arising from entertainment undertaken in the course of duty.
- (2) Expenditure on entertainment may be charged to public funds when it is:
 - (a) directly related to the discharge of an officer's duties or a necessary part of making or maintaining contacts in his official capacity; and
 - (b) in the public interest.
- (3) Expenditure arising from the presence of other Government officers and their spouses may be reimbursed when the Head of Department or the officer acting as host :
 - (a) considers it in the public interest that the principal guests should meet such officers; or
 - (b) considers it necessary to invite them to assist in entertaining the principal guests.
- (4) The status of the guests and the standard of entertainment appropriate to the occasion must be taken into account when deciding the place and scale of entertainment.
- (5) When official entertainment is combined with private entertainment only that proportion of the expenditure that is attributable to the presence of the host and hostess.

Civil Service Regulation 751

- (1) The Head or Deputy Head of Department must personally authorise all expenditure from the departmental entertainment vote.
- (2) Expenditure on official entertainment should be fully supported by receipts wherever possible. Claims for expenditure on home entertainment when receipts are not produced must be supported by full details and should be certified as reasonable by the Head or Deputy Head of Department personally.
- ...
- (5) Entertainment given in connection with opening ceremonies and similar functions may be debited to the entertainment votes provided that:
 - (a) these Regulations are complied with; and
 - (b) no special provision has been made under another subhead.

Director of Administration's memo dated 13 December 2010

“As from 1 January 2011, officers entertaining guests should aim to spend not more than \$350 per person for lunch or \$450 per person for dinner, inclusive of tips. This is meant to serve as a general guideline. Exceptions may be considered but must be properly justified and clearly recorded in line with established mechanisms within each department or bureau. All officers should also comply with the Civil Service Regulations 750 and 751 governing official entertainment expenses. Colleagues are reminded to continue to exercise economy and avoid undue accusations of extravagance when entertaining guests.”

(c) Provision of private government vehicles to senior officials

General Regulations 256

Subject to such directions as may be issued by the Chief Secretary for Administration from time to time:

...

- (3) Officers on salary point D7 and above or equivalent may use a departmental car, if available, for all purposes without charge.

...

- (5) Officers on salary points D4/DL4 - D6/DL6 or equivalent who are -

- (i) in the 'Heads of Departments and Posts of Equivalent Status' category; or
- (ii) Deputy Secretaries or holders of posts of equivalent status in the Government Secretariat; or
- (iii) Deputy Heads of the Housing Department and the Hong Kong Police Force.

may use a departmental car or pool car, if available, without charge -

- (a) for not more than one home-to-office return journey per day; and
- (b) to attend any function in or outside office hours, but only when the invitation arises from their official position.

....

- (8) Departmental cars are not allocated for the exclusive use of departmental heads, officers of equivalent status, or other eligible users. Departmental or operational requirements take precedence.

- End -

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

FSTB(Tsy)002

Question Serial No.

1310

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide a breakdown as a lead schedule showing how each of the Recurrent Public/Government Expenditure and Total Public/Government Expenditure by policy area group figures as shown on pages 19 to 23 of the Appendix B of the Supplement and Appendices to The 2012-13 Budget can be arrived at from the figures as shown in the Estimates under Volume 1 – General Revenue Account & Volume 2 – Fund Account.

If this kind of breakdowns is to be provided in the future budget, how much additional costs will be incurred?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

Government Expenditure comprises expenditure under the General Revenue Account and expenditure under the Capital Investment Fund, Capital Works Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Loan Fund and Lotteries Fund, which are set out in Volumes I and II of the Estimates. Public Expenditure comprises Government expenditure and expenditure of the Housing Authority and Trading Funds.

Expenditure for Heads under the General Revenue Account (Volume I) is set out by programme which contributes to policy areas which in turn contribute to policy area groups. Section VII of Appendix B to the Budget Speech sets out the classification of expenditure by policy area groups, whereas an Index of Policy Areas is provided in Volume I of the Estimates (pages 951 to 960).

The attribution of the Funds (Volume II) to policy area groups is set out in the Annex. We prepared the Annex using existing resources.

Signature: _____

Name in block letters: Stanley YING

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

Date: 24.2.2012

Expenditure under the Funds: Attribution to Policy Area Groups

<u>Fund</u>	<u>Policy Area Group</u>
Capital Investment Fund	} Depending on the subhead e.g. Subhead 3260RS – Swimming pool complex in Area 2, Tung Chung, Lantau in Head 703 – Buildings of the Capital Works Revenue Fund is attributed to Community and External Affairs; Subhead 103 – Means-tested loan for post secondary students under Head 254 – Loans to Students of the Loan Fund is attributed to Education.
Capital Works Revenue Fund	
Loan Fund	
Disaster Relief Fund	Community and External Affairs
Innovation and Technology Fund	Economic
Lotteries Fund	Social Welfare

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

FSTB(Tsy)003

Question Serial No.

1320

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Treasury Branch's work covers the maintenance of a low, simple and predictable tax system. Is there a unit/team in the Branch or the Financial Services and the Treasury Bureau responsible for this function? If yes, please provide the following information:

- (a) name of this unit/team of staff;
- (b) existing number of tax professionals and other staff in this unit/team;
- (c) number and names of studies in the tax policies/system handled by this team since the 2008-09 financial year;
- (d) numbers of tax professionals and other staff in this unit/team involved (together with the description of their expertise in tax) in handling studies in the tax policies/system since the 2008-09 financial year; and
- (e) number, names and cost of studies in the tax policies/system outsourced since the 2008-09 financial year.

Asked by: Hon. CHAN Mo-po, Paul

Reply:

- (a) and (b)

Apart from affecting whether the Government has sufficient revenue to meet expenditure, tax regime and tax policy often encompass considerations relating to the social, economic and other aspects of public policies. As such, when dealing with tax policy related suggestions and topics, the Revenue Division under the Treasury Branch together with the Inland Revenue Department ("IRD") will examine the recommendations of relevant policy bureaux and professional departments, and evaluate the views of different sectors of the community including the tax professionals. Given its set-up as a policy branch, the Treasury Branch comprises different divisions (including the Revenue Division) with Administrative Officers as key staff members; whereas IRD as a professional department under the Treasury Branch is staffed by almost 700 assessors with professional knowledge in tax matters, including tax professionals at the directorate ranks with extensive experience in administering the tax laws.

(c) to (d)

Very often, we have to handle many suggestions on tax matters, including those received during the Budget consultation, or items on our medium-to-long term agenda. Below are some major items handled since 2008-09 –

- (i) taking into account the trend and discussions at the international arena, we consulted the business and professional sectors in 2008 on the liberalisation of the exchange of information (“EoI”) arrangements under the comprehensive avoidance of double taxation agreements (“CDTAs”). On the basis of consensus of the trade, we proceeded with legislative amendments in full swing. The relevant legislation came into operation in March 2010. Subsequently, in two years’ time, Hong Kong signed 18 new CDTAs and upgraded two existing CDTAs to the new EoI standard;
- (ii) the 2008-09 Budget proposed to exempt the duties on wine with a view to promoting wine trading and distribution businesses;
- (iii) for public health reasons, the duty rates on various types of tobacco were increased in February 2009 and February 2011. Moreover, effective from August 2010, incoming passengers to Hong Kong are permitted to bring in up to only 19 sticks of duty-free cigarettes;
- (iv) to promote green living and environmental protection, the exemption for electric vehicles from First Registration Tax (which was originally due to expire on 31 March 2009) has been extended for five more years and the tax deduction for capital expenditure incurred on the purchase of environment-friendly vehicles has been accelerated;
- (v) to promote the asset management business in Hong Kong, with effect from 24 February 2010, stamp duty concession in respect of the trading of exchange traded funds (“ETFs”) has been extended to cover ETFs that track indices comprising not more than 40% of Hong Kong stocks. In addition, from 25 March 2011 onwards, concessionary profits tax rate at 50% of the normal rate, originally applicable to the interest income and profits derived from qualifying debt instruments (“QDIs”) with a maturity period of less than seven years but not less than three years, has been extended to cover QDIs with a maturity period of less than three years;
- (vi) to maintain healthy and stable development of the property market, stamp duty rate on transactions of properties valued over \$20 million has been increased from 3.75% to 4.25% and deferment of stamp duty payment for residential property transactions valued over \$20 million has been disallowed since 1 April 2010. Subsequently, to curb property speculation, a Special Stamp Duty has been imposed on top of the existing ad valorem stamp duty on the disposal of residential properties which are acquired on or after 20 November 2010 and resold within 24 months; and
- (vii) to promote wider application of intellectual property rights by enterprises, tax deduction on capital expenditure incurred on the purchase of copyrights, registered designs and registered trade marks has been introduced for the year of assessment 2011-12 onwards.

(e)

We have not outsourced any studies related to tax policy/system from the 2008-09 financial year up till now.

Signature: _____

Name in block letters: Stanley YING

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

Date: 2.3.2012

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

FSTB(Tsy)004

Question Serial No.

1321

Head: 147 Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch) Subhead (No. & title): 281 Air passenger departure tax

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:

Based on the Audited Government Accounts for the financial year 2010-11 and page 412 in Volume I of the Budget Estimates for 2012-13, air passenger departure tax (APDT) collected amounts to \$1,813,594,000 and administration fee for collection of the said tax amounts to \$43,752,000. That means the cost of collection is 2.4 cents per dollar. Please advise to whom the administration fee for collection was paid and what is the calculation basis. What is the overseas experience in collecting similar revenue items? When did the Administration review the efficiency in this area?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

The administration fees for air passenger departure tax (APDT) are paid to airlines, helicopter companies and the agent of the Civil Aviation Department (CAD) in respect of the collection of APDT and the processing of exemption and refund applications. Currently, the administration fees payable to the airlines and helicopter companies are set at the following percentages for every \$120 of APDT –

- (i) 2.322% and 1.24% for the airlines and helicopter companies respectively for the collection of APDT; and
- (ii) 1% for the refund of APDT in respect of sea-to-air passengers who arrive from the Mainland by ship for transfer to a departing flight at the Hong Kong International Airport (HKIA).

Apart from the above, a fixed monthly fee of \$52,391.50 is currently payable to the CAD's agent for operating a counter at the HKIA to process exemption and refund applications.

The fee level and specific operation of similar charges at different airports of different countries vary and it is difficult to make direct comparison. As air passengers may buy air tickets at different sales outlets, only the airlines and helicopter companies are able to keep track of the actual number of departing air passengers, thereby facilitating the calculation of APDT payable to the Government. Hence, we consider that the current arrangement of having the airlines and helicopter companies collecting APDT from departing passengers on behalf of the Government is appropriate and effective.

Signature: _____

Name in block letters: Stanley YING

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

Date: 27.2.2012

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

FSTB(Tsy)005

Question Serial No.

2847

Head: 147 Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch) Subhead (No. & title): 281 Air passenger departure tax

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:

How much did the Financial Services and the Treasury Bureau (The Treasury Branch) pay to airlines and other agents in connection with the collection of the air passenger departure tax (APDT) administration fees last year? What is the estimated expenditure for 2012-13?

Asked by: Hon. CHAN Tanya

Reply:

The Government paid \$43.752 million APDT administration fees to airlines, helicopter companies and the agent of the Civil Aviation Department in 2010-11. The 2011-12 revised estimates and 2012-13 estimates for APDT administration fees are \$46.320 million and \$47.940 million respectively.

Signature: _____

Name in block letters: Stanley YING

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

Date: 21.2.2012

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

FSTB(Tsy)006

Question Serial No.

3259

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Will the Administration set aside resources in 2012-13 for conducting reviews and studies on what the reasonable levels of the Exchange Fund and fiscal reserves should be and in what suitable ways these fiscal reserves and the accumulated surplus of the Exchange Fund should be used? If so, what are the details of the work plans and the estimated expenditure? If not, what are the reasons?

Asked by: Hon. CHAN Tanya

Reply:

The Exchange Fund was established by the Exchange Fund Ordinance (Cap. 66) and placed under the management of the Monetary Authority. As regard the fiscal reserves, we aim to maintain an adequate level of reserves to meet unfunded liabilities, to cope with pressure on government finances arising from economic downturns, unforeseen events or changes in social structure (such as ageing population), and to help the Exchange Fund maintain the stability of Hong Kong's monetary and financial systems. Every year when we prepare the Budget, we review the levels of our revenue, expenditure and fiscal reserves to strike a proper balance. We do so by making use of our existing resources.

Signature: _____

Name in block letters: Stanley YING

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

Date: 24.2.2012

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

FSTB(Tsy)007

Question Serial No.

3260

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Given that there were significant deviations between the financial performance and the original estimates in the past consecutive years, will the Administration consider conducting a review in 2012-13 on the existing budget preparation procedures and methods so as to prepare a more accurate budget? If so, what are the details of the review? If not, what are the reasons?

Asked by: Hon. CHAN Tanya

Reply:

Hong Kong is a small and open economy. Our tax base is narrow and the key revenue items are susceptible to fluctuations depending on the broader economic changes beyond Government's control. At the same time, we need to maintain public services and there is hence relatively little flexibility in adjusting our expenditure. These factors explain the variance in our fiscal outturn, despite the efforts to make forecasts based on information available at Budget time. Every year in preparing the estimates, we draw on past experience and make assessments in the light of the prevailing social, economic and other relevant factors.

Signature: _____

Name in block letters: Stanley YING

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

Date: 24.2.2012

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

FSTB(Tsy)008

Question Serial No.

3267

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As the new term of Hong Kong Special Administrative Region government will start in July, the new Chief Executive or officials of financial services may need to review the tax base or tax system of Hong Kong. In 2012-13, has the Administration earmarked any resources in this area to carry out relevant policy review work? If so, what are the details of the work plan? If not, what are the reasons?

Asked by: Hon. CHAN Tanya

Reply:

To keep the tax system and tax base of Hong Kong up to date, the Administration conducts timely reviews on tax measures in accordance with the well-established mechanism and framework and makes adjustments where appropriate in response to the changing economic and social environment. For instance, in formulating the Budget each year, we conduct extensive consultation to collect views of the public and different sectors in areas like whether there is a need to adjust the existing tax system or tax base of Hong Kong, or to introduce tax measures. In addition, there is a dedicated unit under the Treasury Branch responsible for studying and formulating tax policies in collaboration with the Inland Revenue Department and for consulting relevant policy bureaux, stakeholders and the public on individual issues. According to our established practice, should there be any new initiatives after the inauguration of the new term of government, we would handle the additional workload by existing resources or together with redeployment of resources as far as possible.

Signature: _____

Name in block letters: Stanley YING

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

Date: 27.2.2012

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

FSTB(Tsy)009

Question Serial No.

3268

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In 2012-13, will the Administration consider studying the structure of government income and expenditure to rectify the situation of over-reliance on non-recurrent income to support its public finance? If so, what are the details? If not, what are the reasons?

Asked by: Hon. CHAN Tanya

Reply:

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 options for broadening the tax base and for stabilizing government revenue. Since 2007, we have revised the arrangement for the income arising from the fiscal reserves in order to stabilize this source of income. In 2012-13, the income arising from the fiscal reserves is estimated to account for 9.4% of total government revenue. Meanwhile, we also encourage different sectors of the community to continue to discuss the issue of tax base with a view to building up consensus.

Signature: _____

Name in block letters: Stanley YING

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

Date: 27.2.2012

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

FSTB(Tsy)010

Question Serial No.

1356

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With respect to Programme (2), will the Administration inform the Committee of the following:

- (a) What is the establishment of staff responsible for forecasting surplus/deficit of the Budget in the past three years (i.e. 2009-10, 2010-11 and 2011-12)?
- (b) What are the administration expenses involved in forecasting surplus/deficit?
- (c) What are the targets adopted in appraising the performance of staff responsible for forecasting surplus/deficit?
- (d) Will these staff members be held accountable for the fact that the revenue had been far higher than expected and the expenditure had been far lower than estimated in the past three years (i.e. 2009-10, 2010-11 and 2011-12)? If so, what are the details? If not, please give reasons.
- (e) It is mentioned in Matters Requiring Special Attention in 2012-13 under this Programme that financial consultants will be appointed to carry out financial appraisals as necessary. Will the Administration consider appointing financial consultants to give a more accurate forecast on revenue and expenditure in drafting the Budget? If so, what are the details? If not, please give reasons.

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

- (a) The estimated budget surplus/deficit is the result of deducting government expenditure from government revenue. The preparation of revenue and expenditure estimates is an extensive exercise involving staff in all policy bureaux and departments responsible for finances, personnel, administration and project management etc.
- (b) The preparation of revenue and expenditure estimates is part of a department's regular management duties. The resources required for these duties constitute part of a department's expenditure estimates and are reflected in the operational expenses of the relevant head of expenditure.

- (c) For the purpose of appraising staff performance, appropriate performance indicators are set for each rank in accordance with guidelines issued by the Civil Service Bureau. For staff members involved in the preparation of the estimates, their performance in this aspect will be appraised according to the indicators of their respective ranks.
- (d) Hong Kong is a small and open economy. Our tax base is narrow and the key revenue items are susceptible to fluctuations depending on the broader economic changes beyond Government's control. At the same time, we need to maintain public services and there is hence relatively little flexibility in adjusting our expenditure. These factors explain the variance in our fiscal outturn, despite the efforts to make forecasts based on information available at Budget time.
- (e) Every year in preparing the estimates, we draw on past experience and make assessments in the light of the prevailing social, economic and other relevant factors. We do not consider it necessary to appoint financial consultants for this purpose.

Signature: _____

Name in block letters: Stanley YING

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

Date: 24.2.2012

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

FSTB(Tsy)011

Question Serial No.

1357

Head: 147 Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch) Subhead (No. & title): 281 Air passenger departure tax

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding Programme (2), will the Administration advise this Committee that during the Estimates compilation and Budget preparation process for the year, whether the administrative costs involved in respect of the rates concession measure as mentioned in paragraph 59 of the Budget Speech for the tenements of commercial properties been evaluated? If so, what are the details? If not, what are the reasons?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

To explain the rates concession arrangements, the Rating and Valuation Department (RVD) will publish a pamphlet for attachment to the demand notes. The estimated expenditure for the pamphlets is around \$300,000. This expense covers all cases and RVD does not have separate estimates on the expenditure involved for commercial properties.

Signature: _____

Name in block letters: Stanley YING

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

Date: 28.2.2012

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

FSTB(Tsy)012

Question Serial No.

1360

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Are there any assessments on the number of cases and the amounts of profits tax reduced according to the proposal to reduce profits tax as mentioned in paragraph 41 of the Budget Speech for Cheung Kong (Holdings) Limited, Sun Hung Kai Properties Limited, Sino Land Company Limited, Henderson Land Development Company Limited, Chinachem Group, The Wharf (Holdings) Limited, Hutchison Whampoa Limited, Hang Lung Group Limited, Wheelock and Company Limited, as well as their subsidiary companies, affiliated companies and holding companies?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

In the 2012-13 Budget, the Financial Secretary has proposed a reduction of 75% of the final tax for the year of assessment 2011-12 in respect of profits tax, subject to a ceiling of \$12,000 per case. This proposed one-off reduction of profits tax is subject to the Legislative Council's approval of the relevant legislation. Due to the official secrecy provisions of the Inland Revenue Ordinance, we could not disclose any information on the amount of one-off profits tax reduction granted to individual taxpayers after enactment of the relevant legislation.

Signature: _____

Name in block letters: Stanley YING

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

Date: 28.2.2012

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

FSTB(Tsy)013

Question Serial No.

1361

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As regards this year's Estimates compilation and Budget preparation processes under Programme (2), will the Administration inform this Committee of whether assessment has been made on the effects of the tax reduction measures and rates concession of the Budget on the disparity between the rich and the poor and the Gini Coefficient? If so, what are the details? If not, what are the reasons?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

We consider that when drawing up the Budget we should take into account the overall social and economic development of Hong Kong as well as the needs of the community, instead of assessing only the impact of a particular measure on any specific indicator. In preparing this year's Budget, we have, as in the past years, acted responsively to the prevailing situations while adhering to the principles of "prudent management of public finances" and "spending where necessary". After taking into consideration the current fiscal conditions and making the best endeavour to accommodate the needs of all sectors of the community, we have introduced long, medium and short-term measures to ease the difficulties faced by the public at present and to invest for the future. In the face of the worsening external economic environment, a series of tax and rates concession measures have been proposed in this year's Budget with a view to alleviating the pressure of the economic downturn on the community.

Signature: _____

Name in block letters: Stanley YING

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

Date: 24.2.2012

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

FSTB(Tsy)014

Question Serial No.

1388

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As regards this year's Estimates compilation and Budget preparation processes under Programme (2), will the Administration inform this Committee of the following:

- (a) Has assessment been made on the effect of the entire 2012-13 Budget on the Gini Coefficient? If so, what are the details? If not, what are the reasons?
- (b) Has assessment been made on the effect of the measure of disbursement of \$6,000 in 2011-12 on the Gini Coefficient? If so, what are the details? If not, what are the reasons?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

We consider that when drawing up the Budget we should take into account the overall social and economic development of Hong Kong as well as the needs of the community, instead of assessing only the impact of a particular measure on any specific indicator. In preparing this year's Budget, we have, as in the past years, acted responsively to the prevailing situations while adhering to the principles of "prudent management of public finances" and "spending where necessary". After taking into consideration the current fiscal conditions and making the best endeavour to accommodate the needs of all sectors of the community, we have introduced long, medium and short-term measures, including the continuing increase in the recurrent expenditure on education, healthcare and social welfare, as well as a number of one-off relief measures, such as electricity charges subsidy, rates concession, rent payment for public housing tenants, waiver of business registration fee and reduction of salaries tax and profits tax. These measures aim to enhance the resilience of the public in coping with possible economic crisis. At the same time, they also provide support to individuals, enterprises and the entire economy, thereby safeguard job opportunities and help sustain Hong Kong's long-term development.

Signature: _____

Name in block letters: Stanley YING

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

Date: 24.2.2012

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

FSTB(Tsy)015

Question Serial No.

2012

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government has under-estimated the surplus in recent years when preparing the budgets. In this connection, will the Government earmark resources in 2012-13 for conducting a comprehensive review of the exercise so as to improve the accuracy in preparing the budgets and to achieve better planning for utilisation of public finances? If so, when will the review be conducted and what are the details? If not, what are the reasons?

Asked by: Hon. CHENG Kar-foo, Andrew

Reply:

Hong Kong is a small and open economy. Our tax base is narrow and the key revenue items are susceptible to fluctuations depending on the broader economic changes beyond Government's control. At the same time, we need to maintain public services and there is hence relatively little flexibility in adjusting our expenditure. These factors explain the variance in our fiscal outturn, despite the efforts to make forecasts based on information available at Budget time. Every year in preparing the estimates, we draw on past experience and make assessments in the light of the prevailing social, economic and other relevant factors.

Signature: _____

Name in block letters: Stanley YING

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

Date: 24.2.2012

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

FSTB(Tsy)016

Question Serial No.

1259

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

Programme: (1) Director of Bureau's Office
(2) Revenue and Financial Control
(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:

The revised estimates of expenditure in 2011-12 for these three Programmes are 1.7%, 4.4% and 3.5% higher than the original estimates respectively for this year. Please give the reasons for the increase and list the main work items for which additional expenditure was incurred.

Asked by: Hon. FANG Kang, Vincent

Reply:

The reasons for the increase are set out below:

Programme 1: The increase of 1.7% is mainly due to the additional requirement for personal emoluments

Programme 2: The increase of 4.4% is mainly due to the additional requirement for personal emoluments, air passenger departure tax administration fees and appointment of financial consultants, partly offset by the less than expected requirements for general departmental expenses

Programme 3: The increase of 3.5% is mainly due to the additional requirement for personal emoluments, partly offset by the less than expected requirement for general departmental expenses.

Signature: _____

Name in block letters: Stanley YING

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

Date: 29.2.2012

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

FSTB(Tsy)017

Question Serial No.

1260

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

Programme: (1) Director of Bureau's Office
 (2) Revenue and Financial Control
 (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:

In 2012-13 Estimates, the provisions for these three Programmes have further increased by 1.6%, 1.6% and 2.7% respectively as compared with their revised estimates for 2011-12. As pointed out by the Administration, it is due to additional requirements for general departmental expenses or personal emoluments for these Programmes. Please provide the details and the percentages of the increase in general departmental expenses and personal emoluments for these Programmes. However, it is also noted that, under the Details of Expenditure by Subhead on page 413, the estimate of the amount required in 2012-13 for the salaries and expenses of the Branch is lower than the revised estimate for 2011-12 but higher than the actual expenditure in 2010-11. Please explain why it is the case.

Asked by: Hon. FANG Kang, Vincent

Reply:

In 2012-13 Estimates, the provisions for the three Programmes have increased by 1.6%, 1.6% and 2.7% respectively as compared with their revised estimates for 2011-12. The percentage of increase of the major expenditure items attributable to the overall increased provisions for each of the three Programmes are appended below –

	Percentage of increase
Programme 1	
Personal emoluments	2.3%
General departmental expenses	1.3%
Programme 2	
Personal emoluments	2.5%
Air passenger departure tax administration fees	3.5%
Programme 3	
Personal emoluments	2.0%
General departmental expenses	7.1%

As stated in the Analysis of Financial Provision (page 410, Volume I of the Estimates), the provisions exclude the cash flow requirements for three one-off schemes: the electricity charges subsidy scheme for eligible residential accounts, the supplementary electricity charges subsidy scheme for eligible public housing tenants affected by redevelopment, major repair or improvement works and Scheme \$6,000. The three schemes do not fall under any of the above three Programmes. However, the provisions for these schemes are included in the Details of Expenditure by Subhead (page 413) in which we have explained that the fluctuation in the estimate of the amount required for the salaries and expenses of the Treasury Branch is due to the increased cash flow requirement for the electricity charge subsidy scheme and Scheme \$6,000 in 2011-12, and then a decrease in 2012-13.

Signature: _____

Name in block letters: Stanley YING

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

Date: 29.2.2012

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

FSTB(Tsy)018

Question Serial No.

1261

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

Programme:

- (1) Director of Bureau's Office
- (2) Revenue and Financial Control
- (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:

The total estimated expenditure of these three Programmes amounts to \$13,240 million. However, under Subhead 000 Operational expenses, the estimated expenditure is just \$154 million. Comparing the work under these three Programmes with previous ones, it is apparent that they are similar on the whole with some items even remaining the same throughout the years. In this connection, please tabulate the percentage of personal emoluments and other major expenditure items of these three Programmes.

Asked by: Hon. FANG Kang, Vincent

Reply:

As set out on page 412 of Volume I of the Estimates, the estimated operating recurrent expenditure under Head 147 for 2012-13 is \$202.5 million, covering *Subhead 000 Operational expenses* and *Subhead 281 Air passenger departure tax administration fees*, which contribute to the three programmes of the Treasury Branch. The estimated operating non-recurrent expenditure under *Subhead 700 General non-recurrent* is \$13,038 million, reflecting the cash flow requirements for three one-off schemes which do not fall under any of the three programmes. These are for the electricity charges subsidy scheme for eligible residential accounts, the supplementary electricity charges subsidy scheme for eligible public housing tenants affected by redevelopment, major repair or improvement works and Scheme \$6,000. The total estimated expenditure under Head 147 for 2012-13 is therefore \$13,240 million.

The percentage of personal emoluments and other major expenditure items of the three Programmes are tabulated below:

	Percentage
Programme 1	
Personal emoluments	36%
General departmental expenses	64%
Programme 2	
Personal emoluments	52%
Personnel Related Expenses	1%
Air passenger departure tax administration fees	35%

	Percentage
Appointment of financial consultants	1%
General departmental expenses	11%
Programme 3	
Personal emoluments	86%
Personnel Related Expenses	3%
General Departmental Expenses	11%

Signature: _____

Name in block letters: Stanley YING

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

Date: 29.2.2012

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

FSTB(Tsy)019

Question Serial No.

1262

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

Programme: (1) Director of Bureau's Office
(2) Revenue and Financial Control
(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:

In the Departmental Expenses under *Subhead 000 Operational expenses*, the provision for honoraria for members of committees is \$1,753,000. Please give a breakdown of such committees by name, amount of honoraria to be paid and the number of members in receipt of honoraria.

Asked by: Hon. FANG Kang, Vincent

Reply:

This is the Board of Review (Inland Revenue Ordinance) ("the Board") constituted under section 65 of the Inland Revenue Ordinance. At present, the Board is composed of one chairman, six deputy chairmen and 73 members. The amount of honoraria to be paid to members of the Board for 2012-13 is estimated to be \$1,753,000.

Signature: _____

Name in block letters: Stanley YING

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

Date: 27.2.2012

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

FSTB(Tsy)020

Question Serial No.

1263

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Analysis of Financial Provision that the provisions in the estimate for 2012-13 exclude the cash flow requirements for three one-off schemes (namely, the electricity charges subsidy scheme, the supplementary electricity charges subsidy scheme for eligible public housing tenants, and Scheme \$6,000). Please list the amount of funds required, their use and the departments/ Heads to which these three one-off subsidy schemes are charged.

Asked by: Hon. FANG Kang, Vincent

Reply:

The estimated expenditure of the three one-off subsidy schemes in 2012-13 are:

	2012-13 Estimate (\$ million)
Electricity charges subsidy scheme for eligible residential accounts	1,606
Supplementary electricity charges subsidy scheme for eligible public housing tenants affected by redevelopment, major repair or improvement works	1
Scheme \$6,000	11,431
Total	<hr/> 13,038

The expenditure of the three schemes is charged to Head 147 - Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch).

The purpose of the two electricity charges subsidy schemes is to ease inflationary pressure faced by households whereas Scheme \$6,000 aims at leaving wealth with people who are holders of valid Hong Kong Permanent Identity Card aged 18 or above.

Signature: _____

Name in block letters: Stanley YING

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

Date: 29.2.2012

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

FSTB(Tsy)021

Question Serial No.

0916

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

Programme: (1) Director of Bureau

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 respective provisions for emoluments of Secretary, Under Secretary and Political Assistant in 2012-13?

Asked by: Hon. HO Chun-yan, Albert

Reply:

The provisions in 2012-13 for the emoluments of the Secretary, Under Secretary and Political Assistant of the Financial Services and the Treasury Bureau are as follows :

	2012-13 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: 29.2.2012

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

FSTB(Tsy)022

Question Serial No.

1419

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

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 2009-10 and 2011-12:

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 not, why?

- 2) Are there any projects for which funds have been reserved for conducting consultancy studies 2012-13? 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 not, 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 2009-10, with details as follows:

- 1) 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.
- 2) In 2010-11, no expenditure was incurred for conducting financial consultancy studies.
- 3) In 2011-12, \$4.43 million has been earmarked for financial consultancy services. The amount earmarked includes the appointment of financial consultants to conduct a review on target rates of return for Government utilities and trading funds, and to advise the Government on the strategy to be taken in respect of its shareholding in Tradelink Electronic Commerce Limited.

In 2012-13, \$2 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.

Departments under the purview of the Financial Services and the Treasury Bureau (The Treasury Branch) did not commission any consultancy for the purpose of formulating and assessing policies and do not have such plan in 2012-13.

Signature: _____

Name in block letters: Stanley YING

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

Date: 24.2.2012

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

FSTB(Tsy)023

Question Serial No.

1166

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As regards Item 881 "Electricity charges subsidy for eligible residential accounts", will the Administration inform this Committee of the following:

- (a) As pointed out by some organisations that since the introduction of electricity charges subsidy, there has been a decline in public awareness on energy saving and an increase of electricity consumption. Has the Administration examined this issue when taking forward the proposal again in this year's Budget? If so, what are the outcomes?
- (b) Will the Administration consider introducing enhancement measures to encourage energy saving (for example, increasing the amount of subsidy of the account according to the magnitude of energy saving) while offering the subsidy so as to alleviate the public's burden on electricity charges without causing higher electricity consumption due to the subsidy granted?

Asked by: Hon. IP Wai-ming

Reply:

- (a) After considering past electricity consumption figures, we cannot establish a link between the electricity charges subsidy and electricity consumption. We believe that electricity consumption may be affected by multiple factors, and temperature is possibly one of them. For instance, the average electricity consumption per residential account in July 2009 when the electricity charges subsidy was provided was lower than that in July 2007 when no subsidy was given. According to the records of the Hong Kong Observatory, the average temperature in July 2009 was 0.5 degree Celsius lower than that in July 2007.

- (b) Providing subsidy on the basis of electricity consumption may not help promote energy saving, may not be fair and will easily cause controversies in implementation. Electricity consumption may be affected by many factors, such as the number of occupants, weather, the meter reading date, etc. There are situations which can lead to an increase or decrease in electricity consumption but are unrelated to whether a household is environmental conscious, e.g. going on a business trip, vacation, and addition/reduction of family members. Providing subsidy or adjusting the amount of subsidy on the basis of these changes may cause controversies and may not be fair. This year's Budget proposal to provide electricity charges subsidy aims to alleviate the pressure of economic downturn on our community and bring benefits to majority of the public.

Signature: _____

Name in block letters: Stanley YING

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

Date: 27.2.2012

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

FSTB(Tsy)024

Question Serial No.

1982

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Budget Speech (paragraph 59) proposes to grant a subsidy of \$1,800 to each residential electricity account. Currently, a large number of households living in sub-divided units use illegally installed electricity sub-meters. As only the owners of the main meters are billed, households living in sub-divided units may not be benefited from this measure. In what way will the Administration provide electricity subsidy to these households so that the provision for relief measures can be better utilised?

Asked by: Hon. LAU Sau-shing, Patrick

Reply:

Electricity charges subsidy will be credited to eligible registered residential accounts through the two electricity companies. Meters not registered with the two electricity companies will not receive the subsidy. In this year's Budget, the Financial Secretary has proposed a series of relief measures. These include a substantial increase in recurrent expenditure for the provision of recurrent services, including education, health and social welfare which are closely related to people's livelihood, as well as one-off measures and measures with effects over a number of years. Such measures should benefit the vast majority of the public.

Signature: _____

Name in block letters: Stanley YING

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

Date: 24.2.2012

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

FSTB(Tsy)025

Question Serial No.

0013

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:

Under this Subhead,

- (a) the original estimate for the appointment of financial consultants for 2011-12 is \$4 million and the revised estimate is \$4.43 million. What are the reasons for appointing financial consultants? Why has the provision increased substantially by more than 10% afterwards?
- (b) the estimated expenditure for the appointment of financial consultants in 2012-13 is \$2 million. What are the areas of work to be carried out by the consultants? Why is the provision required far less than that for 2011-12?

Asked by: Hon. LEUNG Kwan-yuen, Andrew

Reply:

- (a) In 2011-12, \$4.43 million has been earmarked for financial consultancy services. The amount earmarked includes the appointment of financial consultants to conduct a review on target rates of return for Government utilities and trading funds, and to advise the Government on the strategy to be taken in respect of its shareholding in Tradelink Electronic Commerce Limited. The increase in the provision in 2011-12 revised estimate as compared with the original estimate is mainly attributable to the higher than expected funding requirement for appointment of financial consultants.
- (b) In 2012-13, \$2 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 decrease in the provision in 2012-13 as compared with the 2011-12 revised estimate is mainly due to the completion of some consultancy studies in 2011-12.

Signature: _____

Name in block letters: Stanley YING

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

Date: 24.2.2012

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

FSTB(Tsy)026

Question Serial No.

0876

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary has all along in the past stressed the importance of being pragmatic in managing public finances and explained that as “keeping public expenditure at or below 20% of Gross Domestic Product (GDP)”. This year, however, he said that “we can go beyond this level on a need basis” (paragraph 210 of the Budget Speech). Public expenditure this year will be equivalent to 21.4% of GDP. In Appendix A to his speech, it is further forecast that public expenditure in terms of percentage of GDP will be increased to 22%.

What does it mean by “on a need basis”? The Financial Secretary said that in times of an economic downturn, counter-cyclical fiscal measures are to be adopted to alleviate people’s burdens and stimulate the economy. However, looking at the five Budgets by the Financial Secretary in his term of office, as well as the medium range forecast for the coming five years in Appendix A to this year’s Budget Speech, one will be puzzled at what counter-cyclical principle has been adopted.

Year	Public Expenditure in terms of Percentage of GDP	Percentage Change of Real GDP
2012-13	21.4%	1-3%(Forecast)
2011-12	20.6%	5%
2010-11	18.5%	6.8%
2009-10	19.0%	-2.5%
2008-09	19.9%	2.5%

I have always fought for increasing public expenditure, especially to cater for the needs of the disadvantaged. But I am also concerned about whether the Financial Secretary and the Administration have consistent governing principles and concepts. As such, will the Administration inform this Committee of the rationales for limiting public expenditure to below 20% of GDP in the past? What are the reasons, specific principles and indicators for going beyond this level?

Asked by: Hon. LEUNG Kwok-hung

Reply:

We believe that market mechanism is the most effective way to raise economic efficiency. To maintain Hong Kong's competitiveness, we aim to keep public expenditure in terms of our Gross Domestic Product (GDP) at 20% or below to avoid the public sector from using too much social resources, thereby hindering the development of the private sector. Depending on the economic and financial situations, however, we may increase expenditure and adopt a counter-cyclical fiscal policy on a need basis. For example, when GDP was forecast to contract by 2.5% in 2009, we adopted a counter-cyclical fiscal policy and put forward an expansionary budget. Hence, excluding expenditure items not having an immediate impact on the economy, public expenditure in terms of percentage of GDP increased from 16.7% in the 2008-09 Budget to 19.4% in the 2009-10 Budget. In four of the past ten years, public expenditure in terms of GDP exceeded 20%. For 2012-13, taking into account the proposed one-off measures and measures with an effect over a number of years, public expenditure in terms of GDP is estimated to be 21.4%.

Signature: _____

Name in block letters: Stanley YING

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

Date: 24.2.2012

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

FSTB(Tsy)027

Question Serial No.

2906

Head: 147 Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)

Subhead (No. & title): 700 General non-recurrent

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 grant each residential electricity account a subsidy of \$1,800. When will this subsidy be granted?

Asked by: Hon. LEUNG Kwok-hung

Reply:

The Budget this year proposes to further grant an electricity charges subsidy of \$1,800. We propose to provide each registered residential electricity account a monthly subsidy of \$150 for 12 months. We are discussing the details with the two electricity companies and will, in due course, seek funding approval from the Finance Committee of the Legislative Council for granting the new subsidy starting from 1 July 2012.

Signature: _____

Name in block letters: Stanley YING

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

Date: 24.2.2012

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

FSTB(Tsy)028

Question Serial No.

2913

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

When will the Government issue the refund cheques for the tax rebate?

Asked by: Hon. LEUNG Kwok-hung

Reply:

In the 2012-13 Budget, the Financial Secretary has proposed a reduction of 75% of the final tax for the year of assessment 2011-12 in respect of salaries tax, tax under personal assessment and profits tax, subject to a ceiling of \$12,000 per case. The proposed reduction is subject to the Legislative Council's approval of the relevant legislation. Upon enactment of the relevant legislation, the Inland Revenue Department will effect the reduction in the final tax assessment for the year of assessment 2011-12.

Tax assessments reflecting the reduction will be issued to taxpayers from the third quarter of 2012 onwards. If the provisional tax already paid by a taxpayer exceeds the amount of final tax payable (after reflecting the reduction) for that year of assessment and the provisional tax for the year of assessment 2012-13, the balance will be refunded to the taxpayer.

Signature: _____

Name in block letters: Stanley YING

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

Date: 28.2.2012

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

FSTB(Tsy)029

Question Serial No.

1892

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Over the past few years, the forecasts on the Government's fiscal surplus made by the Financial Secretary in his Budgets were not accurate. In view of this, has the Office of the Financial Secretary explored new measures or new forecasting methods for use by the next Financial Secretary so as to enhance the accuracy of the Government's forecasts on fiscal surplus?

Asked by: Hon. LEUNG Mei-fun, Priscilla

Reply:

Hong Kong is a small and open economy. Our tax base is narrow and the key revenue items are susceptible to fluctuations depending on the broader economic changes beyond Government's control. At the same time, we need to maintain public services and there is hence relatively little flexibility in adjusting our expenditure. These factors explain the variance in our fiscal outturn, despite the efforts to make forecasts based on information available at Budget time. We will draw on past experience for reference in preparing future estimates.

Signature: _____

Name in block letters: Stanley YING

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

Date: 24.2.2012

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

FSTB(Tsy)030

Question Serial No.

1893

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

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 "Scheme \$6,000" rolled out last year, would the Administration advise of the following:

- (a) As at 31 January this year, how many people had received the \$6,000 Government handout?
- (b) How much administration fees will Government pay to banks for each registration made for receiving the \$6,000 through bank accounts?
- (c) Further to the above question, as of end-January, what is the total amount of administration fees paid to major local banks by the Government for implementing the Scheme? What is the amount of administration fees received by each of these banks? Please tabulate the details in descending order.
- (d) Does the Government keep the data (such as address and bank account number) provided by registrants for receiving payment under the Scheme for speedier disbursement of payment in the future when the economic situation necessitates another cash handout?

Asked by: Hon. LEUNG Mei-fun, Priscilla

Reply:

- (a) As at 31 January 2012, payments were made to about 4.4 million eligible persons under Scheme \$6,000.
- (b) The service charge payable to banks for successful processing of registration is about \$15 per case. No fee is charged for registrations made through e-banking.
- (c) As at 31 January 2012, the Administration paid about \$48.21 million as service charges to banks participating in "Scheme \$6,000". The charges for all banks are calculated on the same basis as mentioned in (b) above and paid according to the quantity of registration forms processed. We do not consider it appropriate to provide details on the amount paid to each bank as such information is commercially sensitive.

- (d) Personal data collected under Scheme \$6,000 would be handled according to the requirements of the Personal Data (Privacy) Ordinance. Scheme \$6,000 is a one-off measure. It is hard to tell at this stage whether such information would be used again in future.

Signature: _____

Name in block letters: Stanley YING

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

Date: 24.2.2012

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

FSTB(Tsy)031

Question Serial No.

2204

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

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 856 "Scheme \$6,000", would the Administration advise of the following:

- (a) For those who have received the payment, the number of persons by age group and persons with special needs.
- (b) Among those who have received the payment, how many are resided on the Mainland or abroad, and how many need special arrangements for disbursement such as receiving the payment through the Correctional Services Department or through special arrangements made to cater for their needs?
- (c) Among the registrants, how many do not meet the eligibility criteria and what are the reasons? How many of them have applied for a review and, of these, how many cases are successful?
- (d) If at the end of the Scheme there is balance in the commitment under this item, how will it be handled?

Asked by: Hon. PAN Pey-chyou

Reply:

- (a) As at 15 February 2012, over 4.47 million people successfully registered under Scheme \$6,000. Among them, around 44 000 were persons with special needs. A breakdown by age group is set out as follows:

Batch	Year of Birth (Age)	Number of people who have received payment (million)
1	1946 or before (Aged 65 or above)	0.89
2	1947-1956 (Aged 55 to 64)	0.80
3	1957-1966 (Aged 45 to 54)	0.97

4	1967-1981 (Aged 30 to 44)	1.10
5	1982-1993 (Aged 18 to 29)	0.71
Total:		4.47

Payments were made to over 99% of the successful registrants.

- (b) As the registration arrangements for eligible persons in or outside Hong Kong are the same, we do not have a breakdown of persons to whom payment has been made by geographical location. Among those who have received payment, around 44 000 required special arrangements for registration and collection of payment, including around 42 000 cases in which an appointee or guardian appointed by the Social Welfare Department registered and received the payment on behalf of the registrant; over 1 000 cases from registrants who are physically immobile; over 500 cases in which the registrants are mentally unfit; and over 300 cases from registrants holding a Certificate of Exemption.
- (c) As at 15 February 2012, among registration forms which had been processed, there were about 8 000 cases in which the registrants did not meet the eligibility criteria because they did not hold a valid Hong Kong Permanent Identity Card and/or were under the age of 18. We received 138 applications for review, of which 89 cases were confirmed to be enquiries in nature rather than review. For the 18 completed review cases, five cases were accepted with payment made to the registrants, with the remaining 31 cases still under review.
- (d) If at the end of the Scheme there is any balance in the commitment under this item, it will be treated as Government's fiscal reserves.

Signature: _____

Name in block letters: Stanley YING

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

Date: 24.2.2012

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

FSTB(Tsy)032

Question Serial No.

2519

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

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", will the Administration explain the following:

- (a) Currently, are there any households that have not used up their electricity charges subsidies granted in 2008? If so, how many households are involved and what is the balance of the unused subsidies?
- (b) In last year's Budget, it was proposed that each residential electricity account would be granted a further subsidy of \$1,800, resulting in an increase in commitment by \$4.5 billion. What is the current balance of these funds? How many households have not used up their subsidies?
- (c) As there are many households that have not used up their subsidies, will the Administration extend the validity period of the subsidy?

Asked by: Hon. WONG Kwok-kin

Reply:

- (a) & (b) Further to the provision of electricity charges subsidy in 2008, the Government granted each registered residential electricity account a monthly electricity charges subsidy of \$150 from 1 July 2011 until June 2012. The subsidy credited to each account since 2011 will be combined with the unused subsidy provided in 2008 (if any) and maintained in the account to offset the electricity charges of that account. As we are currently providing a monthly subsidy, all residential electricity accounts in Hong Kong (about 2.5 million) are having subsidy for use. The current approved commitment for Item 881 "Electricity charges subsidy for eligible residential accounts" is \$13.3 billion and the balance of the commitment as at the end of January 2012 is about \$3 billion.

- (c) The Budget this year proposes to further grant an electricity charges subsidy of \$1,800. We are now discussing the details with the two electricity companies and will, in due course, seek funding approval from the Finance Committee of the Legislative Council so as to provide each registered residential electricity account a monthly subsidy of \$150 for twelve months, starting from 1 July 2012. The subsidy will be valid for three years, i.e. to expire on 30 June 2015. We will also propose to extend the validity of the current subsidy to the same date.

Signature: _____

Name in block letters: Stanley YING

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

Date: 27.2.2012

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

FSTB(Tsy)033

Question Serial No.

2520

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

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 856 "Scheme \$6,000", would the Administration advise of the following:

- (a) Of all the eligible persons, how many have received payment and how many not?
- (b) Of the \$27 billion in the 2011-12 revised estimate, how much is used for payment to the eligible persons? What is the amount of administration fees payable to the participating banks and the Hongkong Post? Please provide a breakdown of the expenses.
- (c) As there is a bonus of \$200 for eligible persons who register after 1 April 2012, has the Administration estimated the number of such registrants, and the amount of additional expenses to be incurred?

Asked by: Hon. WONG Kwok-kin

Reply:

- (a) The number of persons eligible under Scheme \$6,000 is estimated to be about 6.19 million. As at 15 February 2012, over 4.47 million people have successfully registered for the Scheme. The number of those who have not yet registered is estimated to be around 1.72 million.
- (b) Of the expenditure included in the 2011-12 revised estimate, it is estimated that \$27 billion is used for payment of \$6,000 to eligible persons, while \$55.71 million and \$9.1 million are earmarked for the payment of service charges to banks and the Hongkong Post respectively. A breakdown of the expenses is as follows:

- (i) Payment of \$6,000 to eligible persons:

Payment to 4.5 million eligible persons \$27 billion

Total: \$27 billion

- (ii) Payment of service charges to banks:

Processing registration forms \$53.22 million

Effecting payment through bank accounts \$1.41 million

Provision of extra staff and counter services for encashment of order cheques	\$1.08 million
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Total:	<u>\$55.71 million</u>
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(iii) Payment of service charges payable to the Hongkong Post:

Processing registration forms and provision of counter services for issue of order cheques	\$7.5 million
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Providing other supporting services	\$1.6 million
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Total:	<u>\$9.1 million</u>
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- (c) As set out in the proposal we submitted to the Finance Committee of the Legislative Council on 8 July 2011, we assumed that 20% of the eligible persons (i.e. 1.238 million persons) would choose to receive \$6,200. Taking into account the actual situation, we expect that about 4.5 million people will have registered under the Scheme when Stage 1 draws to a close on 31 March 2012. In other words, the remaining number of eligible persons who may register will be 1.69 million, which is 452 000 more than the original estimate and may bring about an additional expenditure of up to \$90.4 million. We have already reserved a contingency in the approved commitment to cater for such expenditure.

Signature: _____

Name in block letters: Stanley YING

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

Date: 24.2.2012

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

FSTB(Tsy)034

Question Serial No.

2521

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in *Matters Requiring Special Attention* in the coming year under this Programme that the Treasury Branch will “continue to support corporatisation or privatisation initiatives as they arise”. In this connection, will the Administration inform this Committee of the following:

- (a) The number of corporatisation or privatisation initiatives supported or handled by the Branch in the past three years, the details of such initiatives, the respective amounts of funds involved and whether such initiatives have actually been implemented;
- (b) The estimated number of corporation or privatization initiatives to be supported by the Branch in the coming year, the item(s) concerned and the estimated amount of expenditure, manpower and time involved.

Asked by: Hon. WONG Kwok-kin

Reply:

There was no initiative in relation to corporatisation or privatisation of Government assets handled by the Treasury Branch in the past three years. Currently, the Government has no plan for corporatisation or privatisation of its assets for 2012-13. The Treasury Branch will continue to provide support to such initiatives as and when they arise.

Signature: _____

Name in block letters: Stanley YING

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

Date: 24.2.2012

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

FSTB(Tsy)035

Question Serial No.

2522

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in *Matters Requiring Special Attention* in the coming year under this Programme that the Treasury Branch will “continue to the implementation of the Asset Sale and Securitisation Programme”. In this connection, will the Administration inform this Committee of the following:

- (a) The number of Asset Sale and Securitisation Programme(s) implemented in the past three years, the details of such Programme(s) and the respective amounts of funds involved;
- (b) The estimated number of Asset Sale and Securitisation Programme(s) to be studied by the Administration in the coming year, the details of such Programme(s) and the estimated amount of expenditure and manpower involved;
- (c) Besides conducting study on Asset Sale and Securitisation Programm(s), whether the Administration will conduct study on buying back assets so as to enable it to buy back assets with livelihood implication and of great public interest at suitable juncture. If so, what are the details of such study(s) and the amount of expenditure and manpower involved? If not, what are the reasons?

Asked by: Hon. WONG Kwok-kin

Reply:

- (a) In the past three years, the Government continued with the sale of civil servants' housing loans.
- (b) In 2012-13, we will continue with the sale of civil servants' housing loans. It is estimated that around \$111 million will be received from the sale of these loans. No additional resources will be required for the implementation of the programme for 2012-13.

- (c) In 2012-13, under Head 147, the Treasury Branch has no plan to conduct any studies on matters relating to buying back assets.

Signature: _____

Name in block letters: Stanley YING

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

Date: 24.2.2012

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

FSTB(Tsy)036

Question Serial No.

3226

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

During 2012-13, the Treasury Branch will continue to consider major investment and loan proposals. What are the details of the investment and loan proposals being considered as well as the timetable 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 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 2012-13, the Government has earmarked \$772 million under the LF to provide loans to non-profit-making post-secondary education providers for developing college premises, student hostels and teaching facilities. The Government's financial support for institutions for the above purposes is subject to the approval of the Finance Committee of the LegCo.

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: 24.2.2012

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

FSTB(Tsy)037

Question Serial No.

1315

Head: 106 Miscellaneous Services

Subhead (No. & title): 251, 789 & 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 \$32,938 million provided in the Estimate 2012-13, please provide a breakdown showing the aim, brief description, bureau and/or department involved, amount, respective policy area of the expenditure and advise under which paragraph of the Budget Speech the expenditure is referring to.
- (b) If similar provisions will be made under this head in future, would the Administration likewise provide the aforesaid information? If not, why not?
- (c) In respect of "Additional Commitments" totalling \$60,718 million provided in the Estimate 2011-12 and those items with additional provisions chargeable to other heads of expenditure were subsequently approved, please provide a breakdown showing brief description, bureau and/or department involved, head and sub-head, amount and respective policy area of the expenditure.

Asked by: Hon. CHAN Mo-po, Paul

Reply:

- (a) The provisions of \$1,199,000,000 under subhead 251 and \$31,739,000,000 under subhead 789 for Additional Commitments under Head 106 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 in the course of the financial year by the Finance Committee (FC) of the Legislative Council or by the Administration under authority delegated by FC. For some items, the amount required cannot be determined and allocated with precision at the time of Estimates preparation. All bureaux, departments and policy areas may be involved. Some of these expenditure items are mentioned in paragraphs 34 to 61, 125 to 153 and 163 to 193 of the Budget Speech.
- (b) The relevant information have already been set out in the Budget Speech and in the Estimates.

- (c) The provisions totalling \$60,713,000,000 in the 2011-12 Estimate for Additional Commitments under Head 106 were 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. 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 unless savings can be identified elsewhere. All bureaux, departments and policy areas may be involved.

The 2011-12 financial year will end on 31 March 2012. Up to 31 December 2011, supplementary provisions approved by FC and under delegated authority amounted to \$46.1 billion. Details are set out in papers seeking funding approval from FC or reporting changes made to the approved Estimates of Expenditure approved under delegated authority including FCR(2011-12)16, FCR(2011-12)18, FCRI(2011-12)8, FCR(2011-12)38, FCRI(2011-12)13, FCR(2011-12)51, FCR(2011-12)59 and FCRI(2011-12)16.

Signature: _____

Name in block letters: Stanley YING

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

Date: 24.2.2012

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

FSTB(Tsy)038

Question Serial No.

1800

Head: 184 Transfers to Funds

Subhead (No. & title):

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- (a) Please provide details on the projects approved and amounts involved under the Disaster Relief Fund in the past two years.
- (b) Have funds under the Capital Works Reserve Fund been allocated to any project? If yes, please specify the projects and the amounts involved.

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

- (a) Projects funded under the Disaster Relief Fund in 2010-11 and 2011-12 together with the amounts involved have been set out in pages 118 to 120 of Volume II of the Estimates.
- (b) The Capital Works Reserve Fund was set up to finance the public works programme, acquisition of land, capital subventions and major systems and equipment items. Projects funded and amounts involved are set out in pages 20 to 93 of Volume II of the Estimates.

Signature: _____

Name in block letters: Stanley YING

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

Date: 27.2.2012

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

FSTB(Tsy)039

Question Serial No.

0400

Head: 708 Capital Subventions and Major Systems and Equipment Subhead (No. & title):

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The revised estimate for Head 708 for the year 2011-12 concerning works completed, cancelled or curtailed is \$153,373,000. Please provide a breakdown of the projects which have been cancelled or curtailed and the reasons for that.

Asked by: Hon. SHEK Lai-him, Abraham

Reply:

The revised estimate of \$153,373,000 in 2011-12 for Head 708 projects grouped under "works completed, cancelled and curtailed" covers the expenditure of 58 projects with works completed in 2011-12, and that of one on-going project with spending in 2011-12 and 2013-14 but not in 2012-13. No project has been cancelled or curtailed in 2011-12.

Signature: _____

Name in block letters: Stanley YING

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

Date: 17.2.2012

**Government Buildings which have obtained the Second Highest Rating
or above under BEAM Assessment^{Note}**

Item	Name of Building/project	Rating
1	Public Records Office	Excellent
2	North Point Government Offices	Excellent
3	Public Health Laboratory Centre at Nam Cheong Street	Excellent
4	Science Park – Building 4a & 4b	Excellent
5	Science Park – Building 5	Excellent
6	Shatin Government Offices	Excellent
7	Science Park – Building 6	Excellent
8	Science Park – Building 7 & Building 8	Excellent
9	Science Park – Building 9	Excellent
10	Wanchai Police Headquarters, Phase III	Excellent
11	Cheung Sha Wan Government Offices	Excellent
12	Kowloon City Magistrates	Very Good
13	Fanling Magistrates Building	Very Good
14	New Territories South Police HQ	Platinum
15	Tsun Wen Road / Leung Shun Street Rehabilitation Complex, Tuen Mun	Gold
16	Radiotherapy Centre & Accident & Emergency Department, Princess Margaret Hospital	Platinum
17	Penny's Bay Fire Station, Ambulance Depot and Police Post Complex	Platinum
18	Independent Commission Against Corruption Headquarters	Platinum
19	Stanley Municipal Services Building	Platinum

Item	Name of Building/project	Rating
20	Residential Training Complex for Juveniles in Tuen Mun	Gold
21	Redevelopment of Staff Quarters for Establishment of Rehabilitation Block at Tuen Mun Hospital	Gold
22	Indoor recreation centre, community hall cum library in Area 17, Tung Chung, Lantau	Gold
23	Customs Headquarters Building at Tin Chiu Street, North Point	Platinum
24	Prince of Wales Hospital – Extension Block	Gold
25	Improvement of Facilities in Block B of Castle Peak Hospital for Relocation of Siu Lam Hospital	Gold

Note :

BEAM assessment method has been evolving over the years with different versions. For projects with applications for assessment submitted before 2003, the highest and the second highest ratings were “Excellent” and “Very Good” respectively. For projects submitted for assessment from 2003 onwards, the highest and the second highest ratings are “Platinum” and “Gold” respectively.

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

FSTB(Tsy)041

Question Serial No.

3374

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:

Currently, what is the number of government buildings and facilities that have not yet installed barrier-free features? How much resources will be allocated for retrofitting works to upgrade barrier-free features in the coming year? Please provide details of the work plans, the estimated expenditures and the time required for all government buildings and facilities to be furnished with barrier-free features in compliance with the requirements of the Design Manual.

Asked by: Hon. CHAN Tanya

Reply:

All new government buildings have been designed and constructed to provide barrier-free facilities according to the prevailing standards. For existing government buildings, using the Design Manual: Barrier-free Access 2008 published by the Buildings Department as the basis and with technical support provided by the Architectural Services Department (ArchSD), government departments have provided their retrofitting works requirements for 2 729 buildings and facilities which are frequented by members of the public and have been identified as priority targets for retrofitting. According to our schedule, the retrofitting works for approximately 2 500 buildings and facilities will be completed before 30 June 2012 and those for the remaining will be completed before 30 June 2014.

The estimated expenditures for these retrofitting works in 2011-12 and 2012-13 are \$100 million and \$261.6 million respectively. Apart from deploying existing staff, nine time-limited posts have been created in 2011-12, namely three posts comprising one Maintenance Surveyor, one Clerk of Works and one Assistant Clerk of Works for three years, and six posts comprising two Maintenance Surveyors, two Clerks of Works and two Assistant Clerks of Works for four years.

ArchSD will closely monitor these retrofitting works according to the target completion dates. The Labour and Welfare Bureau submits quarterly progress reports on the retrofitting programme to the Legislative Council Panel on Welfare Services – Subcommittee on Improving Barrier Free Access and Facilities for Persons with Disabilities.

Signature: _____

Name in block letters: K K LEUNG

Post Title: Director of Architectural Services

Date: 28.2.2012

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

FSTB(Tsy)044

Question Serial No.

1052

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 2012-13, the Architectural Services Department (ArchSD) will carry out retrofitting works to upgrade barrier-free features in existing government buildings and facilities. In this connection, please advise this Committee of the details and estimated expenditure.

Asked by: Hon. LAU Kin-ye, Miriam

Reply:

Using the Design Manual: Barrier-free Access 2008 published by the Buildings Department as the basis and with technical support provided by ArchSD, government departments have provided their retrofitting works requirements for 2 729 buildings and facilities which are frequented by members of the public and have been identified as priority targets for retrofitting. According to our schedule, the retrofitting works for approximately 2 500 premises will be completed before 30 June 2012 and those for the remaining will be completed before 30 June 2014. ArchSD will closely monitor the retrofitting works according to the target completion dates. The Labour and Welfare Bureau submits quarterly progress reports on the retrofitting programme to the Legislative Council Panel on Welfare Services – Subcommittee on Improving Barrier Free Access and Facilities for Persons with Disabilities.

The estimated expenditures for taking forward the retrofitting works to upgrade barrier-free features in existing government buildings and facilities under ArchSD's maintenance purview in 2011-12 and 2012-13 are \$100 million and \$261.6 million respectively.

Signature: _____

Name in block letters: K K LEUNG

Post Title: Director of Architectural Services

Date: 28.2.2012

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

FSTB(Tsy)046

Question Serial No.

0609

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:

It is mentioned under Matters Requiring Special Attention that the Administration will carry out retrofitting works to upgrade barrier-free features in existing government buildings and facilities. Will the Administration inform this Committee :

- (a) the number of existing government buildings and facilities that require the retrofitting works and their percentage in terms of all government buildings and facilities in the territories;
- (b) the estimated expenditure involved;
- (c) the timetable for implementation; and
- (d) the anticipated completion date of all the works. Will the Administration introduce interim measures to facilitate the disabled enter government buildings and facilities that have not yet installed barrier-free features?

Asked by: Hon. LEUNG Yiu-chung

Reply:

- (a)&(c) Using the Design Manual: Barrier-free Access 2008 published by the Buildings Department as the basis and with technical support provided by the Architectural Services Department (ArchSD), government departments have provided their retrofitting works requirements for 2 729 buildings and facilities which are frequented by members of the public and have been identified as priority targets for retrofitting. These premises account for about 47% of all premises under ArchSD's maintenance purview. According to our schedule, the retrofitting works for approximately 2 500 premises will be completed before 30 June 2012 and those for the remaining will be completed before 30 June 2014. ArchSD will closely monitor the retrofitting works according to the target completion dates. The Labour and Welfare Bureau submits quarterly progress reports on the retrofitting programme to the Legislative Council Panel on Welfare Services – Subcommittee on Improving Barrier Free Access and Facilities for Persons with Disabilities.

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

FSTB(Tsy)049

Question Serial No.

0870

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:

For anti-illicit-cigarette enforcement in 2011, there was an increase of 27% in the number of cigarettes seized while the number of seizure cases experienced a slight decrease when compared with the previous year. What was the reason?

Asked by: Hon. CHAN Kam-lam

Reply:

Shortly after the increase in the duty rate for tobacco in 2011, criminal syndicates attempted to stock up illicit cigarettes in order to boost sales, resulting in an increase in the number of cigarettes seized in each case in the first half of the year. However, illicit cigarette activities have been put under control following the Customs and Excise Department (C&ED)'s continuous enforcement actions. Therefore, the number of seizure cases for the whole year experienced a slight decrease when compared with 2010.

Signature: _____

Name in block letters: Clement Cheung

Post Title: Commissioner of Customs and Excise

Date: 24.2.2012

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

FSTB(Tsy)050

Question Serial No.

0871

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 2009 to 2011) and for 2012, what were the manpower and amount of expenditure involved or estimated to be required for combating illicit cigarettes? During 2009 to 2011, how many anti-illicit-cigarette operations were mounted each year and how effective were they?

Asked by: Hon. CHAN Kam-lam

Reply:

In 2003, the Customs and Excise Department (C&ED) set up the Anti-Illicit-Cigarette Investigation Division (the Division) with an establishment of 35 officers, including 1 Assistant Superintendent, 2 Senior Inspectors, 4 Inspectors, 4 Senior Customs Officers and 24 Customs Officers. In addition, C&ED has deployed manpower resources to provide support when necessary. C&ED also plans to create 15 posts this year to step up the monitoring of telephone and online ordering of illicit cigarettes.

The expenditures of the Division for 2009-10 and 2010-11 were \$9.91 million and \$10 million respectively. The estimated expenditures for 2011-12 and 2012-13 are \$10.63 million and \$15.06 million respectively. Between 2009 and 2011, C&ED detected 8 419, 6 308 and 9 106 illicit cigarette cases respectively. The numbers of cigarettes seized that involved local illegal activities were 58 million sticks, 47 million sticks and 71 million sticks respectively. Overall, illicit cigarette activities have been put under control following C&ED's continuous enforcement actions.

Signature: _____

Name in block letters: Clement Cheung

Post Title: Commissioner of Customs and Excise

Date: 24.2.2012

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

Reply Serial No.

FSTB(Tsy)051

Question Serial No.

2083

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 had been significant increases in the numbers of First Registration Tax cases detected as well as inspections and verifications of imported vehicles for payment of First Registration Tax carried out by C&ED in 2011. Please state the reasons.

Asked by: Hon. CHAN Kam-lam

Reply:

In 2011, the Customs and Excise Department (C&ED) detected 34 cases related to First Registration Tax, of which 29 cases involved only minor non-compliance incidents, for instance, failure to submit the Import Return within 30 days. Besides, as the number of imported vehicles had increased by 9% in 2011, C&ED has stepped up trader verification accordingly, resulting in an increase in the enforcement figures.

Signature: _____

Name in block letters: Clement Cheung

Post Title: Commissioner of Customs and Excise

Date: 24.2.2012

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

Reply Serial No.

FSTB(Tsy)052

Question Serial No.

2084

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 number of assessments of provisional taxable value on imported vehicles carried out by C&ED also increased from 58,000 cases in 2010 to 63,000 cases in 2011. What are the reasons?

Asked by: Hon. CHAN Kam-lam

Reply:

Since there was a rise in the number of applications for first registration for new vehicles, the number of assessments of provisional taxable value also increased correspondingly.

Signature: _____

Name in block letters: Clement Cheung

Post Title: Commissioner of Customs and Excise

Date: 24.2.2012

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

FSTB(Tsy)053

Question Serial No.

2085

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 Government's total revenue on First Registration Tax and the number of assessments of provisional taxable value on imported vehicles for each of the past 5 years?

Asked by: Hon. CHAN Kam-lam

Reply:

The revenue on First Registration Tax and the number of assessments of provisional taxable value on imported vehicles for the past 5 years are as follows -

	2007-08	2008-09	2009-10	2010-11	2011-12
Amount of First Registration Tax (\$'000)*	5,552,874	4,980,925	4,816,338	6,657,392	7,544,495 [^]
Notification of Provisional Taxable Value ⁺	53 821	44 034	42 918	60 620	64 465 [^]

* Data provided by the Transport Department

[^] Estimated figures

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

Signature: _____

Name in block letters: Clement Cheung

Post Title: Commissioner of Customs and Excise

Date: 24.2.2012

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

Reply Serial No.

FSTB(Tsy)054

Question Serial No.

2583

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

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please explain the situation of the sales activities involving illicit fuel in Hong Kong in recent years including 2011.

Asked by: Hon. CHAN Kam-lam

Reply:

Due to the waiver of the duty for Euro V diesel by the Government in July 2008 as well as effective enforcement actions by the Customs and Excise Department, sales activities involving illicit fuel have largely been brought under control.

Signature: _____

Name in block letters: Clement Cheung

Post Title: Commissioner of Customs and Excise

Date: 24.2.2012

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

FSTB(Tsy)055

Question Serial No.

2584

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 Customs and Excise Department in 2011 respectively? Is a more significant change in the expenditure estimated for 2012 in view of the actual circumstances and needs?

Asked by: Hon. CHAN Kam-lam

Reply:

The Customs and Excise Department (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 revised estimate for 2011-12 and the estimated expenditure for 2012-13 are both \$7.31 million. In 2011, C&ED detected 228 cases which involved smuggling and illegal sale of small amounts of petrol. The amount of duty involved in such cases was about \$410,000.

Signature: _____

Name in block letters: Clement Cheung

Post Title: Commissioner of Customs and Excise

Date: 24.2.2012

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

Reply Serial No.

FSTB(Tsy)056

Question Serial No.

0217

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 2009 to 2011) and for 2012, what were the manpower and amount of expenditure involved or estimated to be required for combating illicit cigarettes? How many anti-illicit-cigarette operations were mounted in the same period and how effective were they?

Asked by: Hon. CHEUNG Yu-yan, Tommy

Reply:

In 2003, the Customs and Excise Department (C&ED) set up the Anti-Illicit-Cigarette Investigation Division (the Division) with an establishment of 35 officers, including 1 Assistant Superintendent, 2 Senior Inspectors, 4 Inspectors, 4 Senior Customs Officers and 24 Customs Officers. In addition, C&ED will deploy manpower resources to provide support when necessary. C&ED is also planning to create 15 posts this year to step up the monitoring of telephone and online ordering of illicit cigarettes.

The expenditures of the Division for 2009-10 and 2010-11 were \$9.91 million and \$10 million respectively. The estimated expenditures for 2011-12 and 2012-13 are \$10.63 million and \$15.06 million respectively. Between 2009 and 2011, C&ED detected 8 419, 6 308 and 9 106 illicit cigarette cases respectively. The numbers of cigarettes seized that involved local illegal activities were 58 million sticks, 47 million sticks and 71 million sticks respectively. Overall, illicit cigarette activities have been put under control following C&ED's continuous enforcement actions.

Signature: _____

Name in block letters: Clement Cheung

Post Title: Commissioner of Customs and Excise

Date: 22.2.2012

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

FSTB(Tsy)057

Question Serial No.

0850

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:

In 2012-13, Customs & Excise Department will “take proactive action against smuggling activities through intelligence-based operations and closer co-operation with the Mainland authorities.” Regarding this, will the government advise the Committee on the following:

- (a) The details about smuggling of cigarettes in the past three years (2009-10, 2010-11, 2011-12)? Has the government evaluated the effects of the increase in tobacco duty proposed in the Budget of 2011-12 on the smuggling activities of cigarettes? If yes, what are the details? If no, what are the reasons? and
- (b) Is there any plan to combat the smuggling of cigarettes? If yes, what are the details and the estimated expenditure involved?

Asked by: Hon. LAM Tai-fai

Reply:

Between 2009 and 2011, the Customs and Excise Department (C&ED) detected 8 419, 6 308 and 9 106 illicit cigarette cases respectively. The numbers of cigarettes seized that involved local illegal activities were 58 million sticks, 47 million sticks and 71 million sticks respectively. Overall, illicit cigarette activities have been put under control following C&ED's continuous enforcement actions.

C&ED will strengthen the exchange of intelligence with Mainland enforcement agencies and jointly combat cross-boundary cigarette smuggling activities as appropriate. In 2003, C&ED set up the Anti-Illicit-Cigarette Investigation Division with an establishment of 35 officers, including 1 Assistant Superintendent, 2 Senior Inspectors, 4 Inspectors, 4 Senior Customs Officers and 24 Customs Officers. C&ED also plans to create 15 posts this year to step up the monitoring of telephone and online ordering of illicit cigarettes. The overall estimated expenditure is \$15.06 million.

Signature: _____

Name in block letters: Clement Cheung

Post Title: Commissioner of Customs and Excise

Date: 24.2.2012

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

FSTB(Tsy)058

Question Serial No.

0813

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 number of illicit cigarettes seized by the Customs and Excise Department (C&ED) increased significantly from about 71 million sticks in 2010 to about 90 million sticks in 2011 while there was a slight increase in the number of persons prosecuted for offences relating to illicit cigarettes from 2,108 in 2010 to 2,180. What was the reason? How many anti-illicit-cigarette enforcement operations were carried out by the Administration in 2010 and 2011 respectively? What were the major sources of the illicit cigarettes seized? Is it necessary to increase manpower and resources in 2012-13 to carry out anti-illicit-cigarette enforcement operations? If so, what will be the expenditure involved?

Asked by: Hon. WONG Kwok-kin

Reply:

Shortly after the increase in the duty rate for tobacco in 2011, criminal syndicates attempted to stock up illicit cigarettes in order to boost sales, resulting in an increase in the number of cigarettes seized in each case in the first half of the year. However, illicit cigarette activities have been put under control following the Customs and Excise Department (C&ED)'s continuous enforcement actions. As a result, the number of persons prosecuted for the whole year only experienced a slight increase. In 2010 and 2011, C&ED conducted numerous anti-illicit-cigarette enforcement operations, but there were no statistics on the actual number of operations conducted. In those two years, C&ED detected 6 308 and 9 106 illicit cigarette cases respectively whereas the numbers of cigarettes seized that involved local illegal activities were 47 million sticks and 71 million sticks respectively, most of which were smuggled into Hong Kong from the Mainland.

Apart from the existing establishment of 35 officers of the Anti-Illicit-Cigarette Investigation Division, C&ED will deploy manpower resources to provide support when necessary. C&ED also plans to create 15 posts this year to step up the monitoring of telephone and online ordering of illicit cigarettes. The estimated increase in expenditure is \$4.43 million.

Signature: _____

Name in block letters: Clement Cheung

Post Title: Commissioner of Customs and Excise

Date: 24.2.2012

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

FSTB(Tsy)059

Question Serial No.

2509

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 2012-13, the Customs and Excise Department will continue to step up efforts to combat illicit cigarettes activities. What measures will the Administration take to combat smuggling of illicit cigarettes in the coming year? Will it entail more manpower and resources?

Asked by: Hon. WONG Ting-kwong

Reply:

The Customs and Excise Department (C&ED) shall maintain full vigilance on the control points and the market with a focus on combating smuggling, storage and distribution of illicit cigarettes at source. C&ED will also proactively conduct inspections at street peddling black spots in all districts and step up publicity to remind the public that it is an offence to buy or sell illicit cigarettes.

In 2003, C&ED set up the Anti-Illicit-Cigarette Investigation Division with an establishment of 35 officers, including 1 Assistant Superintendent, 2 Senior Inspectors, 4 Inspectors, 4 Senior Customs Officers and 24 Customs Officers. C&ED also plans to create 15 posts this year to step up the monitoring of telephone and online ordering of illicit cigarettes. The overall estimated expenditure is \$15.06 million.

Signature: _____

Name in block letters: Clement Cheung

Post Title: Commissioner of Customs and Excise

Date: 24.2.2012

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

FSTB(Tsy)060

Question Serial No.

0867

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) What is the total value of the procurement contracts signed each year between the government and local recycling industry over the past five years (i.e. 2007-08, 2008-09, 2009-10, 2010-11, 2011-12)? What are the respective percentages of the total value of these contracts among that of the procurement contracts awarded?
- (b) Does the government plan to increase the proportion of such procurement? If yes, what is the plan? If not, what are the reasons?

Asked by: Hon. CHAN Kam-lam

Reply:

- (a) The products and services procured by the Government and the extent to which they may involve the recycling industry, irrespective of origin, differ from year to year.

The total value of contracts awarded by the Government Logistics Department (GLD) to local contractors on behalf of various bureaux/departments (b/ds) for the sale of used / unserviceable items and the supply of products with recycled content specifications for the past five years is as follows -

2007 - \$20 million

2008 - \$53 million

2009 - \$25 million

2010 - \$32 million

2011 - \$85 million.

We would like to point out that it is not easy to tell from a contract whether the execution of the contract would involve the recycling industry. It would therefore not be appropriate to compare the above figures with the total value of all contracts arranged by GLD.

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

There are established guidelines on the procurement of environment-friendly products for b/ds to follow when arranging the purchases. These guidelines include avoiding single-use disposable items and purchasing products with improved recyclability, higher recycled content, reduced packaging, greater durability and greater energy efficiency; utilising clean technology and/or clean fuels. Furthermore, the Environmental Protection Department has drawn up green specifications for items commonly procured by b/ds, and provided detailed guidelines to b/ds for implementation of the green procurement policy in their daily purchase of goods and services. Where green specifications for an item are available, subject to market availability and resource considerations, GLD would actively adopt the green specifications in arranging for purchases of the item concerned.

Signature: _____

Name in block letters: Miss Cheung Siu Hing

Post Title: Director of Government Logistics

Date: 28.2.2012

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

FSTB(Tsy)061

Question Serial No.

3171

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:

Does the Government Logistics Department take the environmental factors of suppliers (such as whether environment-friendly materials are used, whether the production process is environment-friendly and the impact on the environment from the disposal of the items) as the key considerations for selecting suppliers in the process of procurement? If yes, please provide the details. If not, what are the reasons?

Asked by: Hon. CHAN Tanya

Reply:

There are established guidelines on the procurement of environment-friendly products for bureaux/departments (b/ds) to follow when arranging the purchases. These guidelines include avoiding single-use disposable items and purchasing products with improved recyclability, higher recycled content, reduced packaging, greater durability and greater energy efficiency; utilising clean technology and/or clean fuels. Furthermore, the Environmental Protection Department has drawn up green specifications for products commonly procured by b/ds, and provided detailed guidelines to b/ds for implementation of the green procurement policy in their daily purchase of goods and services. Where green specifications for an item are available, subject to market availability and resource considerations, the Government Logistics Department would actively adopt the green specifications in arranging for purchases of the item concerned.

Signature: _____

Name in block letters: Miss Cheung Siu Hing

Post Title: Director of Government Logistics

Date: 28.2.2012

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

FSTB(Tsy)062

Question Serial No.

3172

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:

Does the Government Logistics Department give priority to social enterprises for the supplies of products and services in order to promote the development of social enterprise? If yes, please provide the details of the operation. If not, what are the reasons?

Asked by: Hon. CHAN Tanya

Reply:

The Government's procurement policy has always been guided by the principles of fair and open competition, transparency, public accountability and value for money. Giving preference to a particular sector or group is not in line with these policy objectives. The Government Logistics Department observes this policy in advising other Government bureaux/departments (b/ds) in formulating the specifications for procurement of goods and services, with a view to selecting the most advantageous offer which can best meet these b/ds' operational requirements and achieves the best value for money.

Signature: _____

Name in block letters: Miss Cheung Siu Hing

Post Title: Director of Government Logistics

Date: 29.2.2012

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

FSTB(Tsy)063

Question Serial No.

1674

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) The revised financial provision on procurement items of \$52.1 million for 2011-12 is more than the expenditure of \$44.4 million for 2010-11. Please provide the number of procurement items for the year concerned.
- (b) How many of these procurement items were purchased from environment-friendly suppliers in 2011-12? What is the price discrepancy between environment-friendly material and common material in general purchase?

Asked by: Hon. FANG Kang, Vincent

Reply:

- (a) The financial provision under Programme (1) is mainly for meeting operational expenses, including personal emoluments, personnel related expenses and other departmental expenses under this programme. The revised financial provision for 2011-12 under this programme is higher than the expenditure of \$44.4 million for 2010-11 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 handled in 2010 and 2011 was 510 and 449 respectively.

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

The Environmental Protection Department (EPD) has drawn up green specifications for products commonly procured by bureaux/departments (b/ds), and provided detailed guidelines to b/ds for implementation of the green procurement policy in their daily purchase of goods and services. Where green specifications for a product 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 product concerned.

The estimated value of contracts awarded by GLD for the purchase of products meeting EPD's green specifications for 2011 was \$ 631.73 million. The price difference between products meeting green specifications and products not meeting such specifications depends on a number of factors such as the type of product involved and market availability etc. It is difficult to make an across-the-board generalisation.

Signature: _____

Name in block letters: Miss Cheung Siu Hing

Post Title: Director of Government Logistics

Date: 28.2.2012

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

FSTB(Tsy)064

Question Serial No.

1328

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) Does the Government Logistics Department 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 procurement contracts signed between the government and local recycling industry over the past year? How many product items were purchased?

Asked by: Hon. IP Wai-ming

Reply:

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

There are established guidelines on the procurement of environment-friendly products for bureaux/departments (b/ds) to follow when arranging the purchases. These guidelines include avoiding single-use disposable items and purchasing products with improved recyclability, higher recycled content, reduced packaging, greater durability and greater energy efficiency; utilising clean technology and/or clean fuels. Furthermore, the Environmental Protection Department has drawn up green specifications for items commonly procured by b/ds, and provided detailed guidelines to b/ds for implementation of the green procurement policy in their daily purchase of goods and services. 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 item concerned.

In 2011, 83 procurement contracts awarded by GLD on behalf of various government departments involved products with green specifications. The estimated contract value was \$631.73 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.

- (c) The products and services procured by the Government and the extent to which they may involve the recycling industry, irrespective of origin, differ from year to year. In addition, it is not easy to tell from a contract whether the execution of the contract would involve the recycling industry. In 2011, the total value of contracts awarded by GLD to local contractors on behalf of various b/ds for the sale of used / unserviceable items and the supply of products with recycled content specifications was around \$85 million.

Signature: _____

Name in block letters: Miss Cheung Siu Hing

Post Title: Director of Government Logistics

Date: 28.2.2012

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

Reply Serial No.

FSTB(Tsy)065

Question Serial No.

0005

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, the estimated financial provision for 2012-13 is \$53 million. Would the government please advise:

- (a) It is indicated that a strategic approach will be adopted to achieve the best value of money in using the estimated financial provision. However, no environmental aspects are mentioned. Why?
- (b) Please explain whether environment-friendly materials will be given priority when inviting contractors to tender; and
- (c) What was the estimated expenditure on the purchase of environment-friendly products in 2011-12? What is the estimated expenditure in 2012-13?

Asked by: Hon. LEUNG Kwan-yuen, Andrew

Reply:

- (a)&(b) There are established guidelines on the procurement of environment-friendly products for bureaux/departments (b/ds) to follow when arranging the purchases. These guidelines include avoiding single-use disposable items and purchasing products with improved recyclability, higher recycled content, reduced packaging, greater durability and greater energy efficiency; utilising clean technology and/or clean fuels. Furthermore, the Environmental Protection Department has drawn up green specifications for products commonly procured by b/ds, and provided detailed guidelines to b/ds for implementation of the green procurement policy in their daily purchase of goods and services. 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 item concerned.

- (c) The estimated expenditure on the purchase of environment-friendly products in 2011 was \$631.73 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 referred to in (a)&(b) 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: 28.2.2012

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

FSTB(Tsy)066

Question Serial No.

0732

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:

Regarding "Matters Requiring Special Attention in 2012-13", what strategic approach to purchasing will be adopted to improve the overall value, quality and reliability of goods and services supplied? What are the differences between the previous strategic approach and the new one in respect of the procurement of information and communications technology items? What are the new measures involved? And what are the specific details, expenses and manpower involved in each measure respectively?

Asked by: Hon. TAM Wai-ho, Samson

Reply:

Over the years, the Government Logistics Department (GLD) has been adopting 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 and communications technology products.

The application of a strategic approach to procurement forms an integral part of GLD's ongoing procurement function. The expenditure and manpower involved are not separately accounted for.

Signature: _____

Name in block letters: Miss Cheung Siu Hing

Post Title: Director of Government Logistics

Date: 28.2.2012

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

FSTB(Tsy)067

Question Serial No.

0866

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:

For properties leased by the Government, what was the average rent per square foot in the past decade?

Asked by: Hon. CHAN Kam-lam

Reply:

The average monthly rents¹ of office accommodation leased by Government in the past decade are as follows:

Year (as at 31 December)	Average monthly rent (on an internal floor area basis)	
	\$ per square metre	\$ per square foot
2002	187	17
2003	162	15
2004	171	16
2005	186	17
2006	213	20
2007	223	21
2008	229	21
2009	226	21

¹ Including rents and the associated property management and air-conditioning charges.

Year (as at 31 December)	Average monthly rent (on an internal floor area basis)	
	\$ per square metre	\$ per square foot
2010	235	22
2011	252	23
Average monthly rent for the past decade	208	19

Signature: _____

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 28.2.2012

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

Reply Serial No.

FSTB(Tsy)068

Question Serial No.

1313

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:

For government sites and properties reviewed/under review for the purpose of optimising the utilisation of these sites/properties during the last 3 financial years, please list, by property type (e.g. residential, commercial, office, industrial, etc.) the site/floor areas, location, idle age and former usage of the property.

Asked by: Hon. CHAN Mo-po, Paul

Reply:

The Government Property Agency has reviewed 183 sites in the past three financial years (some sites have been reviewed in more than one year). Consolidated details of the reviewed sites by type are listed at Annex.

The objective to review government sites is to identify opportunities to optimise site potential. Amongst the 183 sites, there are some which are temporarily vacant with plan for disposal or have been earmarked for other long-term use; and some with dilapidated/unusable properties beyond cost-effective refurbishment and planned for demolition before redevelopment of the sites. These sites are not considered as idle.

Signature:

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 1.3.2012

Reviewed Sites by Type
in the Past Three Financial Years (up to December 2011)

<u>Property Type</u>	<u>No. of Sites</u>	<u>Use</u>	<u>Total Site Area</u> (m ²)	<u>Location</u>
Joint-user/ Departmental Accommodations	111	Office, community hall, market, multi-storey carpark, cultural centre, library, sports centre, etc.	2 000 000	Scattered over the 18 districts.
Quarters	15	Staff quarters	70 000	Central and Western, Islands, Kowloon City, Kwun Tong, Sai Kung, Sham Shui Po, Tai Po, Tuen Mun, Wan Chai and Wong Tai Sin.
Schools	21	Schools	100 000	Central and Western, Eastern, Kowloon City, Kwun Tong, North, Sham Shui Po, Southern, Sai Kung, Tuen Mun, Wan Chai, Yau Tsim Mong and Yuen Long.\
Others	36	Food/hawker bazaar, columbarium, Red Cross facilities, university hostels, etc.	800 000	Scattered over the 18 districts
Total:	183		2 970 000	

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

Reply Serial No.

FSTB(Tsy)069

Question Serial No.

3438

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:

Which properties does the Government plan to delease in 2012-13? What will be the savings in rental expenditure achieved by deleasing these properties?

Asked by: Hon. CHAN Tanya

Reply:

Having regard to the operational needs of the departments concerned and the terms of the relevant tenancy agreements, we plan to delease about 20 tenancies for premises mainly located in Admiralty, Wan Chai, Tung Chung and Kwun Tong in 2012-13. As Government still needs to negotiate with the landlords on the deleasing arrangements, we cannot provide the details of the properties concerned. Through the above deleasing, the estimated saving is about \$31 million per annum.

Signature:

Name in block letters:

Alan Siu

Post Title: Government Property Administrator

Date:

1.3.2012

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

FSTB(Tsy)070

Question Serial No.

3439

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:

Since building government offices in remote areas may help support the economic development of the communities there, will Government allocate resources in 2012-13 for studying the feasibility of building government offices in remote areas or even relocating the headquarters of some government departments to remote areas? If yes, what are the details? If no, what are the reasons?

Asked by: Hon. CHAN Tanya

Reply:

In determining the location for new government office buildings, Government will take into account various factors including the operational needs of departments, land supply, transport network of the districts concerned as well as the implications on delivery of public service. At present, there are 17 government joint-user buildings in remote areas, such as North District, Tai Po, Yuen Long, Tuen Mun, Mui Wo, Tai O and Peng Chau, to provide public service to the local residents.

It is Government's policy to relocate government offices with no specific location requirement out of the central business districts (CBD). Projects in the pipeline include relocation of the Water Supplies Department facility in Mong Kok to an industrial building in New Territories West and construction of the Trade and Industry Tower at the Kai Tak Development Area for reprovisioning departments in the Trade and Industry Department Tower in Mong Kok. For the phased relocation of the Wan Chai Government Office Compound, we have reserved sites in non-CBD, including sites in the New Territories, for reprovisioning the concerned departments.

Signature:

Name in block letters:

Alan Siu

Post Title: Government Property Administrator

Date:

1.3.2012

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

FSTB(Tsy)071

Question Serial No.

1384

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:

One of the main functions of the Government Property Agency under Programme (3) Estate Utilisation is to review under-utilised sites managed by government bureaux/departments. Will the Administration inform this Committee of the locations and areas of under-utilised sites over the past year?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

In 2011, the Government Property Agency found the following three sites under-utilised upon review:

	Site name	Site area (m²)
1.	Portion of ex-Perowne Barracks	112 922
2.	Ex-Lingnan College, Stubbs Road	17 185
3.	Old Cottage Hut, 180 Kwong Fuk Road, Tai Po	540

The above three sites had been handed over to the Lands Department for disposal or other purposes.

Signature: _____

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 28.2.2012

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

FSTB(Tsy)072

Question Serial No.

0663

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 stated in paragraph 84 of the Budget Speech, "This Council has also approved another funding of \$2.6 billion for the construction of the Trade and Industry Tower at the Kai Tak Development Area.... Also in the pipeline are the relocation of the Department of Justice to the Main and East Wings of the old Central Government Offices, development of a government office building in West Kowloon and the phased relocation of the departments in the three government office buildings at the Wan Chai waterfront." Would the Administration advise this Committee of the following:

- (a) the details about relocating the three government office buildings at the Wan Chai waterfront, including the location of the new site and the estimated area expected to be released for commercial use; and
- (b) the latest implementation timetable for relocation and the eventual release of land?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

- (a) We are taking steps to prepare for the relocation of the three government office buildings at the Wan Chai waterfront. Currently, we are liaising with the departments concerned to match the identified replacement sites with their respective reprovisioning requirements. In the matching process, we will take into account factors such as the operational needs of the departments and the implications on the delivery of public services. We are also examining the feasibility of relocating some departments through other proposed development projects in the pipeline (such as the West Kowloon Government Offices).

We have also earmarked two sites in the Kai Tak Development Area for the relocation project. Potential replacement sites identified include sites in non-Central Business Districts (CBDs) such as Tseung Kwan O.

- (b) As mentioned in the Budget Speech, there are a number of government office building projects in the pipeline (such as the relocation of the Department of Justice to the Main and East Wings of the old Central Government Offices and construction of the West Kowloon Government Offices) which seek to release office space in CBDs. In terms of project planning, these two projects are more advanced than the relocation of the government office buildings at the Wan Chai waterfront. Our current planning is to take forward these two projects in the next few years subject to availability of resources. As the relocation of the three government office buildings at the Wan Chai waterfront is a large-scale project involving 29 bureaux/departments and some 11 000 staff, we will implement the exercise by phases as and when appropriate.

Signature: _____

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 29.2.2012

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

Reply Serial No.

FSTB(Tsy)073

Question Serial No.

2035

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

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary announced in his Budget Speech that the Administration would increase land supply in response to the market's demand for residential sites. However, the media reported that only three staff of the Food and Environmental Hygiene Department (FEHD) were residing in the staff quarters of FEHD in Mong Kok, which covered about 40 000 square feet, reflecting that 95% of the units have been vacant for many years. Please advise on the number of government quarters with most units being vacant and details of resumption of such sites and their conversion plans.

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

Currently, there are no government quarters under the Government Property Agency's purview with most units being vacant.

Where there are surplus government quarters, the bureaux/departments concerned will, in accordance with the established procedures, explore alternative uses such as short-term lettings, sale or handing over the decanted quarters sites to the Lands Department for other long-term use. For the Food and Environmental Hygiene Department quarters in Mong Kok, the site concerned together with the neighbouring sites will be developed into a commercial property as announced in the 2012-13 Budget Speech.

Signature:

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 1.3.2012

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

Reply Serial No.

FSTB(Tsy)074

Question Serial No.

1471

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

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The numbers of government premises identified as having new commercialisation opportunities in 2011 (actual) and 2012 (estimate) are 18 and 15 respectively. What are the details of the above government premises in terms of locations, possible commercial purposes, estimated revenue and development plans?

Asked by: Hon. LEE Wai-king, Starry

Reply:

The Government Property Agency (Agency) identified the following 18 premises as having 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 Offices at Tamar
8. Proposed location 2 for ATM at Central Government Offices at Tamar
9. Proposed Government canteen at Central Government Offices at 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

Of the 18 government premises identified as having new commercialisation opportunities in 2011, two have been let out generating a total rental of around \$190,000 per month and seven others are under detailed feasibility study. The remaining cases could not be pursued because either the premises were subsequently found not feasible to be commercialised or there was no response to the tender invitation for letting out the premises.

The Agency expects the following 15 premises may have new commercialisation opportunities in 2012:

1. Advertising area at Mongkok Stadium
2. Advertising area on part of the columns and walls on Ground Floor of Queensway Plaza
3. Advertising area on the external walls of Kowloon Bay Sports Centre
4. Advertising area on the external walls of Ngau Tau Kok Market
5. Advertising area on the external walls of Po Kong Village Road Sports Centre
6. Advertising area on the external walls of Shun Lee Tsuen Sports Centre
7. Proposed ATM at Bowrington Road Market
8. Proposed ATM at Causeway Bay Market
9. Proposed ATM at Queen Elizabeth Stadium
10. Proposed ATM at Shun Lee Disciplined Services Quarters
11. Proposed ATM at Tai Po Government Offices
12. Proposed ATM at Tang Lung Chau Market
13. Proposed Automatic Vending Machine at Harbour Building
14. Shop C, 1/F, Passenger Terminal Building, Shenzhen Bay Port Hong Kong Port Area
15. Shop D, 1/F, Passenger Terminal Building, Shenzhen Bay Port Hong Kong Port Area

In taking forward new commercialisation opportunities identified in government premises, the Agency will closely examine the proposed commercial use in consultation with the concerned bureaux/departments (b/d) and users in the government buildings. Factors to be taken into account include the impact on the image and outlook of the government buildings, circulation, fire exits, fire services installations, as well as operation and maintenance of building facilities, etc.

As the commercialisation opportunities identified in 2012 are subject to further study in consultation with the concerned b/ds, we are unable to provide the estimated revenue at this stage.

Signature: _____

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 28.2.2012

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

Reply Serial No.

FSTB(Tsy)075

Question Serial No.

1472

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

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The numbers of government sites ready to be released for disposal, redevelopment or other purposes in 2011 (actual) and 2012 (estimate) are 4 and 6 respectively. What are the details of each of the sites in terms of locations, current uses, reasons for possible changes in land use, new uses, development plans and timetables?

Asked by: Hon. LEE Wai-king, Starry

Reply:

The following sites were handed over to the Lands Department in 2011 for disposal or other purposes:

1. Ex-Lingnan College, Stubbs Road
2. Ex-Wan Chai Police Married Quarters
3. Old Cottage Hut, 180 Kwong Fuk Road, Tai Po
4. Portion of ex-Perowne Barracks

The Government Property Agency plans to hand over the following sites to the Lands Department in 2012 for disposal, redevelopment or other purposes:

1. Ex-Hollywood Road Police Married Quarters
2. Ex-Lai Chi Kok Incineration Plant Staff Quarters, 3 Yuet Lun Street
3. Ex-Tin Wan Staff Quarters, Tin Wan Street
4. Ex-Tsz Wan Shan Staff Quarters, 57 Sheung Fung Street
5. Kwun Tong District Branch Offices Building
6. Tsuen Wan Transport Complex

The Lands Department or the bureaux/departments taking up the relevant sites will determine the future use and development plan of the respective sites.

Signature: _____

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 28.2.2012

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

Reply Serial No.

FSTB(Tsy)076

Question Serial No.

2260

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 as having new commercialisation opportunities in 2012? What are the details of each item?

Asked by: Hon. LEE Wai-king, Starry

Reply:

The Government Property Agency has assessed that for 2012, the following 15 government premises may have new commercialisation opportunities:

1. Advertising area at Mongkok Stadium
2. Advertising area on part of the columns and walls on Ground Floor of Queensway Plaza
3. Advertising area on the external walls of Kowloon Bay Sports Centre
4. Advertising area on the external walls of Ngau Tau Kok Market
5. Advertising area on the external walls of Po Kong Village Road Sports Centre
6. Advertising area on the external walls of Shun Lee Tsuen Sports Centre
7. Proposed Automatic Teller Machine (ATM) at Bowrington Road Market
8. Proposed ATM at Causeway Bay Market
9. Proposed ATM at Queen Elizabeth Stadium
10. Proposed ATM at Shun Lee Disciplined Services Quarters

11. Proposed ATM at Tai Po Government Offices
12. Proposed ATM at Tang Lung Chau Market
13. Proposed Automatic Vending Machine at Harbour Building
14. Shop C, 1/F, Passenger Terminal Building, Shenzhen Bay Port Hong Kong Port Area
15. Shop D, 1/F, Passenger Terminal Building, Shenzhen Bay Port Hong Kong Port Area

Signature: _____

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 28.2.2012

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

FSTB(Tsy)077

Question Serial No.

2266

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 said in paragraph 82 of the Budget that the Government would continue to reduce its leased office space in Central and Admiralty and the area of office premises leased was expected to be reduced from the present level of 4 300 square metres to 230 square metres in 2015. Please give a detailed account of the office premises currently leased by the Government in these two districts (name of department, leased location, leased area, monthly rent, management fee and miscellaneous expenses, length of lease and current use) and details of the plan for the annual reduction in the leased area between now and 2015.

Asked by: Hon. LEE Wai-king, Starry

Reply:

Currently, Government rents about 4 300m² office space in Central and Admiralty, the details of which are set out at Annex. We anticipate that the leased office space in these two areas will decrease to about 2 760m² by end 2012 in phases. We are also working on other relocation plans and expect to further reduce the leased office space to about 230m² in 2015.

Signature: _____

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 28.2.2012

Details of Leased Office Space in Central and Admiralty (as at January 2012)

District	Leased Location	Department	Use	Area (m²)	Length of lease (Year)	Monthly rent⁽¹⁾ (\$'000)
Central	Hong Kong Station, Airport Express	Hong Kong Police Force	Police reporting centre	69.0	49	183
	Hoseinee House	Hongkong Post	Post office	158.4	3	
Admiralty	Admiralty Centre	Financial Services and the Treasury Bureau ⁽²⁾	Office	1 239.0	3	2,013
		Department of Justice	Office	412.8	3	
		Land Registry ⁽³⁾	Office	270.8	3	
		Official Receiver's Office	Office	350.0	3	
	Lippo Centre	Financial Services and the Treasury Bureau	Office	346.9	3	
		Security Bureau	Office	226.7	2	
	United Centre	Financial Services and the Treasury Bureau	Office	263.1	3	
		Department of Justice	Office	936.8	2	

Notes:

- (1) As monthly rentals of individual leased premises are sensitive commercial information, only the total monthly rentals on a district basis are provided. The monthly rental figure includes the associated property management and air-conditioning charges.
- (2) This office has been relocated to the Central Government Offices at Tamar in end 2011. We will terminate the tenancy after completion of the necessary reinstatement works.
- (3) We plan to re-provision this office to government-owned accommodation in 2012.

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

FSTB(Tsy)078

Question Serial No.

1871

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:

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

- (a) What is the annual government expenditure on leasing office accommodation from landlords of private commercial buildings over the last three financial years?
- (b) What is the total area in square feet for office purpose that various government departments and policy bureaux are currently leasing from private office buildings? Which policy bureau or department occupies the largest area?
- (c) In the light of the completion of the Central Government Offices at Tamar, has the Administration worked out a timetable for government departments to gradually move out of the above private office premises to achieve rental savings? If yes, what is the timetable?

Asked by: Hon. LEUNG Mei-fun, Priscilla

Reply:

- (a) The annual gross rents¹ paid by Government for leasing office accommodation in the past three financial years are set out below:

Financial Year	Annual Gross Rent (\$ million)
2009-10	760
2010-11	753
2011-12 (Estimate)	769

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

- (b) Government is currently renting a total of around 190 000 square metres (or about 2.05 million square feet) of office space in private buildings for bureaux/departments. The Buildings Department takes up the largest leased floor area.
- (c) All concerned bureaux have moved into the Central Government Offices at Tamar by end 2011 as planned. We are deleasing their vacated offices to save rental expenses.

Signature: _____

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 28.2.2012

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

FSTB(Tsy)079

Question Serial No.

1878

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:

It is learnt that the staff quarters of the Food and Environmental Hygiene Department in Mong Kok, which cover an area of about 40 000 square feet, have been vacant for a long time with only a few staff residing there. Will the Administration inform this Committee:

- (a) of the current overall vacancy rate of government quarters;
- (b) of the annual expenditure incurred for the repairs, management and maintenance of these vacant quarters over the past three financial years; and
- (c) whether the Administration has any plan to review the future use of these vacant properties and the sites at which they are located?

Asked by: Hon. LEUNG Mei-fun, Priscilla

Reply:

- (a) In 2011, the vacancy rate of government quarters under the Government Property Agency (Agency)'s purview was 0.1%.
- (b) The Agency does not have a separate breakdown of the expenditure on the repairs, management and maintenance of these vacant quarters.
- (c) The bureaux/departments concerned will, in accordance with the established procedures, hand over decanted quarters sites to the Lands Department for exploring other long-term use in consultation with the Planning Department. For the Food and Environmental Hygiene Department quarters in Mong Kok, the site concerned together with the neighbouring sites will be developed into a commercial property as announced in the 2012-13 Budget Speech.

Signature: _____

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 28.2.2012

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

Reply Serial No.

FSTB(Tsy)080

Question Serial No.

1786

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

- (a) Please provide the names, leasing groups and rentals of the government properties let out by the Administration in 2011-12, as well as the names and anticipated rentals of the properties to be let out in 2012-13.
- (b) Please provide information on the government properties that have not been successfully let out in the past two years and the amount of rentals foregone as a result.

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

- (a) The Government Property Agency (Agency) successfully leased out in 2011-12 government properties as set out in Annex, together with ten hilltop radio base stations and 26 mobile radio base stations. These tenancies generated a total rental income of about \$46.9 million in 2011-12 (up to December 2011).

Tenants of these tenancies include private companies, individuals and non-governmental organisations. As the identity of tenants and rental of individual premises involve personal/sensitive commercial information, we cannot release such information.

In 2012-13, the Agency will continue to lease out government properties in accordance with the established policy with a view to optimising the use of government sites and properties. As we need to further examine the properties to be leased out in 2012-13 and the rentals to be charged will depend on the timing for putting up the properties for lease which will in turn vary with market conditions, such information is not available at this stage.

- (b) In the past two years, all government properties intended for leasing (not including those not put up for leasing because they were under repair and maintenance) were successfully leased out. There was no rental foregone.

Signature: _____

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 1.3.2012

Government Properties Leased Out in 2011-12

1. 8-10 Caldecott Road
2. 9 Tai Kok Tsui Road
3. 18 South Perimeter Road, Chek Lap Kok
4. 18 Willow Street
5. 111 Mount Butler Road
6. 121 Peak Road
7. 122 Pokfulam Road
8. Baguio Villa, 550 Victoria Road
9. Block E, Prince of Wales Hospital Staff Quarters
10. Broadcasting House, 30 Broadcast Drive
11. Central Government Offices, 2 Tim Mei Avenue
12. Central Police Station, 2 Chung Kong Road
13. Central Terminal Building, Central Pier No. 8
14. China Ferry Terminal
15. Correctional Services Department Staff Training Institute Staff Quarters, 47 Tung Tau Wan Road
16. Dills Corner Gardens, 193 Castle Peak Road
17. Electrical and Mechanical Services Department Headquarters, 3 Kai Shing Street
18. Elm Tree Towers, 8 Chun Fai Road
19. Ex-Discovery Bay Police Post Station Building, Remaining Portion of Lot No. 385 in DD 352 and the Extension thereto, Discovery Bay
20. Government Building within Tai Lam Correctional Institution Single Officers' Quarters, 108 Tai Lam Chung Road
21. Hong Kong Police College (Aberdeen), 18 Ocean Park Road
22. Hung Hom (North) Ferry Pier
23. Immigration Tower, 7 Gloucester Road
24. Kowloon City Ferry Pier
25. Kowloon West Regional Police Headquarters, 190 Argyle Street
26. Kwun Tong Community Centre, 17 Tsui Ping Road
27. Lo Wu Control Point Terminal Building
28. Lok Ma Chau Control Point Terminal Building
29. Macau Ferry Terminal
30. Mansfield Road Quarters, 2-11 Mansfield Road
31. Middle Road Multi-Storey Car Park Building, 15 Middle Road
32. North Point Government Offices, 333 Java Road
33. North Point (West) Ferry Pier
34. Oi Po House, Oi Tung Estate
35. Pedestrian Subway at Connaught Road Central
36. Revenue Tower, 5 Gloucester Road
37. Shun Lee Disciplined Services Quarters, 32 Lee On Road
38. Tin Shui Community Centre, Tin Shui Estate

39. Trade and Industry Department Tower, 700 Nathan Road
40. Tsing Chung Koon Road Government Quarters, 22-29 Tsing Chung Koon Road
41. Wanchai Tower, 12 Harbour Road
42. Yuen Long District Office Building, 269 Castle Peak Road

Remarks:

Units/facilities in the above properties were successfully let out in 2011-12. Some properties involve more than one tenancy (such as canteen, shop, quarter, carpark, advertising area, automatic teller machine, etc.) in each property.

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

FSTB(Tsy)081

Question Serial No.

1806

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 fourth item under Indicators, new allocation of owned office space to bureaux/departments is estimated to be 5 400m² in 2012. Please explain why there is a drop in the figure compared to the actual figures for 2011 and 2010.

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

With the completion of the Customs Headquarters Building in North Point and the Central Government Offices at Tamar in 2010 and 2011 respectively, the government-owned premises originally occupied by the Customs and Excise Department in various districts (such as Sheung Wan, Tsim Sha Tsui and North Point) and by bureaux in Central and Wan Chai could be released for re-allocation to other bureaux/departments (b/ds) in 2010 and 2011. As no large-scale government office project will be completed in 2012, there will be less new allocation of government-owned office space to b/ds compared to 2010 and 2011.

Signature: _____

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 28.2.2012

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

FSTB(Tsy)082

Question Serial No.

1807

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:

With regard to the renewals of leased office accommodation mentioned in the sixth item of the Indicators, there is an increase in the estimated figure in 2012 as compared with the figure in 2011. Why will there be such an increase in the renewals of leased office accommodation as many government departments have already been relocated to the Central Government Offices at Tamar in 2011-12?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

The space released by bureaux in government-owned premises [including the Central Government Offices (CGO) in Central] upon their relocation to CGO at Tamar has been earmarked for redevelopment/reprovisioning use, or for use by other government departments to cope with their operational needs. For the leased premises vacated by bureaux upon relocation to Tamar, the Government Property Agency (Agency) will arrange to terminate the tenancies by end 2012 to achieve releasing saving.

The 2012 figure on renewals of leased office accommodation reflects the space requirements of those departments with tenancies subject to renewal in 2012. The Agency will review the need to renew a tenancy when the lease is due to expire. The number of tenancies to be renewed each year and the total floor area involved upon renewal will depend on the operational needs of the departments concerned. Direct comparison of these annual figures may therefore not be meaningful.

Signature: _____

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 1.3.2012

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

FSTB(Tsy)083

Question Serial No.

1808

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

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The fourth item under Indicators concerns non-domestic premises. The estimated number of lettings in 2012 is 807, which is higher than the actual figure of 760 in 2011. For what reasons is the rental income in 2012 estimated to be \$501 million, amounting to a decrease of nearly \$168 million from the actual rental income of \$669 million in 2011?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

The actual rental income of \$669 million for non-domestic premises in 2011 included the one-off premium of \$202 million paid upfront for the new tenancy of Queensway Plaza which commenced on 30 January 2012. Discounting this one-off premium in 2011, the estimated rental income of \$501 million in 2012 is 7.3% (\$34 million) higher than the adjusted actual income of \$467 million in 2011.

Signature: _____

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 28.2.2012

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

FSTB(Tsy)084

Question Serial No.

0468

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 the following information:

	2012-13	2011-12	2010-11
Number of NCSC staff	()	()	()
Breakdown of positions held by NCSC staff			
Expenditure on salaries of NCSC staff	()	()	()
Monthly salary range 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 below \$5,824	()	()	()
• number of staff with monthly salary between \$5,824 and \$6,500	()	()	()
Length of service of NCSC staff			
• 5 years or longer	()	()	()
• 3 - 5 years	()	()	()
• 1 - 3 years	()	()	()
• less than 1 year	()	()	()
Number of NCSC staff converted to civil servants	()	()	()

	2012-13	2011-12	2010-11
Number of NCSC staff failed to be converted to civil servants	()	()	()
Percentage of NCSC staff among the total number of staff in the department	()	()	()
Percentage of staff cost on NCSC staff among the total departmental staff cost	()	()	()
Number of NCSC staff with remunerated meal break	()	()	()
Number of NCSC staff without remunerated meal break	()	()	()
Number of NCSC staff on five-day week	()	()	()
Number of NCSC staff on six-day week	()	()	()

() denotes percentage of increase or decrease per year

Asked by: Hon. WONG Kwok-hing

Reply:

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

	2012-13*	2011-12^	2010-11
Number of NCSC staff	-	9	10
Breakdown of positions held by NCSC staff			
• Leasing Manager	-	4	5
• Assistant Property Officer	-	4	4
• Senior Administrative Assistant	-	0	1
• Project Manager	-	1	0
Expenditure on salaries of NCSC staff	-	\$1,751,000	\$1,946,000
Monthly salary range of NCSC staff			
• \$30,001 or above	-	1	0
• \$16,001 - \$30,000	-	4	6
• \$8,001 - \$16,000	-	4	4
• \$6,501 - \$8,000	-	0	0
• \$5,001 - \$6,500	-	0	0
• \$5,000 or below	-	0	0
• number of staff with monthly salary below \$5,824	-	0	0
• number of staff with monthly salary between \$5,824 and \$6,500	-	0	0
Length of service of NCSC staff			
• 5 years or longer	-	0	0
• 3 - 5 years	-	3	2

	2012-13*	2011-12^	2010-11
• 1 - 3 years	-	3	2
• less than 1 year	-	3	6
Number of NCSC staff converted to civil servants	-	0	0
Number of NCSC staff failed to be converted to civil servants	-	0	0
Percentage of NCSC staff among the total number of staff in the department	-	4.2%	4.7%
Percentage of staff cost on NCSC staff among the total departmental staff cost	-	2.1%	1.9%
Number of NCSC staff with remunerated meal break	-	9	10
Number of NCSC staff without remunerated meal break	-	0	0
Number of NCSC staff on five-day week	-	8 [#]	10
Number of NCSC staff on six-day week	-	0	0

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 2011-12 only reflect the position as at 31.12.2011, these figures cannot compare with those of 2010-11 which show the position for the entire financial year.

One other NCSC staff works less than 5 days a week.

Signature: _____

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 28.2.2012

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

FSTB(Tsy)085

Question Serial No.

0493

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:

	2012-13	2011-12	2010-11
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	()	()	()
Breakdown of 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 monthly salary below \$5,824	()	()	()
• number of workers with monthly 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	()	()	()

	2012-13	2011-12	2010-11
Percentage of agency workers among the total number of staff in the department	()	()	()
Percentage of amount paid to employment agencies among the total departmental staff cost	()	()	()
Number of workers with remunerated meal break	()	()	()
Number of workers without remunerated 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 Government Property Agency has not engaged any employment agency for provision of services from 2010-11 to 2011-12 and has no plan to do so in 2012-13.

Signature: _____

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 28.2.2012

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

FSTB(Tsy)086

Question Serial No.

2939

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:

	2012-13	2011-12	2010-11
Number of outsourced service contracts	()	()	()
Total amount paid to outsourced service providers	()	()	()
Length of contract for each outsourced service provider	()	()	()
Number of outsourced workers engaged through outsourced service providers	()	()	()
Breakdown of 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 monthly salary below \$5,824	()	()	()
• number of workers with monthly salary between \$5,824 and \$6,500	()	()	()
Length of service of outsourced workers			
• 5 years or longer	()	()	()
• 3 - 5 years	()	()	()
• 1 - 3 years	()	()	()
• less than 1 year	()	()	()
Percentage of outsourced workers among the total number of staff in the department	()	()	()

	2012-13	2011-12	2010-11
Percentage of amount paid to outsourced service providers among the total departmental staff cost	()	()	()
Number of outsourced workers with remunerated meal break	()	()	()
Number of outsourced workers without remunerated meal break	()	()	()
Number of outsourced workers on five-day week	()	()	()
Number of outsourced workers on six-day week	()	()	()

() denotes percentage of increase or decrease per year

Asked by: Hon. WONG Kwok-hing

Reply:

The required information on the employment of “outsourced workers” in the Government Property Agency is as follows:

	2012-13	2011-12	2010-11
Number of outsourced service contracts	7 (-)	7 (-)	7
Total amount paid to outsourced service providers	\$233,109,000 (+5.6%)	\$220,650,000 (+10.1%)	\$200,438,000
Length of contract for each outsourced service provider	2 – 4 years	2 – 4 years	18 months – 4 years
Number of outsourced workers engaged through outsourced service providers	1 968 (-)	1 968 (+0.5%)	1 958
Breakdown of 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
Percentage of outsourced workers among the total number of staff in the department	*	928.3%	915.0%
Percentage of amount paid to outsourced service providers among the total departmental staff cost	*	202.2%	195.3%
Monthly salary range of outsourced workers	<p>Since employment particulars of staff employed by the outsourced service providers such as monthly salaries, length of service, number of working days per week and the provision or otherwise for remunerated meal breaks are not specified in the outsourced contracts, we</p>		
<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 monthly salary below \$5,824 			
<ul style="list-style-type: none"> ● number of workers with monthly salary between \$5,824 and \$6,500 			

	2012-13	2011-12	2010-11
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 	are unable to provide the information requested.		
Number of outsourced workers with remunerated meal break Number of outsourced workers without remunerated meal break			
Number of outsourced workers on five-day week Number of outsourced workers on six-day week			

() denotes percentage of increase or decrease per year

Remarks:

* Figures are not available at this stage as the total number of staff and total staff cost in the department may vary in the light of changing service and operational requirements.

Signature: _____

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 28.2.2012

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

FSTB(Tsy)087

Question Serial No.

1614

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 performance indicators, the actual number of sites released for disposal, redevelopment or other purposes in 2011 was 4. What are the details of their locations and actual uses? In addition, it is expected that 6 sites will be released for disposal, redevelopment or other purposes in 2012. What are the details of their locations, planned uses and the resources allocated to them?

Asked by: Hon. WONG Ting-kwong

Reply:

The following sites were handed over to the Lands Department in 2011 for disposal or other purposes:

1. Ex-Lingnan College, Stubbs Road
2. Ex-Wan Chai Police Married Quarters
3. Old Cottage Hut, 180 Kwong Fuk Road, Tai Po
4. Portion of ex-Perowne Barracks

The Government Property Agency plans to hand over the following sites to the Lands Department in 2012 for disposal, redevelopment or other purposes:

1. Ex-Hollywood Road Police Married Quarters
2. Ex-Lai Chi Kok Incineration Plant Staff Quarters, 3 Yuet Lun Street
3. Ex-Tin Wan Staff Quarters, Tin Wan Street
4. Ex-Tsz Wan Shan Staff Quarters, 57 Sheung Fung Street
5. Kwun Tong District Branch Offices Building
6. Tsuen Wan Transport Complex

The Lands Department or the bureaux/departments taking up the relevant sites will determine the future use of and the resources required for development of the respective sites.

Signature: _____

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 28.2.2012

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

Reply Serial No.

FSTB(Tsy)088

Question Serial No.

0864

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:

The Inland Revenue Department originally estimated the number of business registration applications and renewals in 2012-13 at 1 070 000, which was slightly lower than those of the previous year. Please provide reasons leading to such estimate. With the waiver now proposed for this year, how many business registration certificates are expected to be issued?

Asked by: Hon. CHAN Kam-lam

Reply:

The number of business registration applications and renewals in the 2011-12 financial year was on the high side as the Government had waived the business registration fees for 24 months from 1 August 2009 to 31 July 2011. Considering that the waiver had expired on 1 August 2011, it was originally estimated that the number of business registration certificates to be issued in the 2012-13 financial year would be slightly reduced to 1 070 000.

Since the 2012-13 Budget has proposed to waive business registration fees for the 2012-13 financial year, it is estimated that the number of business registration applications and renewals will increase during the year. The relevant figure will be reflected in the Controlling Officer's Report for the 2013-14 financial year.

Signature: _____

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 29.2.2012

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

Reply Serial No.

FSTB(Tsy)089

Question Serial No.

0868

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:

Please provide the numbers of tax avoidance cases (concerning individuals and companies respectively) completed by the Inland Revenue Department and the respective amounts of back tax and penalty assessed in each of the past 5 years (i.e. from 2007-08 to 2011-12).

Asked by: Hon. CHAN Kam-lam

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 5 financial years is as follows:

	2007-08	2008-09	2009-10	2010-11	2011-12 (Revised estimate)
No. of cases completed	188	218	206	234	226
Back tax and penalties assessed (\$million)	591	527	1,240	2,193	4,355*

* The anticipated amount of back tax and penalties assessed in the 2011-12 financial year is exceptionally high due to the settlement of several large tax avoidance cases.

IRD does not have statistical breakdown of individuals and companies on the number of audit cases completed.

Signature: _____

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 29.2.2012

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

FSTB(Tsy)090

Question Serial No.

0872

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:

In respect of the recovery actions taken by the Inland Revenue Department in the past 5 years, 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; and
- (c) the number of recovery cases not yet completed.(i.e. tax in default)

Asked by: Hon. CHAN Kam-lam

Reply:

(a) & (b)

Once a taxpayer defaults on tax payment, normally the Inland Revenue Department (IRD) will first impose a 5% surcharge on every overdue charge by issuing a 5% surcharge notice. If the taxpayer does not fully pay the tax 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 the financial years 2007-08 to 2011-12 (as at 31 January 2012), the statistics on the surcharge notices issued by the IRD for different tax types are as follows:

Types	5% surcharge			10% surcharge		
	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)
2007-08 financial year						
Profits Tax	10 800	70.6	1,412	2 900	57.5	548
Salaries Tax	128 500	82.6	1,652	9 700	29.2	278
Property Tax	12 600	5.8	116	1 100	1.3	12
Personal Assessment	11 900	5.2	104	1 000	3.3	31
Total	163 800	164.2	3,284	14 700	91.3	869
2008-09 financial year						
Profits Tax	12 500	103.5	2,070	2 400	60.7	578
Salaries Tax	131 800	83.8	1,676	5 800	18.6	177
Property Tax	11 800	4.6	92	900	1.2	12
Personal Assessment	11 300	4.2	84	800	3.5	33
Total	167 400	196.1	3,922	9 900	84.0	800

Types	5% surcharge			10% surcharge		
	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)
2009-10 financial year						
Profits Tax	11 800	95.84	1,917	2 600	104.62	996
Salaries Tax	151 300	93.70	1,874	6 700	34.06	324
Property Tax	17 400	8.08	162	900	0.68	7
Personal Assessment	7 800	4.45	89	700	2.48	24
Total	188 300	202.07	4,042	10 900	141.84	1,351
2010-11 financial year						
Profits Tax	14 300	77.35	1,547	3 000	42.90	409
Salaries Tax	147 100	92.63	1,853	7 100	24.85	237
Property Tax	15 900	8.53	171	1 300	2.04	19
Personal Assessment	11 800	4.41	88	600	1.05	10
Total	189 100	182.92	3,659	12 000	70.84	675
2011-12 financial year *						
Profits Tax	5 500	48.58	972	2 900	50.73	483
Salaries Tax	82 500	76.05	1,521	7 300	29.92	285
Property Tax	14 400	8.70	174	1 100	2.33	22
Personal Assessment	9 900	3.58	71	600	2.09	20
Total	112 300	136.91	2,738	11 900	85.07	810

* As at 31 January 2012

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 the financial years 2007-08 to 2011-12 (as at 31 January 2012), the numbers of cases for which IRD has taken recovery actions are as follows:

	2007-08 No. of cases#	2008-09 No. of cases#	2009-10 No. of cases#	2010-11 No. of cases#	2011-12* No. of cases#
Recovery Notices	97 410	96 005	105 855	102 293	52 491
Legal Proceedings	9 298	8 250	7 081	5 897	4 033

* As at 31 January 2012

IRD does not have statistical breakdown on tax recovery actions by tax types

(c)

As at 31 January 2012, the total amount of tax in default was \$10.5 billion, involving 187 800 charges.

Signature: _____

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 29.2.2012

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

FSTB(Tsy)091

Question Serial No.

1666

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

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In the past 5 financial years, how many tax returns in respect of profits tax, salaries tax, property tax and personal assessment were filed online? What are the respective percentages of these tax returns out of the total number of tax returns for each type of tax?

Asked by: Hon. CHAN Kam-lam

Reply:

In the past 5 financial years, the numbers and percentages of tax returns filed online are as follows:

Financial Year	Total number of tax returns filed online (% of the respective total tax returns)		
	Profits Tax Return*	Individual Tax Return**	Property Tax Return***
2007-08	Not applicable	139 000 (6.5%)	1 900 (1.5%)
2008-09	Not applicable	197 000 (9.3%)	3 000 (2.4%)
2009-10	Not applicable	248 000 (11.3%)	3 700 (2.9%)
2010-11	750 (0.2%)	283 000 (12.3%)	4 800 (3.1%)
2011-12 (as at 31.1.2012)	850 (0.3%)	326 000 (14.6%)	5 700 (3.9%)

* Starting from April 2010, small corporations and partnerships can file profits tax returns online.

** Including salaries income, property rental income from solely-owned properties and profits from sole proprietorship businesses as well as applications for personal assessment.

*** Property rental income from jointly-owned properties.

Signature: _____

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 29.2.2012

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

FSTB(Tsy)092

Question Serial No.

1667

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

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

How many applications for holding over of part or the whole of the provisional tax and paying tax by instalments were received in respect of profits tax, salaries tax and personal assessment in the previous 5 years? What are the respective percentages of these cases out of the total number of assessed cases for each type of tax? What are the respective amounts receivable involved?

Asked by: Hon. CHAN Kam-lam

Reply:

The Inland Revenue Department (IRD) does not keep statistics on applications for holding over of provisional tax and paying tax by instalments. It therefore cannot provide information on applications. However, IRD could provide statistics on approved cases. In the past 5 financial years, the statistics on approvals for holding over of provisional tax and paying tax by instalments and their respective percentages out of the total provisional tax charged and total tax assessed are as follows:

(i) Holding over of provisional tax:

Financial Year	Profits Tax			Salaries Tax		
	No. of demand notes	% of total demand notes	% of total provisional tax charged	No. of demand notes	% of total demand notes	% of total provisional tax charged
2007-08	4 200	3.6%	9.6%	32 600	2.7%	4.5%
2008-09	8 400	7.0%	19.0%	59 900	4.9%	15.6%
2009-10	7 100	5.5%	15.1%	47 600	3.8%	6.9%
2010-11	5 200	3.9%	12.3%	33 100	2.6%	4.9%
2011-12*	5 400	4.2%	10.9%	40 800	3.0%	5.7%

* As at 31 January 2012

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

(ii) Paying tax by instalments:

Financial Year	Profits Tax			Salaries Tax			Personal Assessment		
	No. of demand notes	% of total demand notes	% of total tax assessed	No. of demand notes	% of total demand notes	% of total tax assessed	No. of demand notes	% of total demand notes	% of total tax assessed
2007-08	2 020	1.7%	0.6%	8 660	0.7%	0.8%	710	0.4%	0.9%
2008-09	2 290	1.9%	1.3%	7 210	0.6%	1.0%	700	0.4%	1.6%
2009-10	2 090	1.6%	1.2%	7 550	0.6%	1.0%	690	0.6%	1.0%
2010-11	1 920	1.5%	0.6%	6 200	0.5%	0.6%	490	0.3%	0.7%
2011-12*	1 030	0.8%	0.3%	3 490	0.3%	0.3%	390	0.3%	0.4%

* As at 31 January 2012

Signature: _____

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 29.2.2012

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

FSTB(Tsy)093

Question Serial No.

3286

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:

For the past 5 financial years, please provide for each year the number of taxpayers benefited from the reduction of salaries tax and the percentage of salaries tax reduced in each salaries tax band.

Asked by: Hon. CHAN Kam-lam

Reply:

The Inland Revenue Department does not keep statistical breakdown by salaries tax bands the number of taxpayers benefited from the one-off reduction of salaries tax and the percentage of tax reduced. Therefore, the relevant information cannot be provided. The statistics on the numbers of taxpayers benefited from the one-off reduction of salaries tax and the percentages of tax reduced in the past 5 years of assessment are as follows:

Year of assessment	Reduction of salaries tax		Tax reduction below the ceiling		Tax reduction up to the ceiling		Total no. of taxpayers
	% of tax reduced	Ceiling	No. of taxpayers	% of tax reduced	No. of taxpayers	Average % of tax reduced	
2006-07	50%	\$15,000	1 025 000	50%	300 000	12%	1 325 000
2007-08	75%	\$25,000	1 125 000	75%	290 000	17%	1 415 000
2008-09	100%	\$8,000	755 000	100%	623 000	11%	1 378 000
2009-10	75%	\$6,000	811 000	75%	615 000	8%	1 426 000
2010-11*	75%	\$6,000	831 000	75%	671 000	8%	1 502 000

* As at 31 January 2012

Signature: _____

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 29.2.2012

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

Reply Serial No.

FSTB(Tsy)094

Question Serial No.

3287

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:

Please provide the estimated number of taxpayers who will benefit from the reduction of salaries tax and the estimated percentage of salaries tax reduced (i.e. the ceiling is 75%) in each salaries tax band under the new Budget.

Asked by: Hon. CHAN Kam-lam

Reply:

The Inland Revenue Department (IRD) has not estimated, with breakdown by salaries tax bands, the number of taxpayers to benefit from the one-off reduction of salaries tax and the percentage of salaries tax reduced. Hence, the relevant information cannot be provided.

It is proposed in the 2012-13 Budget that salaries tax for the year of assessment 2011-12 be reduced by 75%, subject to a ceiling of \$12,000. IRD estimates that the proposed measure will benefit 1.4 million salaries taxpayers (not including taxpayers under personal assessment), of which about 920 000 salaries taxpayers will have their salaries tax reduced by 75% whereas some 480 000 salaries taxpayers will each be granted with tax reduction at the ceiling of \$12,000.

Signature: _____

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 29.2.2012

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

Reply Serial No.

FSTB(Tsy)095

Question Serial No.

1318

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:

Why the target of processing profits tax return for business is set only at 80%? Does this mean that the rest of 20% will be handled in the next financial year? Is it due to the limitation of the existing resources? How many cases are outstanding for this category and what is the expected completion timetable for raising assessment on these outstanding cases?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

Under the "Assess First Audit Later" mechanism, tax returns will be screened for automated assessments by the computer system according to the pre-defined criteria. For tax returns which do not meet the criteria for automated assessments, they will be examined by assessing officers before assessments are made. Such cases in general are more complicated which require the seeking of further information from taxpayers or third parties. As it takes time to gather the relevant information, it may take several months or even longer to complete the processing and issue of assessments. The performance targets of the Inland Revenue Department (IRD) with regard to processing of profits tax returns are: 80% of assessments made within 9 months, 95% made within 12 months and the remaining within a further 3 months (namely, 15 months from the date of issue of tax returns). All along, IRD has been able to achieve the said performance targets.

Signature: _____

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 29.2.2012

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

FSTB(Tsy)096

Question Serial No.

1319

Head: 76 Inland Revenue Department

Subhead (No. & title): 000 Operating Expenses

Programme:

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What factors account for the 34.4% increase in the General Department Expenses from \$144,086,000 for the Revised Estimate of 2011-12 to \$193,649,000 for the 2012-13 Estimate?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

The General Departmental Expenses of the Inland Revenue Department (IRD) comprise mainly expenditures on printing service, postage, company and land search services, bank charge, computer-related expenses, fees for hiring services, professionals and temporary staff, expenditures for procurement of stores and equipment and other general administration expenses.

The anticipated increase in the General Departmental Expenses from \$144,086,000 for the Revised Estimate of the 2011-12 financial year to \$193,649,000 for the Estimate of the 2012-13 financial year is mainly attributable to the additional operating costs required to cope with the growing operational needs and increasing workload. The items that require additional provisions include printing service, procurement of office equipment, bank charge for tax assessment purpose, maintenance charge for existing and new equipment/services and information technology (IT) equipment and software, and employment of more contract IT staff to support the IRD's computer systems following the launch of new electronic services, including the new e-filing service for employer's return and the one-stop company and business registration service.

Signature: _____

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 29.2.2012

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

FSTB(Tsy)097

Question Serial No.

3318

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:

- (a) What were the amounts of expenditure for handling legal proceedings related to assessments in the past 3 years? What is the estimated expenditure in this respect in 2012-13?
- (b) Will resources be allocated in 2012-13 to conduct review on existing Inland Revenue Ordinance (IRO) and assessment guidelines, and to conduct consultation with people of the industrial and business sectors and the professionals with a view to further clarifying the IRO such that the numbers of objections and appeal cases filed by taxpayers could be reduced? If so, what are the details? If not, please provide reasons.

Asked by: Hon. CHAN Tanya

Reply:

- (a) The Inland Revenue Department (IRD) has not apportioned the funding provision to the handling of legal proceedings related to assessments. Hence, information on the relevant expenditure cannot be provided.
- (b) All along, IRD allocates resources according to service needs and work priorities in order to carry out its various responsibilities. IRD has published a series of Departmental Interpretation and Practice Notes (DIPNs) to provide guidance on application of the Inland Revenue Ordinance and the usual practices in carrying out the tax assessment functions. These DIPNs, which are updated from time to time, have been uploaded to the IRD's website to facilitate access by taxpayers and all sectors of the community. Up to now, IRD has issued 47 DIPNs. Moreover, taxpayers may be interested in certain advance rulings on taxation matters. To facilitate access by the public, IRD uploads these advance rulings as well as the regularly updated frequently asked questions to the IRD's website. The above measures could facilitate the public to have a better understanding of IRD's assessing criteria.

To maintain good communication with the accounting profession, IRD holds annual meetings with the Hong Kong Institute of Certified Public Accountants to exchange views on and discuss tax matters of common interest. The agreed minutes of the meetings are published on the website. IRD officers also attend seminars organized by accounting and taxation bodies from time to time to brief the sector on issues of concern and exchange views with accountants in private practice.

Furthermore, the Financial Services and the Treasury Bureau, in collaboration with IRD and other relevant policy bureaux, conducts reviews on the taxation system from time to time, taking into account and balancing the views from various parties as far as possible.

IRD will continue to allocate resources to carry out the aforesaid duties in the 2012-13 financial year. However, it has not apportioned the funding provision to this area of work. Hence, information on the relevant expenditure cannot be provided.

Signature: _____

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 29.2.2012

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

FSTB(Tsy)098

Question Serial No.

1355

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 numbers of refund cases under the indicators of that programme, could the Administration inform this Committee:

- (a) how many profits tax refund cases will be dealt with according to the Administration's estimate? How much administration expenditure will be involved?
- (b) how many of the above cases are connected with Cheung Kong (Holdings) Limited, Sun Hung Kai Properties Limited, Sino Land Company Limited, Henderson Land Development Company Limited, Chinachem Group, The Wharf (Holdings) Limited, Hutchison Whampoa Limited, Hang Lung Group Limited, Wheelock and Company Limited, and the subsidiary companies and holding companies of the aforesaid companies? What is the amount of profits tax refund involved?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

- (a) The numbers of tax refund cases processed under Programme (2) "Collection" in the 2011-12 and 2012-13 financial years are estimated to be 500 000 and 420 000 respectively, of which some 33 000 are profits tax refund cases each year. The Inland Revenue Department (IRD) has not apportioned the administration expenditure for handling refund cases by tax types. Hence, the relevant information cannot be provided.
- (b) The secrecy provision in the Inland Revenue Ordinance prohibits IRD from disclosing information of individual cases.

Signature: _____

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 29.2.2012

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

FSTB(Tsy)099

Question Serial No.

1798

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 the number of electronic payments for each type of tax last year (i.e. 2011-12).
- (b) Please show in the form of a table the increase/decrease in the numbers of people using electronic tax payment services for different tax types in the past 2 years.
- (c) Are there any promotion plans for electronic tax payments? What are the details? What is the estimated expenditure?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

- (a) In the 2011-12 financial year (as at 31 January 2012), 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 statistical 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 the 2010-11 financial year (as at 31 January 2011), there was an increase of 83 000 electronic tax payments in the 2011-12 financial year, representing an increase of about 6%.
- (c) To promote electronic tax payment services, IRD will continue to post notices in Chinese and English newspapers in December 2012 and March 2013 (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 \$200,000. 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: 29.2.2012

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

FSTB(Tsy)100

Question Serial No.

1799

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:

In respect of the recovery actions taken by the Inland Revenue Department in the past 2 years, 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); and
- (d) the ways to enhance the efficiency of recovery actions.

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

(a) & (b)

Once a taxpayer defaults on tax payment, normally the Inland Revenue Department (IRD) will first impose a 5% surcharge on every overdue charge by issuing a 5% surcharge notice. If the taxpayer does not fully pay the tax 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 the financial years 2010-11 and 2011-12 (as at 31 January 2012), the statistics on the surcharge notices issued by the IRD for different tax types are as follows:

Types	5% surcharge			10% surcharge		
	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)
2010-11 financial year						
Profits Tax	14 300	77.35	1,547	3 000	42.90	409
Salaries Tax	147 100	92.63	1,853	7 100	24.85	237
Property Tax	15 900	8.53	171	1 300	2.04	19
Personal Assessment	11 800	4.41	88	600	1.05	10
Total	189 100	182.92	3,659	12 000	70.84	675

Types	5% surcharge			10% surcharge		
	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)
2011-12 financial year *						
Profits Tax	5 500	48.58	972	2 900	50.73	483
Salaries Tax	82 500	76.05	1,521	7 300	29.92	285
Property Tax	14 400	8.70	174	1 100	2.33	22
Personal Assessment	9 900	3.58	71	600	2.09	20
Total	112 300	136.91	2,738	11 900	85.07	810

* As at 31 January 2012

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 the financial years 2010-11 and 2011-12 (as at 31 January 2012), the numbers of cases for which IRD has taken recovery actions are as follows:

	2010-11 No. of cases#	2011-12* No. of cases#
Recovery Notices	102 293	52 491
Legal Proceedings	5 897	4 033

* As at 31 January 2012

IRD does not have statistical breakdown on tax recovery actions by tax types

(c)

As at 31 January 2012, the total amount of tax in default was \$10.5 billion, involving 187 800 charges.

(d)

IRD adopts multi-pronged measures to promote, educate and remind taxpayers to pay tax on time and to enhance their understanding of tax obligations, particularly the tax obligations of employers and persons who plan to leave Hong Kong. Before commencement of each tax payment season, IRD will publish notices in various newspapers and insert a pop-up dialogue box in its website to remind taxpayers to pay tax on time. For eTax account holders, IRD would also send them e-Alert messages before their tax is due as a reminder to pay tax on time.

For taxes overdue, IRD will promptly take various recovery actions, including imposition of surcharges as mentioned above, issuance of recovery notices to employers, banks and other persons who owe money to or hold money for the tax defaulters, and the initiation of court proceedings. If a tax defaulter intends to depart or has departed from Hong Kong to reside elsewhere, the Commissioner of Inland Revenue may apply to the District Court for a "Departure Prevention Direction" to prevent the person from leaving Hong Kong.

Signature: _____

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 29.2.2012

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION****FSTB(Tsy)101**

Question Serial No.

0806

Head: 76 Inland Revenue Department Subhead (No. & title):Programme: (1) Assessing FunctionsControlling Officer: Commissioner of Inland RevenueDirector of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Regarding the Tax Reserve Certificates (TRCs) Scheme of the Inland Revenue Department, please provide:

- (a) the numbers and percentage shares of the taxpayers who purchased and used various types of TRCs as well as the amount of tax involved in the past 3 years;
- (b) whether promotion on TRCs has been made in recent years to encourage the public to pay tax in time. If yes, what are the details and the amount of expenditure involved?

Asked by: Hon. WONG Kwok-kinReply:

- (a) At present, there are two types of Tax Reserve Certificates (TRCs) issued by the Inland Revenue Department (IRD), namely ordinary TRCs and TRCs for "Conditional Standover Order". Taxpayers can purchase ordinary TRCs as savings for tax payment. Taxpayers are required to open electronic TRC accounts at the IRD in order to purchase such TRCs as savings for tax payment. TRCs for "Conditional Standover Order" are purchased by taxpayers who have lodged objections or appeals against assessments. The amounts of such TRCs so purchased should be equivalent to the amounts of tax stood over such that payment of tax payable upon settlement of the objections or appeals can be guaranteed.

As IRD does not keep statistics on the number of taxpayers involved in the sales and redemption of the two types of TRCs, the relevant information cannot be provided. For the past 3 financial years, statistics on the number of TRC accounts as well as sales and redemption of the aforesaid TRCs are as follows:

	As at 31 March 2010	As at 31 March 2011	As at 31 January 2012
No. of TRC accounts	16 820	17 240	17 280

Sales and Redemption :

Financial year	Types of TRCs	Sales		Redemption	
		No. of TRCs	Value (\$million)	No. of TRCs	Value (\$million)
2009-10	Ordinary	84 800	319	82 500	320
	Objection/Appeal	1 500	2,974	1 200	1,825
	Total	86 300	3,293	83 700	2,145
2010-11	Ordinary	85 700	341	85 800	330
	Objection/Appeal	1 500	3,071	1 600	2,740
	Total	87 200	3,412	87 400	3,070

Financial year	Types of TRCs	Sales		Redemption	
		No. of TRCs	Value (\$million)	No. of TRCs	Value (\$million)
2011-12 (as at 31.1.2012)	Ordinary	74 200	296	79 400	330
	Objection/Appeal	1 300	1,956	1 400	3,698
	Total	75 500	2,252	80 800	4,028

- (b) The Electronic TRCs Scheme offers various flexible ways for purchasing TRCs at anytime. The interest offered is comparable to that of bank deposits. Moreover, the auto payment service enables timely tax payment. To encourage and facilitate taxpayers to save for tax payment, IRD has been promoting the electronic TRCs service by providing the relevant information in pamphlets and on its website. As IRD has not apportioned funding provision to the above promotional exercise, the relevant information cannot be provided.

Signature: _____

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 29.2.2012

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

FSTB(Tsy)102

Question Serial No.

0807

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

Programme: (1) Assessing Functions
(2) Collection

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the services concerning electronic filing of tax returns and electronic payment of tax, please provide information for the past 3 years in relation to:

- (a) the numbers of the eTax accounts and the growth rate;
- (b) the numbers and percentage shares of the employees and employers filing tax returns electronically;
- (c) the numbers of persons paying tax electronically and the amounts involved; and
- (d) whether there were any strategies for promoting electronic filing and tax payment, and the expenditure involved.

Asked by: Hon. WONG Kwok-kin

Reply:

- (a) The numbers of eTax accounts and their growth rates for the past 3 financial years are as follows:

	No. of eTax accounts	Annual growth rate
As at 31 March 2010	286 000	31%
As at 31 March 2011	342 000	19%
As at 31 January 2012	404 000	18%

- (b) The numbers of employers' returns on employees' remuneration submitted electronically in the form of diskettes or CD-ROMs as well as the percentage shares of electronic returns to all such returns filed in the past 3 financial years are as follows:

Financial Year	No. of employers	Percentage shares
2009-10	49 600	14%
2010-11	48 600	14%
2011-12 (as at 31.1.2012)	47 300	17%

Besides, effective from August 2011, employers can file via internet notifications of employees' commencement / cessation of employment / leaving Hong Kong [Forms IR56E/F/G]. As at 31 January 2012, the Inland Revenue Department (IRD) received 1 658 such notifications submitted electronically, representing about 0.5% of the total number of the above-mentioned employers' notifications.

The eTAX of IRD provides a wide range of electronic services to individual taxpayers. Employees, sole proprietors and the sole owners of properties can all make use of the eTax services to submit their tax returns electronically. IRD does not have statistical breakdown on the number of employees filing tax returns through eTAX. Hence, the relevant information cannot be provided.

- (c) The numbers of electronic payments for “earnings and profits tax” and the amounts involved for the past 3 financial years are as follows:

Financial Year	No. of payments	Amount involved (\$million)
2009-10	1 400 000	27,500
2010-11	1 470 000	29,200
2011-12 (as at 31.1.2012)	1 380 000	31,000

IRD does not have statistics on the number of persons paying tax by electronic means.

- (d) IRD will continue to promote electronic filing and tax payment services in the 2012-13 financial year. 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. Before the normal due dates for salaries tax demand notes (i.e. December 2012 and March 2013), IRD will post notices in Chinese and English newspapers 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 \$600,000.

Signature: _____

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 29.2.2012

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

FSTB(Tsy)103

Question Serial No.

0808

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

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In respect of chargeable stamp duty, among the cases concerning sale and purchase of property processed by the Administration last year, how many of them involved collection of "Special Stamp Duty" and what was the amount of duty involved? Has the Inland Revenue Department increased its manpower and expenditure in order to cope with the work of collecting the Special Stamp Duty? If yes, what are the details?

Asked by: Hon. WONG Kwok-kin

Reply:

Among the stamp duty cases involving sale and purchase of residential properties processed by the Inland Revenue Department (IRD) in the 2011-12 financial year (as at 31 January 2012), 98 cases involved collection of Special Stamp Duty (SSD) and the total amount of SSD collected was \$29.62 million. All along, IRD allocates resources according to service needs and work priorities in order to carry out its various responsibilities. Similarly, IRD has handled the work of collecting SSD through staff redeployment. Hence, there is no need for IRD to increase its manpower and expenditure for this purpose.

Signature: _____

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 29.2.2012

**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION****FSTB(Tsy)104**

Question Serial No.

0809

Head: 76 Inland Revenue Department Subhead (No. & title):Programme: (1) Assessing FunctionsControlling Officer: Commissioner of Inland RevenueDirector of Bureau: Secretary for Financial Services and the TreasuryQuestion:

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 3 years of assessment 2008-09 to 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				
5,000,001-10,000,000				
10,000,001 and above				
Total				

Asked by: Hon. WONG Kwok-kinReply:

The numbers of companies (including corporations, sole proprietorship and partnership businesses) with assessable profits and the total profits tax assessed for the past 3 years of assessment (as at 31 January 2012) are as follows:

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

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	208 960	95.79%	9,677	12.40%
5,000,001-10,000,000	4 100	1.88%	4,515	5.78%
10,000,001 or above	5 080	2.33%	63,870	81.82%
Total	218 140	100%	78,062	100%

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

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	204 320	95.68%	9,495	11.52%
5,000,001-10,000,000	4 150	1.94%	4,546	5.52%
10,000,001 or above	5 080	2.38%	68,355	82.96%
Total	213 550	100%	82,396	100%

Year of Assessment 2010-11 (mainly assessed in the 2011-12 financial year)

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	188 890	94.69%	9,898	10.25%
5,000,001-10,000,000	4 580	2.29%	5,027	5.21%
10,000,001 or above	6 020	3.02%	81,629	84.54%
Total	199 490	100%	96,554	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: 29.2.2012

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

FSTB(Tsy)105

Question Serial No.

0338

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

Programme: (2) Collection and Billing of Rates and Government Rent

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please inform the Committee of the number of cases of non-payment of rates and/or Government rent, the total amount of arrears involved, the number of cases where legal actions were hence taken, the amount of legal costs incurred and the amount recovered in the past three years. Does the Administration have any plan to speed up the recovery of arrears in the coming year?

Asked by: Hon. CHAN Kam-lam

Reply:

The number of accounts and the total amount involved in arrears of rates and/or Government rent as at the end of the past three years are as follows:

Financial Year	No. of Accounts	Amount (\$million)
2009-10	31 800	113
2010-11	30 204	110
2011-12 (estimated figures)	31 400	112

The number of legal claims and the legal costs paid by the Rating and Valuation Department (RVD) in the past three years are as follows:

Financial Year	Number of Claims	Legal Costs (\$)
2009-10	14 274	322,723
2010-11	12 097	281,082
2011-12 (estimated figures)	8 750	190,000

The amounts recovered in the past three years are as follows:

Financial Year	Amount (\$million)
2009-10	115
2010-11	98
2011-12 (estimated figure)	95

In the coming year, RVD will continue to remind payers of their responsibility of timely settlement of rates and Government rent and the consequences of late payment. RVD will also review and enhance the Accounting and Billing System to speed up the recovery of arrears as appropriate.

Signature: _____

Name in block letters: MRS. MIMI BROWN

Post Title: Commissioner of Rating and
Valuation

Date: 28.2.2012

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

FSTB(Tsy)106

Question Serial No.

2082

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

Programme: (2) Collection and Billing of Rates and Government Rent

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With reference to the rates concession set out in the new Budget, please provide a breakdown of the estimated number of properties or accounts which stand to benefit from the relief measure by property types.

Asked by: Hon. CHAN Kam-lam

Reply:

A breakdown of the estimated number of properties by property types which will enjoy rates concession in 2012-13 is as follows -

Main property classes	Number of properties enjoying rates concession
Domestic	2 625 000
• Private domestic	1 674 000
• Public domestic ^{Note 1}	734 000
• Car parking spaces in domestic premises	217 000
Non-domestic	397 000
• Shops/Commercial	131 000
• Offices	75 000
• Industrial	102 000
• Miscellaneous non-domestic ^{Note 2}	89 000
Total	3 022 000

Notes:

- (1) Including Hong Kong Housing Authority and Hong Kong Housing Society rental units.
- (2) Including miscellaneous premises such as car parking spaces in non-domestic premises, hotels, cinemas, petrol filling stations and schools.

Signature: _____

Name in block letters: MRS. MIMI BROWN

Post Title: Commissioner of Rating and Valuation

Date: 2.3.2012

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

FSTB(Tsy)107

Question Serial No.

1353

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

Programme: (2) Collection and Billing of Rates and Government Rent

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the rates concession as announced in the Budget this year, would the Administration inform the Committee of :-

- (a) the estimated amount of administration expenses for rates concession?
- (b) the number of cases of rates concession? What are the number of cases that involve private domestic properties and non-domestic properties respectively?
- (c) the number of cases that reach the ceiling of rates concession with respect to private domestic properties and non-domestic properties?
- (d) the number of cases that involve Cheung Kong (Holdings) Limited, Sun Hung Kai Properties Limited, Sino Land Company Limited, Henderson Land Development Company Limited, Chinachem Group, Wharf (Holdings) Limited, Hutchison Whampoa Limited, Hang Lung Group Limited, Wheelock and Company Limited as well as their subsidiary companies and holding companies with respect to rates concession?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

- (a) The estimated amount of administration expenses for publishing pamphlets for attachment to the demand notes to explain the rates concession arrangements is around \$300,000.
- (b) For the 2012-13 financial year, around 3 million properties will benefit from the rates concession, of which about 1.7 million and 0.4 million are private domestic properties and non-domestic properties respectively.

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

FSTB(Tsy)108

Question Serial No.

1354

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

Programme: (2) Collection and Billing of Rates and Government Rent

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Would the Administration inform the Committee of :-

- (a) the amount of administration expenses for rates concession in the last year?
- (b) the number of cases of rates concession in the last year? What are the number of cases that involve private domestic properties and non-domestic properties respectively?
- (c) the number of cases that reach the ceiling of rates concession with respect to private domestic properties and non-domestic properties in the last year?
- (d) the number of cases that involve Cheung Kong (Holdings) Limited, Sun Hung Kai Properties Limited, Sino Land Company Limited, Henderson Land Development Company Limited, Chinachem Group, Wharf (Holdings) Limited, Hutchison Whampoa Limited, Hang Lung Group Limited, Wheelock and Company Limited as well as their subsidiary companies and holding companies with respect to rates concession in the last year?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

- (a) In 2011-12, the amount of administration expenses for publishing pamphlets for attachment to the demand notes to explain the rates concession arrangements was around \$290,000.
- (b) For the 2011-12 financial year, around 3 million properties have benefitted from the rates concession, of which about 1.7 million and 0.4 million are private domestic properties and non-domestic properties respectively.

- (c) For the 2011-12 financial year, the numbers of cases that have reached the ceiling of rates concession in respect of private domestic properties and non-domestic properties are about 0.38 million and 0.18 million respectively.
- (d) According to the Code on Access to Information, without prior consent from the ratepayers concerned, we are unable to disclose the information requested which will reveal the identity of the ratepayers. Moreover, we do not have records of subsidiary companies and holding companies.

Signature: _____

Name in block letters: MRS. MIMI BROWN

Post Title: Commissioner of Rating and Valuation

Date: 2.3.2012

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

FSTB(Tsy)109

Question Serial No.

1363

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

Programme: (2) Collection and Billing of Rates and Government Rent

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Would the Administration inform the Committee of :-

- (a) the number of cases of rates concession in 2010-2011? Among them, what is the number of cases that involve non-domestic properties? What is the amount of administration expenses?
- (b) the number of cases that reach the ceiling of rates concession? Among them, what is the number of cases that involve non-domestic properties?
- (c) the number of cases that involve properties owned by non-Hong Kong residents with respect to rates concession? Among them, what is the number of cases that reach the ceiling of rates concession?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

- (a) For the 2010-11 financial year, around 3 million properties benefitted from the rates concession, of which about 0.4 million were non-domestic properties involving \$1.62 billion of rates concessions. The amount of administration expenses for publishing pamphlets for attachment to the demand notes to explain the rates concession arrangement was around \$285,000.
- (b) For the 2010-11 financial year, the number of cases that reached the ceiling of rates concession was around 0.44 million, with 0.17 million of them being non-domestic properties.
- (c) The Rating and Valuation Department does not possess information about the identity of ratepayers and hence cannot ascertain whether they are Hong Kong residents.

Signature: _____

Name in block letters: MRS. MIMI BROWN

Post Title: Commissioner of Rating and Valuation

Date: 2.3.2012

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

FSTB(Tsy)111

Question Serial No.

2230

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

Programme: (1) Statutory Valuation and Assessments

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under the Revised Estimate for 2011-12, there are 2 390 000 assessments in the Valuation List for Rates at year end. What was the number of assessments per post? What was the average rate of increase in rateable values as revealed in the annual general revaluation conducted last year which updated the rateable values to take effect from 1 April 2012?

Asked by: Hon. LEE Wing-tat

Reply:

The Rating and Valuation Department handled 4 230 000 assessments in 2011-12 (including 2 390 000 assessments in the Valuation List and 1 840 000 assessments in the Government Rent Roll). The average output per post was about 7 733 assessments.

The average increase in rateable values for all property types resulting from the 2012-13 general revaluation is 10%.

Signature: _____

Name in block letters: MRS. MIMI BROWN

Post Title: Commissioner of Rating and Valuation

Date: 29.2.2012

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

FSTB(Tsy)112

Question Serial No.

1311

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 past, actual expenditure by policy area group was not normally disclosed in the government accounts or the annual budgets. Starting from financial year 2009-10, actual expenditure by policy area group are disclosed once annually in the Appendices to the Budget of the following financial year.

- (a) Are the aforesaid figures easily retrievable from the existing accounting and financial information systems? If not, why not? How much costs will be expected to achieve this purpose and what is the expected completion time?
- (b) Does the Administration have any plan to improve the transparency and accountability by disclosing these actual spending more frequently, for example in the quarterly government accounts and annual audited government accounts prepared on cash basis as well as the accrual-based consolidated financial statements?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

The analysis of actual expenditure by policy area group is not readily retrievable from the existing accounting and financial information systems of the Government. To produce the analysis would require input from all bureaux/departments (b/ds) in apportioning and allocating the actual expenditure recorded in the system to individual policy area groups, and it would take time for b/ds to compile such input. Currently, b/ds are required to review annually the parameters for apportionment and allocation of expenditure to reflect changes in service priorities and resources deployment.

In view of the significant efforts involved in producing the analysis, we consider that the existing arrangement of providing the analysis on an annual basis in the appendices to the Budget as well as in the accrual-based consolidated financial statements appropriate and adequate. We have no plan to provide the analysis in the quarterly and annual cash-based financial statements as these statements mainly serve to demonstrate that moneys have been paid within the limits and ambits approved by the Legislative Council and to satisfy the statutory requirement for the production of statements of receipts and payments.

Signature: _____

Name in block letters: Mrs Lesley Y C WONG

Post Title: Director of Accounting Services

Date: 28.2.2012

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

FSTB(Tsy)113

Question Serial No.

1312

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:

- (a) Were the actual and target rates of investment return for the 8 funds as mentioned in Pages 896-7 exclusive of the commission and expenses? If not, what is the net return for each of the said funds for the financial years from 2009-10 to 2012-13?
- (b) Are the 8 mentioned funds adopting the same investment objectives and using the same target rate?
- (c) Are the 8 mentioned funds currently under the supervision of the same officers in the Treasury?
- (d) If they are under the same management with the same investment objectives, are the funds pooled together or kept under separate accounts?
- (e) If the said funds are under the same management but are kept under separate accounts, will it be better to pool them together for ease of monitoring and saving of management costs? If not, why not?

Asked by: Hon. CHAN Mo-po, Paul

Reply:

- (a) The actual and target rates of investment return for the Subsidized Schools Provident Fund and the Grant Schools Provident Fund as set out in Page 897 of the Estimates Volume IB are net of administrative fees and expenses.
- (b) Each of the eight funds mentioned in Page 897 of the Estimates Volume IB has its own investment objective, which is set by the respective investment committee having regard to its fund size, spending requirements and cash flow needs. Accordingly, their target rates of investment return are not the same.

(c) to (e) The eight funds are currently managed by the Provident Funds Branch of the Treasury. Since each fund has its own governance arrangement, investment objective and mandate, it is not appropriate nor practicable to pool the funds together for investment.

Signature: _____

Name in block letters: Mrs Lesley Y C WONG

Post Title: Director of Accounting Services

Date: 28.2.2012