

Index Page

Replies to initial written questions raised by Finance Committee Members in examining the Estimates of Expenditure 2015-16

Director of Bureau : Secretary for Financial Services and the Treasury

Session No. : 5

File Name : FSTB(Tsy)-2-e1.doc

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
FSTB(Tsy)001	1692	CHAN Hak-kan	25	(2) Facilities Upkeep
FSTB(Tsy)002	0417	TIEN Pei-chun, James	25	(2) Facilities Upkeep
FSTB(Tsy)003	0267	LAU Wong-fat	28	(6) Air Passenger Departure Tax Administration
FSTB(Tsy)004	0387	WONG Kwok-hing	31	(4) Revenue Protection and Collection
FSTB(Tsy)005	1271	WONG Ting-kwong	31	(4) Revenue Protection and Collection
FSTB(Tsy)006	1325	YICK Chi-ming, Frankie	31	(4) Revenue Protection and Collection
FSTB(Tsy)007	1326	YICK Chi-ming, Frankie	31	(4) Revenue Protection and Collection
FSTB(Tsy)008	1697	CHAN Hak-kan	51	(3) Estate Utilisation
FSTB(Tsy)009	3190	CHAN Kam-lam	51	(1) Acquisition and Allocation
FSTB(Tsy)010	3095	FUNG Kin-kee, Frederick	51	(1) Acquisition and Allocation
FSTB(Tsy)011	1867	LEE Wai-king, Starry	51	(1) Acquisition and Allocation
FSTB(Tsy)012	0412	TIEN Pei-chun, James	51	(1) Acquisition and Allocation
FSTB(Tsy)013	1894	TIEN Pei-chun, James	51	(1) Acquisition and Allocation
FSTB(Tsy)014	1895	TIEN Pei-chun, James	51	(3) Estate Utilisation
FSTB(Tsy)015	1942	TO Kun-sun, James	51	(1) Acquisition and Allocation
FSTB(Tsy)016	2568	TONG Ka-wah, Ronny	51	(1) Acquisition and Allocation
FSTB(Tsy)017	2569	TONG Ka-wah, Ronny	51	(1) Acquisition and Allocation
FSTB(Tsy)018	1138	TSE Wai-chuen, Tony	51	(1) Acquisition and Allocation
FSTB(Tsy)019	1139	TSE Wai-chuen, Tony	51	(1) Acquisition and Allocation
FSTB(Tsy)020	1278	WONG Ting-kwong	51	(1) Acquisition and Allocation

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
FSTB(Tsy)021	1280	WONG Ting-kwong	51	(3) Estate Utilisation
FSTB(Tsy)022	2639	WU Chi-wai	51	(2) Property Management
FSTB(Tsy)023	3183	WU Chi-wai	51	(1) Acquisition and Allocation
FSTB(Tsy)024	2348	CHAN Chi-chuen	59	(4) Printing Services
FSTB(Tsy)025	3153	LEUNG Kenneth	59	(1) Procurement (2) Supplies Management
FSTB(Tsy)026	0527	LEUNG Yiu-chung	59	(3) Land Transport
FSTB(Tsy)027	1101	LO Wai-kwok	59	(1) Procurement
FSTB(Tsy)028	1893	TIEN Pei-chun, James	59	(3) Land Transport
FSTB(Tsy)029	1127	TSE Wai-chuen, Tony	59	(3) Land Transport
FSTB(Tsy)030	1652	CHAN Kam-lam	76	(3) Investigation and Field Audit
FSTB(Tsy)031	1032	CHEUNG Wah-fung, Christopher	76	(3) Investigation and Field Audit
FSTB(Tsy)032	2821	FUNG Kin-kee, Frederick	76	
FSTB(Tsy)033	2822	FUNG Kin-kee, Frederick	76	
FSTB(Tsy)034	1553	LAM Kin-fung, Jeffrey	76	(1) Assessing Functions
FSTB(Tsy)035	2891	LEUNG Kenneth	76	(3) Investigation and Field Audit
FSTB(Tsy)036	2445	LEUNG Yiu-chung	76	(1) Assessing Functions
FSTB(Tsy)037	2446	LEUNG Yiu-chung	76	(1) Assessing Functions
FSTB(Tsy)038	2447	LEUNG Yiu-chung	76	(3) Investigation and Field Audit
FSTB(Tsy)039	2600	TONG Ka-wah, Ronny	76	(1) Assessing Functions
FSTB(Tsy)040	2601	TONG Ka-wah, Ronny	76	(1) Assessing Functions
FSTB(Tsy)041	2605	TONG Ka-wah, Ronny	76	(3) Investigation and Field Audit
FSTB(Tsy)042	1272	WONG Ting-kwong	76	(3) Investigation and Field Audit
FSTB(Tsy)043	0130	CHAN Wai-yip, Albert	162	(2) Collection and Billing of Rates and Government Rent
FSTB(Tsy)044	0169	CHAN Wai-yip, Albert	162	(2) Collection and Billing of Rates and Government Rent
FSTB(Tsy)045	3160	LEUNG Kwok-hung	162	(1) Statutory Valuation and Assessment
FSTB(Tsy)046	3197	LEUNG Yiu-chung	162	(2) Collection and Billing of

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
				Rates and Government Rent
FSTB(Tsy)047	1621	CHAN Kam-lam	186	(2) Licensing of Vehicles and Drivers
FSTB(Tsy)048	2833	FUNG Kin-kee, Frederick	186	(2) Licensing of Vehicles and Drivers
FSTB(Tsy)049	2201	LEUNG Kwok-hung	188	(1) Central Accounting, Collections and Payments
FSTB(Tsy)050	2362	CHAN Chi-chuen	147	
FSTB(Tsy)051	0131	CHAN Wai-yip, Albert	147	(2) Revenue and Financial Control
FSTB(Tsy)052	0132	CHAN Wai-yip, Albert	147	(2) Revenue and Financial Control
FSTB(Tsy)053	0155	CHAN Wai-yip, Albert	147	(1) Director of Bureau's Office
FSTB(Tsy)054	0161	CHAN Wai-yip, Albert	147	(3) Service Departments
FSTB(Tsy)055	2993	CHEUNG Kwok-che	147	
FSTB(Tsy)056	1036	CHEUNG Wah-fung, Christopher	147	(2) Revenue and Financial Control
FSTB(Tsy)057	1038	CHEUNG Wah-fung, Christopher	147	(2) Revenue and Financial Control
FSTB(Tsy)058	0464	CHUNG Kwok-pan	147	(2) Revenue and Financial Control
FSTB(Tsy)059	2050	FANG Kang, Vincent	147	(2) Revenue and Financial Control
FSTB(Tsy)060	2820	FUNG Kin-kee, Frederick	147	(2) Revenue and Financial Control
FSTB(Tsy)061	2823	FUNG Kin-kee, Frederick	147	(2) Revenue and Financial Control
FSTB(Tsy)062	2824	FUNG Kin-kee, Frederick	147	(2) Revenue and Financial Control
FSTB(Tsy)063	2830	FUNG Kin-kee, Frederick	147	(2) Revenue and Financial Control
FSTB(Tsy)064	1876	LEE Wai-king, Starry	147	(2) Revenue and Financial Control
FSTB(Tsy)065	1877	LEE Wai-king, Starry	147	(2) Revenue and Financial Control
FSTB(Tsy)066	1880	LEE Wai-king, Starry	147	(2) Revenue and Financial Control
FSTB(Tsy)067	2499	LEONG Kah-kit, Alan	147	(2) Revenue and Financial Control
FSTB(Tsy)068	2160	LEUNG Kwok-hung	147	(1) Director of Bureau's Office

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
FSTB(Tsy)069	2168	LEUNG Kwok-hung	147	(1) Director of Bureau's Office (2) Revenue and Financial Control (3) Service Departments
FSTB(Tsy)070	3210	SHEK Lai-him, Abraham	147	(2) Revenue and Financial Control
FSTB(Tsy)071	0414	TIEN Pei-chun, James	147	
FSTB(Tsy)072	1266	WONG Ting-kwong	147	(2) Revenue and Financial Control
FSTB(Tsy)073	3215	WONG Ting-kwong	147	(2) Revenue and Financial Control
FSTB(Tsy)074-1	2221	KWOK Ka-ki	147	(1) Director of Bureau's Office
FSTB(Tsy)074-2	2223	KWOK Ka-ki	147	(1) Director of Bureau's Office
FSTB(Tsy)074-3	2228	KWOK Ka-ki	147	(1) Director of Bureau's Office
FSTB(Tsy)075-1	1534	LAM Kin-fung, Jeffrey	147	
FSTB(Tsy)075-2	2748	LAM Tai-fai	147	
FSTB(Tsy)075-3	0434	WONG Kwok-kin	147	(2) Revenue and Financial Control
FSTB(Tsy)076-1	2422	MO, Claudia	147	
FSTB(Tsy)076-2	0598	WONG Kwok-hing	147	
FSTB(Tsy)076-3	1240	WONG Ting-kwong	147	
FSTB(Tsy)076-4	1241	WONG Ting-kwong	147	(2) Revenue and Financial Control
FSTB(Tsy)077	6019	CHAN Ka-lok, Kenneth	25	(2) Facilities Upkeep
FSTB(Tsy)078	3622	LEONG Kah-kit, Alan	25	(2) Facilities Upkeep
FSTB(Tsy)079	3320	TO Kun-sun, James	703	
FSTB(Tsy)080	4220	TONG Ka-wah, Ronny	28	(6) Air Passenger Departure Tax Administration
FSTB(Tsy)081	6046	CHAN Ka-lok, Kenneth	31	(4) Revenue Protection and Collection
FSTB(Tsy)082	4718	CHAN Wai-yip, Albert	31	(4) Revenue Protection and Collection
FSTB(Tsy)083	5297	KWOK Ka-ki	31	(4) Revenue Protection and Collection
FSTB(Tsy)084	4896	CHAN Chi-chuen	51	(1) Acquisition and Allocation
FSTB(Tsy)085	6481	CHAN Ka-lok,	51	(1) Acquisition and

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
		Kenneth		Allocation
FSTB(Tsy)086	6482	CHAN Ka-lok, Kenneth	51	(2) Property Management
FSTB(Tsy)087	6483	CHAN Ka-lok, Kenneth	51	(1) Acquisition and Allocation
FSTB(Tsy)088	4723	CHAN Wai-yip, Albert	51	
FSTB(Tsy)089	4746	CHAN Wai-yip, Albert	51	(1) Acquisition and Allocation
FSTB(Tsy)090	3386	FUNG Kin-kee, Frederick	51	(3) Estate Utilisation
FSTB(Tsy)091	5633	LEUNG Kwok-hung	51	(3) Estate Utilisation
FSTB(Tsy)092	5634	LEUNG Kwok-hung	51	(3) Estate Utilisation
FSTB(Tsy)093	5635	LEUNG Kwok-hung	51	(3) Estate Utilisation
FSTB(Tsy)094	3351	SHEK Lai-him, Abraham	51	(1) Acquisition and Allocation
FSTB(Tsy)095	4195	WONG Kwok-hing	51	
FSTB(Tsy)096	4196	WONG Kwok-hing	51	
FSTB(Tsy)097	4197	WONG Kwok-hing	51	
FSTB(Tsy)098	4795	WU Chi-wai	51	(3) Estate Utilisation
FSTB(Tsy)099	4796	WU Chi-wai	51	(3) Estate Utilisation
FSTB(Tsy)100	3705	MO Claudia	59	(3) Land Transport
FSTB(Tsy)101	6873	CHEUNG Kwok-che	76	(1) Assessing Functions
FSTB(Tsy)102	3508	LEE Wai-king, Starry	76	(2) Collection
FSTB(Tsy)103	3509	LEE Wai-king, Starry	76	(2) Collection
FSTB(Tsy)104	3510	LEE Wai-king, Starry	76	(1) Assessing Functions
FSTB(Tsy)105	5636	LEUNG Kwok-hung	76	(1) Assessing Functions
FSTB(Tsy)106	5637	LEUNG Kwok-hung	76	(1) Assessing Functions
FSTB(Tsy)107	5638	LEUNG Kwok-hung	76	(1) Assessing Functions
FSTB(Tsy)108	5639	LEUNG Kwok-hung	76	(1) Assessing Functions
FSTB(Tsy)109	5640	LEUNG Kwok-hung	76	(1) Assessing Functions
FSTB(Tsy)110	4049	SIN Chung-kai	76	(3) Investigation and Field Audit
FSTB(Tsy)111	3444	TONG Ka-wah,	76	(2) Collection

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
		Ronny		
FSTB(Tsy)112	3445	TONG Ka-wah, Ronny	76	(2) Collection
FSTB(Tsy)113	3446	TONG Ka-wah, Ronny	76	
FSTB(Tsy)114	4221	TONG Ka-wah, Ronny	76	(1) Assessing Functions (4) Taxpayer Services
FSTB(Tsy)115	4222	TONG Ka-wah, Ronny	76	(1) Assessing Functions
FSTB(Tsy)116	4224	TONG Ka-wah, Ronny	76	
FSTB(Tsy)117	5828	CHEUNG Chiu-hung, Fernando	162	(3) Provision of Valuation and Property Information Services
FSTB(Tsy)118	3442	LAM Kin-fung, Jeffrey	162	
FSTB(Tsy)119	4372	CHAN Chi-chuen	147	(1) Director of Bureau's Office
FSTB(Tsy)120	4373	CHAN Chi-chuen	147	(1) Director of Bureau's Office
FSTB(Tsy)121	4850	CHAN Chi-chuen	147	(1) Director of Bureau's Office
FSTB(Tsy)122	4958	CHAN Chi-chuen	147	(1) Director of Bureau's Office (2) Revenue and Financial Control (3) Service Departments
FSTB(Tsy)123	6037	CHAN Ka-lok, Kenneth	147	(2) Revenue and Financial Control
FSTB(Tsy)124	6039	CHAN Ka-lok, Kenneth	147	(2) Revenue and Financial Control
FSTB(Tsy)125	6040	CHAN Ka-lok, Kenneth	147	(2) Revenue and Financial Control
FSTB(Tsy)126	4281	CHAN Wai-yip, Albert	147	(2) Revenue and Financial Control
FSTB(Tsy)127	4282	CHAN Wai-yip, Albert	147	(2) Revenue and Financial Control
FSTB(Tsy)128	4725	CHAN Wai-yip, Albert	147	(2) Revenue and Financial Control
FSTB(Tsy)129	4736	CHAN Wai-yip, Albert	147	(2) Revenue and Financial Control
FSTB(Tsy)130	3934	CHAN Yuen-han	147	
FSTB(Tsy)131	5784	CHEUNG Chiu-hung, Fernando	147	(2) Revenue and Financial Control
FSTB(Tsy)132	5785	CHEUNG Chiu-hung,	147	

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
		Fernando		
FSTB(Tsy)133	4248	CHEUNG Kwok-che	147	(2) Revenue and Financial Control
FSTB(Tsy)134	4249	CHEUNG Kwok-che	147	(2) Revenue and Financial Control
FSTB(Tsy)135	4664	HO Sau-lan, Cyd	147	
FSTB(Tsy)136	4665	HO Sau-lan, Cyd	147	
FSTB(Tsy)137	4666	HO Sau-lan, Cyd	147	
FSTB(Tsy)138	4667	HO Sau-lan, Cyd	147	
FSTB(Tsy)139	4669	HO Sau-lan, Cyd	147	
FSTB(Tsy)140	3816	MA Fung-kwok	147	(2) Revenue and Financial Control
FSTB(Tsy)141	3709	MO Claudia	147	
FSTB(Tsy)142	3711	MO Claudia	147	(2) Revenue and Financial Control
FSTB(Tsy)143	4355	MOK Charles Peter	147	
FSTB(Tsy)144	4356	MOK Charles Peter	147	
FSTB(Tsy)145	4833	MOK Charles Peter	147	
FSTB(Tsy)146	3769	TIEN Pei-chun, James	147	(2) Revenue and Financial Control
FSTB(Tsy)147	3772	TIEN Pei-chun, James	147	(3) Service Departments
FSTB(Tsy)148	3773	TIEN Pei-chun, James	147	(2) Revenue and Financial Control
FSTB(Tsy)149	4318	TIEN Pei-chun, James	147	(2) Revenue and Financial Control
FSTB(Tsy)150	3467	TONG Ka-wah, Ronny	147	(2) Revenue and Financial Control
FSTB(Tsy)151	4215	TONG Ka-wah, Ronny	147	(2) Revenue and Financial Control
FSTB(Tsy)152-1	3964	MAK Mei-kuen, Alice	147	(2) Revenue and Financial Control
FSTB(Tsy)152-2	4214	TONG Ka-wah, Ronny	147	(2) Revenue and Financial Control

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)001

(Question Serial No. 1692)

Head: (25) Architectural Services Department

Subhead (No. & title): Not Specified

Programme: (2) Facilities Upkeep

Controlling Officer: Director of Architectural Services (K K LEUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under Head 25 of the Estimates (page 54), it is mentioned that the Architectural Services Department will promote roof greening and vertical greening, and enhance practices on greening, landscaping and tree management in government building works. What specific plans does the Government have for increasing the greening ratio of old buildings?

Asked by: Hon CHAN Hak-kan (Member Question No. 41)

Reply:

In 2015-16, the Architectural Services Department (ArchSD) will continue to promote roof greening and vertical greening, and enhance practices on greening, landscaping and tree management in government building projects in accordance with the policies and requirements set out by the Development Bureau. To this end, ArchSD will continue to encourage management departments of existing government buildings to consider installation of green roofs whenever there are major works involving roofs of the buildings concerned and to extend the recommendation of vertical greening to management departments of existing government buildings whenever practicable to maximise their greenery coverage. In 2015-16, ArchSD will carry out roof greening and vertical greening projects in 11 existing government buildings.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)002

(Question Serial No. 0417)

Head: (25) Architectural Services Department

Subhead (No. & title): Not Specified

Programme: (2) Facilities Upkeep

Controlling Officer: Director of Architectural Services (K K LEUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Architectural Services Department indicated that it would implement the Green Contractor Award Scheme in 2015-16 to achieve continual improvement in the quality and environmental performance of the Department's works projects. In this connection, will the Administration inform this Committee of the details of the Scheme and the estimated expenditure involved?

Asked by: Hon TIEN Pei-chun, James (Member Question No. 15)

Reply:

The objective of the Green Contractor Award Scheme (the Scheme) is to encourage the term contractors of the Architectural Services Department (ArchSD) to enhance and continually improve their performance in implementing pollution control measures. Through the Scheme, the contractors would be motivated to adopt appropriate waste management measures at works site. Effective initiatives for mitigating noise, water and air pollution would also be implemented and monitored in order to alleviate the impact of their works on the environment.

Under the Scheme, an assessment panel which comprises the Director of Architectural Services, Deputy Director of Architectural Services and related directorate officers of the ArchSD would assess the performance of the contractors in implementing pollution control measures as recorded in their 4 quarterly performance reports within the year and select one top performer. The winner would be awarded a plaque and a certificate of commendation.

The cost of the Scheme is absorbed from within the existing resources of the ArchSD.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)003

(Question Serial No. 0267)

Head: (28) Civil Aviation Department

Subhead (No. & title): (-) Not Specified

Programme: (6) Air Passenger Departure Tax Administration

Controlling Officer: Director-General of Civil Aviation (Norman LO)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

How are the prevailing rates of charges payable to airlines, helicopter companies and other agents in connection with the collection of the Air Passenger Departure Tax determined? How much will be paid in total in 2015?

Asked by: Hon LAU Wong-fat (Member Question No. 9)

Reply:

Under the Air Passenger Departure Tax Ordinance (Cap. 140), airlines and helicopter companies are required to collect Air Passenger Departure Tax (APDT) from departing passengers and handle refunds of APDT on behalf of the Government. The levels of relevant administration fees are set according to the cost information provided by the companies concerned.

Besides, the Civil Aviation Department has set up a Departure Tax Counter at the Hong Kong International Airport, where a contractor, to whom service fees are paid by the Government, processes applications for exemption and refund of APDT. The service concerned is acquired through open tender procedures, and the service fees are based on tender results.

The estimated expenditure for the above administration fees and service fees in 2015-16 is \$59.12 million.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)004

(Question Serial No. 0387)

Head: (31) Customs and Excise Department

Subhead: ()

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding anti-illicit-cigarette enforcement:

In 2014, 47 million sticks of cigarettes were seized, which is less than the number of 83.296 million sticks in 2013:

1. What are the reasons?
2. How much manpower and resources were allocated for anti-illicit-cigarette enforcement in each of these two years?

Asked by: Hon WONG Kwok-hing (Member Question No. 7)

Reply:

1. The Customs and Excise Department (C&ED) continued to combat illicit cigarette activities in 2014. While both the number of seizure cases and persons prosecuted for offences relating to illicit cigarettes increased when compared to 2013, the number of cigarettes seized in the enforcement operations has dropped as a result of the holistic approach adopted by C&ED against smuggling of illicit cigarettes, which has forced crime syndicates to scale down the cross-boundary illegal activities and reduce the quantity of each consignment.

2. The establishment and expenditure for combating illicit cigarette activities in the past two financial years are as follows -

	2013-14	2014-15
Establishment	61	61
Expenditure (\$ million)	20.31	21.31

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1271)

Head: (31) Customs and Excise Department

Subhead: ()

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The number of cases of re-assessment of provisional taxable value on imported vehicles increased by 9 731, or 60%, in 2014 when compared with 2013, which accounted for over 30% of the total number of cases of assessment of provisional taxable value on imported vehicles. What are the reasons for such a considerable increase? Likewise, the Administration estimated that in 2015, the number of cases of re-assessment of provisional taxable value on imported vehicles will amount to about 30% of the total number of cases of assessment of provisional taxable value on imported vehicles. What are the reasons?

Asked by: Hon WONG Ting-kwong (Member Question No. 57)

Reply:

According to the legislation, the Customs and Excise Department (C&ED) will assess the provisional taxable value on different types of imported vehicles. When there is a need to change the accessories of a specific vehicle or when the market price has changed, which may affect the taxable value of the vehicle concerned, the motor vehicle distributor is required to apply to C&ED for re-assessment of the taxable value. The increase in the number of cases of re-assessment of the taxable value on imported vehicles conducted by C&ED in 2014 is mainly due to the increase in the number of new vehicles applying for first registration, and the increase in the ratio of cases requiring re-assessment due to the above-mentioned reasons. C&ED expects that the ratio of cases of re-assessment of the taxable value on imported vehicles in 2015 would be more or less the same as that in 2014.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1325)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In respect of anti-illicit-fuel enforcement, both the numbers of seizure cases and illicit fuel filling stations neutralized dropped significantly in the past 3 years. The number of seizure cases decreased from 150 in 2012 to 48 and 25 in 2013 and 2014 respectively, whereas the number of illicit fuel filling stations neutralized dropped from 148 in 2012 to 43 and 22 in 2013 and 2014 respectively. What are the reasons for such decreases? What measures will the Customs and Excise Department (C&ED) take to combat illicit fuel activities in a greater effort in 2015? What will be the estimated expenditures involved?

Asked by: Hon YICK Chi-ming, Frankie (Member Question No. 41)

Reply:

The decrease in the number of seizure cases and illicit fuel filling stations neutralized is due to C&ED's continuous enforcement actions against illicit fuel activities in the past three years. In 2015-16, C&ED will continue to combat illicit fuel activities by taking proactive and vigorous actions, including strengthening intelligence collection and intercepting illicit motor spirit at source. For 2015-16, there is an establishment of 23 posts for the relevant work, involving an expenditure of \$8.4 million.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)007

(Question Serial No. 1326)

Head: (31) Customs and Excise Department

Subhead: ()

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding Motor Vehicle First Registration Tax, the number of cases of assessment of provisional taxable value on imported vehicles in 2014 was 77 690, representing an increase of 14.8% when compared with the number of 67 652 cases in 2013. Meanwhile, the number of cases of re-assessment of provisional taxable value on imported vehicles in 2014 was 25 944, representing an increase of 60% when compared with the number of 16 213 cases in 2013. Please advise this Committee of the reasons for the substantial increase in the number of cases of re-assessment of provisional taxable value on imported vehicles and whether the Customs and Excise Department (C&ED) needs to allocate additional resources for the increased assessment work.

Asked by: Hon YICK Chi-ming, Frankie (Member Question No. 42)

Reply:

According to the legislation, C&ED will assess the provisional taxable value on different types of imported vehicles. When there is a need to change the accessories of a specific vehicle or when the market price has changed, which may affect the taxable value of the vehicle concerned, the motor vehicle distributor is required to apply to C&ED for re-assessment of the taxable value. The increase in the number of cases of re-assessment of the taxable value on imported vehicles conducted by C&ED in 2014 is mainly due to the increase on the number of new vehicles applying for first registration, and the increase in the ratio of cases requiring re-assessment due to the above-mentioned reasons. C&ED expects that the ratio of cases of re-assessment of the taxable value on imported vehicles in 2015 would be more or less the same as that in 2014. C&ED will closely monitor the situation and deploy manpower based on the operational needs.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)008

(Question Serial No. 1697)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

According to page 301 of Head 51, the Government Property Agency will explore the feasibility of introducing commercial activities within government properties where appropriate. What are the practical considerations involved and difficulties encountered?

Asked by: Hon CHAN Hak-kan (Member Question No. 46)

Reply:

In exploring the feasibility of introducing commercial activities (such as advertisements on external walls and vending machines of small commodities) within government properties, the Government Property Agency will consider various relevant factors, including the implications of the proposal on the image, external appearance and pedestrian flow of the government buildings; impact of the change of use on fire escape and building services facilities (such as fire service equipment); as well as views of the relevant departments, etc. with a view to ensuring that introducing commercial activities within these properties are feasible and suitable. As government properties are designed principally for use as government offices, delivery of public services and public facilities, but not for commercial purposes, the type and number of commercial activities that are acceptable are relatively limited after taking the above factors into account.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)009****(Question Serial No. 3190)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (1) Acquisition and AllocationControlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

What were the average rent per square foot and total floor area of the properties leased by the Government in the past decade?

Asked by: Hon CHAN Kam-lam (Member Question No. 81)Reply:

The average monthly rental expenditure (inclusive of rents, property management fees and air conditioning charges) and the total internal floor area of the office accommodation leased by the Government in the past five years^{Note 1} are as follows:

Year (as at 31 December)	Average monthly rental expenditure (on an internal floor area basis)		Total internal floor area (square metre) (approximately)
	\$ per square metre	\$ per square foot	
2010	235	22	275 000
2011	252	23	276 000
2012 ^{Note 2}	232	22	278 000
2013	252	23	292 000
2014	266	25	313 000
Average monthly rental in the past 5 years	247	23	-

Note 1: To ensure quality response to questions, we only provide budget-related information for up to five years.

Note 2: The average monthly rental expenditure for 2012 was lower than that of 2011. It is mainly due to the Government releasing some premises upon the progressive relocation of departments from leased offices in Central and Admiralty to government-owned accommodation (including the Central Government Offices at Tamar).

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)010

(Question Serial No. 3095)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 133 of the Budget Speech that the Government is “actively taking forward our plan to relocate the three government office buildings in Wan Chai. The 29 departments accommodated there will be relocated in phases to buildings under planning in various districts, including West Kowloon, Cheung Sha Wan, Kai Tak, Chai Wan and Tseung Kwan O. This will progressively release 175 000 square metres of commercial floor area and increase the supply of Grade A office space in Wan Chai.” Will the Government inform this Committee of the details of the relocation plan, including the bureaux and departments involved; where and when they will be relocated as well as the cost of the entire relocation exercise?

Asked by: Hon FUNG Kin-kee, Frederick (Member Question No. 50)

Reply:

Relocation of the three government office buildings at the Wan Chai waterfront is a large-scale project involving 175 000 m² of office space, 29 departments (the bureaux and departments concerned are set out at Annex) and more than 10 000 staff. We will implement the project in phases as it takes time to prepare for the reprovisioning. We are taking forward the preparation work in full swing, which includes exploring and drawing up the reprovisioning arrangements with relevant departments, identifying suitable sites for replacement premises, examining technical feasibility of the related works and handling the relevant town planning issues, etc. We have been conducting local consultation on the construction proposals and seeking advice of the relevant Legislative Council (LegCo) panels as well as funding approval of the Public Works Subcommittee and Finance Committee of LegCo on various reprovisioning projects in succession.

Subject to funding approval in this legislative year, we will commence the construction works of the first reprovisioning project, i.e. the West Kowloon Government Offices (WKGO), and it is expected to be completed in 2019. Part of the office space (about 22%) in WKGO will be used for reprovisioning some departments in the three government office buildings at Wan Chai waterfront, including the Government Property Agency, the Transport Department and Music Office of the Leisure and Cultural Services Department. Besides, we have also earmarked sites in other districts including Kai Tak, Cheung Sha Wan, Tseung Kwan O and Chai Wan for construction of other replacement buildings. According to our current plan, and subject to resource availability and progress of the preparation in respect of the reprovisioning projects, we will seek funding approval of the LegCo to take forward the projects in succession in the next few years.

Upon relocation of the departments from the three buildings in phases, we will arrange to lease out the vacated floor space immediately as an interim measure to help increase the supply of Grade A offices in Wan Chai. Upon completion of the entire relocation project, we will arrange for sale of the buildings.

The expenditure of the relocation project is mainly the construction cost of the new government office buildings. In general, cost estimate of individual buildings will be made after completion of design. We will provide information on the relevant cost estimate of each of the building projects when we seek funding approval of the LegCo for the projects individually.

**The 29 bureaux and departments involved in the relocation project
of the three government office buildings in Wan Chai**

1. Commerce and Economic Development Bureau (Create Hong Kong)
2. Environment Bureau
3. Financial Services and the Treasury Bureau (The Securities and Futures Appeals Tribunal)
4. Home Affairs Bureau
5. Security Bureau (Torture Claims Appeal Board)
6. Audit Commission
7. Census and Statistics Department
8. Correctional Services Department
9. Drainage Services Department
10. Efficiency Unit
11. Environmental Protection Department
12. Government Logistics Department
13. Government Property Agency
14. Home Affairs Department
15. Hong Kong Monetary Authority
16. Hongkong Post
17. Immigration Department
18. Inland Revenue Department
19. Innovation and Technology Commission
20. Labour Department
21. Legal Aid Department
22. Leisure and Cultural Services Department
23. Office of the Communications Authority
24. Office of the Government Chief Information Officer
25. Social Welfare Department
26. Transport Department
27. The Treasury
28. Water Supplies Department
29. Judiciary

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)011

(Question Serial No. 1867)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As mentioned in paragraph 133 of the Budget Speech, the Government is actively taking forward the plan to relocate the three government office buildings in Wan Chai. The 29 departments accommodated there will be relocated in phases to buildings under planning in various districts, including West Kowloon, Cheung Sha Wan, Kai Tak, Chai Wan and Tseung Kwan O. This will progressively release 175 000 square metres of commercial floor area and increase the supply of Grade A office space in Wan Chai. Please inform this Committee of the number of departments which have already been moved out of the three government office buildings in Wan Chai, the floor area involved and the current use of these office spaces. The Government indicated to the Legislative Council in 2013 that the entire relocation exercise was expected to be completed in 2018 at the earliest. Does this assessment still stand? What are the details of the future relocation plan?

Asked by: Hon LEE Wai-king, Starry (Member Question No. 27)

Reply:

Relocation of the three government office buildings at the Wan Chai waterfront is a large-scale project involving 175 000 m² of office space, 29 departments and more than 10 000 staff. We will implement the project in phases as it takes time to prepare for the reprovisioning. We are taking forward the preparation work in full swing, which includes exploring and drawing up the reprovisioning arrangements with relevant departments, identifying suitable sites for replacement premises, examining technical feasibility of the related works and handling the relevant town planning issues, etc. We have been conducting local consultation on the construction proposals and seeking advice of the relevant Legislative Council (LegCo) panels as well as funding approval of the Public Works Subcommittee (PWSC) and Finance Committee of LegCo on various reprovisioning projects in succession.

The Government is taking forward the tendering exercise in respect of the first reprovisioning project, i.e. the West Kowloon Government Offices (WKGO), and is awaiting to submit a funding application to PWSC for consideration. Subject to funding approval in the 2014-15 legislative year, we will commence the construction works of the project which is expected to be completed in 2019. Part of the office space (about 22%) in WKGO will be used for reprovisioning some departments in the three government office buildings at Wan Chai waterfront. Besides, we have also earmarked sites in other districts including Kai Tak, Cheung Sha Wan, Tseung Kwan O and Chai Wan for construction of other replacement buildings. According to our current plan, and subject to resource availability and progress of the preparation in respect of the reprovisioning projects, we will seek funding approval of the LegCo to take forward the projects in the next few years and expect to have the construction works concerned completed in succession after 2019.

Upon relocation of the departments from the three buildings in phases, we will arrange to lease out the vacated floor space immediately as an interim measure to help increase the supply of Grade A offices in Wan Chai. According to preliminary estimation, some 10 000 m² of office space can be released from the three buildings for leasing after the completion of WKGO in 2019. We will arrange for sale of the buildings upon completion of the entire relocation project.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)012

(Question Serial No. 0412)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As mentioned in the Budget Speech, the Government is actively taking forward its plan to relocate the three government office buildings in Wan Chai. The 29 departments accommodated there will be relocated in phases to buildings under planning in various districts, including West Kowloon, Cheung Sha Wan, Kai Tak, Chai Wan and Tseung Kwan O. This will progressively release 175 000 square metres of commercial floor area and increase the supply of Grade A office space in Wan Chai. In this regard, will the Government inform this Committee of the following:

1. the timetable for the commencement and completion of the relocation exercise and when the vacated site will be available for sale; and
2. the Financial Secretary had announced the above relocation plan in the 2008-09 Budget, why is it that no departments have been relocated so far? How has the cost estimate changed over the years?

Asked by: Hon TIEN Pei-chun, James (Member Question No. 10)

Reply:

Relocation of the three government office buildings at the Wan Chai waterfront is a large-scale project involving 175 000 m² of office space, 29 departments and more than 10 000 staff. We will implement the project in phases as it takes time to prepare for the reprovisioning. We are taking forward the preparation work in full swing, which includes exploring and drawing up the reprovisioning arrangements with relevant departments, identifying suitable sites for replacement premises, examining technical feasibility of the related works and handling the relevant town planning issues, etc. We have been conducting local consultation on the construction proposals and seeking advice of the relevant Legislative Council (LegCo) panels as well as funding approval of the Public Works Subcommittee and Finance Committee of LegCo on various reprovisioning projects in succession.

Subject to funding approval in this legislative year, we will commence the construction works of the first reprovisioning project, i.e. the West Kowloon Government Offices (WKGO), and it is expected to be completed in 2019. Part of the office space (about 22%) in WKGO will be used for reprovisioning some departments in the three government office buildings at Wan Chai waterfront. Besides, we have also earmarked sites in other districts including Kai Tak, Cheung Sha Wan, Tseung Kwan O and Chai Wan for construction of other replacement buildings. According to our current plan, and subject to resource availability and progress of the preparation in respect of the reprovisioning projects, we will seek funding approval of the LegCo to take forward the projects in succession in the next few years.

Upon relocation of the departments from the three buildings in phases, we will arrange to lease out the vacated floor space immediately as an interim measure to help increase the supply of Grade A offices in Wan Chai. Upon completion of the entire relocation project, we will arrange for sale of the buildings.

The expenditure of the relocation project is mainly the construction cost of the new government office buildings. In general, cost estimate of individual buildings will be made after completion of design. We will provide information on the relevant cost estimate of each of the building projects when we seek funding approval of the LegCo for the projects individually.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)013****(Question Serial No. 1894)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (1) Acquisition and AllocationControlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

In 2015-16, the Government Property Agency will continue to, through an annual accommodation review mechanism, encourage government bureaux and departments to regularly review office accommodation required in the short and medium term. In this connection, will the Government inform this Committee of the results of the previous reviews and whether expenditures have been reduced in view of the reduced requirements in office space. If yes, what are the details? If no, why?

Asked by: Hon TIEN Pei-chun, James (Member Question No. 34)Reply:

Through annual accommodation review, the Government Property Agency encourages government departments to regularly and prudently review their office accommodation required in the short and medium terms for optimal use of resources. Major examples of releasing cases in respect of government offices as a result of the review in the past three years are as follows:

Year	Review result	Annual rental savings (\$million) (approx.)
2012	Releasing the premises of the Financial Services and the Treasury Bureau in Admiralty	6.48
	Releasing the premises of the Efficiency Unit in Wan Chai	5.88
	Releasing the premises of the Lands Department and the Social Welfare Department in North Point	3.84
2013	Releasing the premises of the Leisure and Cultural Services Department in Tin Shui Wai	12.17
	Releasing the premises of the Civil Aviation Department in Tung Chung	7.33
	Releasing the premises of the Home Affairs Department in Kowloon City	5.11

Year	Review result	Annual rental savings (\$million) (approx.)
2014	Deleasing the premises of the Hongkong Post in Kowloon Bay	1.26
	Deleasing the premises of the Leisure and Cultural Services Department in Sham Shui Po	0.12

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)014****(Question Serial No. 1895)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (3) Estate UtilisationControlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

The Government Property Agency will continue to assist government bureaux and departments in reviewing their under-utilised sites in the future with a view to releasing the sites for alternative uses or disposal as appropriate. In this connection, will the Government inform this Committee of:

- (1) the total number of sites released, and the amount of public fund saved or the benefits realised in the past five years; and
- (2) the bureaux and departments identified to have under-utilised sites in the past five years, as well as areas of the sites concerned and their alternative uses (please tabulate the information by year).

Asked by: Hon TIEN Pei-chun, James (Member Question No. 35)Reply:

The Government Property Agency ("Agency") reviews annually sites of various bureaux and departments with a view to identifying those which are under-utilised and releasing the development potential of these sites through land sale, redevelopment or revitalisation, etc. In the past five years, the Agency has, upon review, identified and returned 29 under-utilised properties to the Lands Department for disposal. Details are as follows:

No.	Property/site	Department concerned	Site area (m ²)(approx.)	New use
2010				
1	Portion of ex-Perowne Barracks, Tuen Mun Town Lot No. 475	Not applicable (ex-military site)	41 700	International school
2	Portion of ex-Perowne Barracks, Tuen Mun Town Lot No. 489		16 900	Post-secondary college
3	Ex-Pak Nai Training Camp		8 800	To be determined

No.	Property/site	Department concerned	Site area (m ²)(approx.)	New use
4	Ex-Canton Road Government Offices, 393 Canton Road, Tsim Sha Tsui	Government Property Agency	15 700	Mass Transit Railway project
5	Government Quarters, 8-12 Deep Water Bay Drive, Shouson Hill	Civil Service Bureau	10 200	Private residential
6	Ex-Kwai Chung Police Married Quarters, 997 Kwai Chung Road	Hong Kong Police Force	9 700	Public housing
7	Ex-Ho Man Tin Police Married Quarters, 81 Chung Hau Street, Ho Man Tin		4 300	Post-secondary college
8	Ex-Correctional Services Department Holiday Bungalows, Wang Pui Road	Correctional Services Department	4 300	To be determined
9	Ex-Departmental Quarters, 48 Lui Kung Tin	Agriculture, Fisheries and Conservation Department and Fire Services Department	200	
10	The Masonry House, Lower of No. 9 Fu Kong Shan	Highways Department	100	
2011				
11	Portion of ex-Perowne Barracks, Tuen Mun Town Lot No. 423	Not applicable (ex-military site)	112 900	Private residential
12	Ex-Lingnan College Campus, Stubbs Road	Not applicable (ex-college campus)	17 200	
13	Ex-Wan Chai Police Married Quarters, 188 Jaffe Road, Wan Chai	Hong Kong Police Force	1 900	Hotel, commercial, community and cultural
14	Old Cottage Hut, 180 Kwong Fuk Road, Tai Po		500	To be determined
2012				
15	Tsuen Wan Transport Complex, 98 Tai Ho Road, Tsuen Wan	Transport Department	6 300	Mass Transit Railway project and private residential
16	Ex-Hollywood Road Police Married Quarters, 35 Aberdeen Street, Central	Hong Kong Police Force	6 100	Creative centre

No.	Property/site	Department concerned	Site area (m ²)(approx.)	New use
17	Ex-Kwun Tong District Branch Offices Building, 6 Tung Yan Street, Kwun Tong	Government Property Agency	4 000	Urban Renewal Authority project
18	Ex-Tsz Wan Shan Housing Department Staff Quarters, 57 Sheung Fung Street, Tsz Wan Shan	Housing Department	3 600	Disciplined services quarters
19	Ex-Lai Chi Kok Incineration Plant Staff Quarters, 3 Yuet Lun Street	Electrical and Mechanical Services Department	700	To be determined
2013				
20	Ex-Burma Lines Military Site, Fanling	Not applicable (ex-military site)	283 500	Housing and educational
21	Lower Radio Station (Site C), Tai Mo Shan		14 000	To be determined
22	Murray Building, 22 Cotton Tree Drive, Central	Administration Wing	6 100	Hotel
23	4 Rose Street, Kowloon Tong	Education Bureau	3 700	Educational
24	650 Cheung Sha Wan Road	Hongkong Post	1 500	Commercial or office
25	Ex-Tin Wan Housing Department Staff Quarters, Tin Wan Street, Aberdeen	Housing Department	700	Disciplined services quarters
26	The junction of Fu Yan Street and Yan Oi Court, Kwun Tong	Home Affairs Bureau	80	Urban Renewal Authority project
2014				
27	Tung Ping Chau Training Camp	Not applicable (ex-military site)	4 400	Daya Bay Nuclear Power Station nuclear accidents temporary shelter
28	Middle Road Multi-storey Carpark Building, Tsim Sha Tsui	Transport Department	3 200	Commercial or hotel
29	Ex-Lok Fu Housing Department Staff Quarters, 20 Heng Lam Street, Lok Fu	Housing Department	2 700	Disciplined services quarters

As revealed in the above table, the properties/sites released can be put to other more cost-effective uses, thereby fully utilising land resources and saving the management and maintenance expenses of the properties originally on the sites. However, we do not have the related statistics about the expenses.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)015

(Question Serial No. 1942)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Budget that government offices, which include the government offices in the Trade and Industry Department Tower in Mong Kok and the three government office buildings in Wan Chai, will be relocated away from core business districts. How much savings will be achieved as a result of the relocation? When will the relocation take place? Has the Government assessed the impacts of the relocation on the work of departments? Apart from the above offices, has the Government considered relocating other departments in the core business districts to other districts?

Asked by: Hon TO Kun-sun, James (Member Question No. 46)

Reply:

According to the policy on government accommodation, we will accommodate government offices in government-owned premises as far as practicable, and relocate government offices that are not location-bound away from central business districts (CBDs). In planning for the relocation of government offices, we will assess and ensure that it will not affect the operation of the departments concerned and the provision of services to the public.

Upon completion of the Trade and Industry Tower in the Kai Tak Development Area in April 2015, government offices currently accommodated in the Trade and Industry Department Tower in Mong Kok and some others in leased premises in Kowloon will be relocated to the Kai Tak Development Area in phases this year. As a result, the Government will release about 16 000 m² of premises, thereby saving about \$67 million rental expenditure per annum.

As the relocation of the three government office buildings at the Wan Chai waterfront is a large-scale project involving 175 000 m² of office space, 29 departments and more than 10 000 staff, we will implement the project in phases as it takes time to prepare for the reprovisioning. Subject to funding approval in this legislative year, we will commence the construction works of the first reprovisioning project, i.e. the West Kowloon Government Offices (WKGO), and it is expected to be completed in 2019. Part of the office space (about 22%) in WKGO will be used for reprovisioning some departments in the three government office buildings at Wan Chai waterfront. Besides, we have also earmarked sites in other districts including Kai Tak, Cheung Sha Wan, Tseung Kwan O and Chai Wan for construction of other replacement buildings. According to our current plan, and subject to resource availability and progress of the preparation in respect of the reprovisioning projects, we will seek funding approval of the Legislative Council to take forward the projects in succession in the next few years.

Other recent examples of relocating offices away from CBDs include the relocation of the Labour Department's office from Middle Road Multi-storey Car Park Building in Tsim Sha Tsui to Kowloon Bay, and the Education Bureau's office from Lui Kee Education Services Centre in Wan Chai to Chai Wan and Kwun Tong. Moreover, the Water Supplies Department plans to relocate its Mong Kok Office to Tin Shui Wai.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)016

(Question Serial No. 2568)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Trade and Industry Department Tower in Mong Kok will be relocated to the Kai Tak Development Area in the middle of this year, releasing 18 000 m² of commercial floor area.

1. What is the progress of the relocation exercise?
2. The Trade and Industry Department Tower is situated in a prime location. How will the Government handle the 18 000 m² of commercial floor area released?

Asked by: Hon TONG Ka-wah, Ronny (Member Question No. 15)

Reply:

Upon completion of the Trade and Industry Tower in the Kai Tak Development Area in April 2015, government offices currently accommodated in the Trade and Industry Department (TID) Tower in Mong Kok will be relocated to Kai Tak Development Area in phases starting from mid-2015. We expect to complete the whole relocation exercise within this year. Upon vacation of the government offices concerned from the premises in Mong Kok, we will sell the TID Tower at an appropriate time to increase the supply of commercial premises in Mong Kok.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)017****(Question Serial No. 2569)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (1) Acquisition and AllocationControlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

The Trade and Industry Department Tower in Mong Kok will be relocated to the Kai Tak Development Area in the middle of this year.

1. What is the Government's estimated relocation cost?
2. In relocating the relevant departments, what new furniture, electrical appliances and related items will be acquired? Please tabulate all these items and the costs involved.
3. How will the Government handle the commodities in the Trade and Industry Department Tower in Mong Kok? How many of them will not be used in the new tower? What and how much are they?

Asked by: Hon TONG Ka-wah, Ronny (Member Question No. 16)Reply:

1. The relocation cost involved is approximately \$4.8 million.
2. The Finance Committee of the Legislative Council has approved funding for the works project of Trade and Industry Tower in the Kai Tak Development Area, which covers the costs of acquiring furniture and equipment (F&E) for the operation of the relevant departments. The estimated cost involved is about \$42.4 million. The breakdown is as follows:

Item	Furniture and equipment	Estimated cost (\$million) (approx.)
Standard furniture and equipment	Office desks and chairs, storage racks, etc.	15.9
Non-standard furniture and equipment	Task lighting system, closed-circuit television system, public announcement system, etc.	26.5
	Total	42.4

3. According to the policy on government accommodation, in the relocation process, while the departments concerned will relocate all movable and serviceable F&E to the new office premises for continued use, immovable and unserviceable items will be disposed of according to established government procedures. Since the relocation plan in respect of Trade and Industry Department Tower in Mong Kok is still in the pipeline, we are unable to confirm which F&E items will not be relocated at this stage.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)018

(Question Serial No. 1138)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the leased office accommodation, there was a net increase in both 2013 and 2014. However, there is an estimated net decrease of 600 m² in 2015. Will the Government inform this Committee of the information on leased office accommodation in 2014-15 and 2015-16, including addresses, areas, user departments and the rental expenditures involved?

Will the Government inform this Committee of the details about government office buildings to be completed in the coming five years, including addresses, areas and user departments? Please inform whether the policy direction is to accord priority to the releasing of office accommodation?

Asked by: Hon TSE Wai-chuen, Tony (Member Question No. 35)

Reply:

According to the policy on government accommodation, we will accommodate government offices in government-owned premises as far as practicable. We will consider leasing premises for departments only if government-owned premises are unable to meet their operational needs. Where circumstances permit, the Government will relocate government offices accommodated in leased premises to government-owned premises to minimise rental expenditure.

To meet the operational needs of departments, there was an increase in leased premises in 2014. The total floor area of newly leased premises was about 23 000 m² and the total rent was approximately \$92 million per annum. Major departments, leased premises and floor areas concerned are as follows:

Department	Leased premises	Floor area (m²)(approx.)
Registration and Electoral Office	Kowloonbay International Trade and Exhibition Centre; Millennium City 6, Kwun Tong; and Koon Wah Mirror Factory the Third Industrial Building, Kwai Chung	7 600
Census and Statistics Department	Rykadan Capital Tower, Kwun Tong	1 900
Lands Department	Landmark North, Sheung Shui; Tuen Mun Central Square; and Tai Ping Industrial Centre Block 4	1 700
Leisure and Cultural Services Department	Harbour Industrial Centre, Ap Lei Chau	800
Buildings Department	Metroplaza Tower 1, Kwai Fong	700
Correctional Services Department	Oceanic Industrial Centre, Ap Lei Chau	600

The Government anticipates to newly lease a total floor area of about 21 000 m² in 2015. The preliminary estimate on the total rent is about \$118 million per annum. Details of the major departments concerned and their floor areas required are as follows:

Department	Floor area (m²) (approx.)
Labour and Welfare Bureau	5 500
Radio Television Hong Kong	2 600
Registration and Electoral Office	1 900
Official Receiver's Office	1 300
Education Bureau	900
Efficiency Unit	900

There will be a net decrease of 600 m² in leased office space in 2015, mainly because of the relocation of some offices currently in leased premises to government-owned premises (e.g. the Trade and Industry Tower in the Kai Tak Development Area).

We expect that two new joint-user office buildings will be completed in 2015 and 2019. Details are as follows:

Name of the building (District)	Total net operational floor area (m²) (approx.)	User departments
2015		
Trade and Industry Tower (Kai Tak Development Area)	33 000	Education Bureau, Census and Statistics Department, Customs and Excise Department, Highways Department, Home Affairs Department, Hongkong Post, Labour Department, Lands Department, Social Welfare Department, Trade and Industry Department and Working Family and Student Financial Assistance Agency
2019		
West Kowloon Government Offices (Yau Mei Tei)	50 500	Buildings Department, Civil Engineering and Development Department, Department of Health, Government Property Agency, Lands Department, Leisure and Cultural Services Department, Social Welfare Department and Transport Department

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)019

(Question Serial No. 1139)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government Property Agency will plan and take forward new government office building projects for the reprovisioning of the departments in the three government office buildings at the Wan Chai waterfront. In this connection, please inform the following:

1. What are the progress and the timetable of implementing the above projects?
2. What are the estimated expenditure and manpower arrangement for the above projects in 2015-16? What are the allocations for various departments concerned to meet the various costs in purchasing or leasing of private premises, office removal, procurement of furniture, etc?
3. When will the planning and use of the sites of the three government office buildings be available the soonest?
4. Will the three buildings be reprovisioned in phases or in one go? Is there any plan to put the offices in the three vacated buildings for other temporary uses? If yes, what are the details? If no, why?

Asked by: Hon TSE Wai-chuen, Tony (Member Question No. 36)

Reply:

1. Relocation of the three government office buildings at the Wan Chai waterfront is a large-scale project involving 175 000 m² of office space, 29 departments and more than 10 000 staff. We will implement the project in phases as it takes time to prepare for the reprovisioning. We are taking forward the preparation work in full swing, which includes exploring and drawing up the reprovisioning arrangements with relevant departments, identifying suitable sites for replacement premises, examining technical feasibility of the related works and handling the relevant town planning issues, etc. We have been conducting local consultation on the construction proposals and seeking advice of the relevant Legislative Council (LegCo) panels as well as funding approval of the Public Works Subcommittee (PWSC) and Finance Committee of LegCo on various reprovisioning projects in succession.

The Government is taking forward the tendering exercise in respect of the first reprovisioning project, i.e. the West Kowloon Government Offices (WKGO), and is awaiting to submit a funding application to PWSC for consideration. Subject to funding approval in this legislative year, we will commence the construction works of the project which is expected to be completed in 2019. Part of the office space (about 22%) in WKGO will be used for reprovisioning some departments in the three government office buildings at Wan Chai waterfront. Besides, we have also earmarked sites in other districts including Kai Tak, Cheung Sha Wan, Tseung Kwan O and Chai Wan for construction of other replacement buildings. According to our current plan, and subject to resource availability and progress of the preparation in respect of the reprovisioning projects, we will seek funding approval of the LegCo to take forward the projects in succession in the next few years.

2. In 2015-16, we will continue to take forward the relocation projects with existing staff resources. Since the staff members concerned are, apart from handling the relocation of the three government office buildings at the Wan Chai waterfront, concurrently engaged in various other duties, we do not have the breakdown in respect of staff cost by projects. As regards the respective funding requirements for relocation of the various departments concerned, we will only be able to provide accurate estimates upon the formal implementation of individual relocation projects.

As the departments in the three buildings will be reprovisioned to government-owned accommodation, it will not incur expenditure on the procurement or leasing of private premises.

3. The Planning Department plans to amend the Approved Wan Chai North Outline Zoning Plan at appropriate time with a view to rezoning the existing site of the three buildings from “Government, Institution or Community” to “Commercial”.
4. Upon relocation of the departments from the three buildings in phases, we will arrange to lease out the vacated floor space immediately as an interim measure to help increase the supply of Grade A offices in Wan Chai. We will arrange for sale of the buildings upon completion of the entire relocation project.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1278)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In 2015-16, the Government Property Agency will plan and take forward new government office building projects for the reprovisioning of the departments in the three government office buildings at the Wan Chai waterfront. What are the progress, details and work schedules of the projects?

Asked by: Hon WONG Ting-kwong (Member Question No. 64)

Reply:

Relocation of the three government office buildings at the Wan Chai waterfront is a large-scale project involving 175 000 m² of office space, 29 departments and more than 10 000 staff. We will implement the project in phases as it takes time to prepare for the reprovisioning. We are taking forward the preparation work in full swing, which includes exploring and drawing up the reprovisioning arrangements with relevant departments, identifying suitable sites for replacement premises, examining technical feasibility of the related works and handling the relevant town planning issues, etc. We have been conducting local consultation on the construction proposals and seeking advice of the relevant Legislative Council (LegCo) panels as well as funding approval of the Public Works Subcommittee and Finance Committee of LegCo on various reprovisioning projects in succession.

Subject to funding approval in this legislative year, we will commence the construction works of the first reprovisioning project, i.e. the West Kowloon Government Offices (WKGO), and it is expected to be completed in 2019. Part of the office space (about 22%) in WKGO will be used for reprovisioning some departments in the three government office buildings at Wan Chai waterfront. Besides, we have also earmarked sites in other districts including Kai Tak, Cheung Sha Wan, Tseung Kwan O and Chai Wan for construction of other replacement buildings. According to our current plan, and subject to resource availability and progress of the preparation in respect of the reprovisioning projects, we will seek funding approval of the LegCo to take forward the projects in succession in the next few years.

Upon relocation of the departments from the three buildings in phases, we will arrange to lease out the vacated floor space immediately as an interim measure to help increase the supply of Grade A offices in Wan Chai. Upon completion of the entire relocation project, we will arrange for sale of the buildings.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)021****(Question Serial No. 1280)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (3) Estate UtilisationControlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Has the Government assessed the latest demand and supply of commercial land in view of its shortage? In 2015, what are the sites ready to be released for disposal, redevelopment or other uses and the government premises identified as having new commercialisation opportunities, including their respective locations, sizes and uses?

Asked by: Hon WONG Ting-kwong (Member Question No. 66)Reply:

In view of the economic development trends in Hong Kong, the Planning Department has engaged professional consultants in 2014 to review, in collaboration with the relevant bureaux and departments, the future market-driven requirements for commercial land (including offices). We anticipate that the review would be completed in mid-2015.

In 2015, we plan to assist in releasing the following sites for disposal, redevelopment or other uses:

	Site	Site area (m²)(approx.)	Proposed use
1	Ex-Gordon Hard Camp Site, Tuen Mun	12 000	Private residential development
2	Portion of ex-Perowne Barracks, Tuen Mun	2 900	
3	Ex-Sai Kung Central Primary School	3 800	Provision of welfare services
4	Ex-Kennedy Town Police Married Quarters Block B	1 800	Public housing development

Moreover, in 2015, we have initially identified the following six government premises, some portions of which may have opportunities for commercialisation:

	Property	Proposed commercial use	Area (m²)
1.	Cornwall Street Squash and Table Tennis Centre	Advertising area	Not applicable
2.	External walls of Causeway Bay Market		
3.	Tai Hang Tung Storm Water Storage Tank		
4.	The northern side wall of the pedestrian subway of Connaught Road Central and Chater Road		
5.	Ground Floor, North Point Government Offices	Automatic Vending Machine	
6.	Tsuen Wan Government Offices		

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)022

(Question Serial No. 2639)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (2) Property Management

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

For government properties under the Government Property Agency's management in this Programme, please inform this Committee of the following:

- (1) the locations, areas and uses of the "Government, Institution and Community non-domestic properties in private developments under the custody of the Agency" in each of the 18 districts.
- (2) the number of residential flats managed by the Agency in each of the 18 districts.

Asked by: Hon WU Chi-wai (Member Question No. 34)

Reply:

- (1) The locations, floor areas and uses in respect of the Government, Institution and Community (GIC) non-domestic properties in private developments under the custody of the Government Property Agency in the 18 districts are tabulated in Annex A.
- (2) The numbers of residential flats managed by the Government Property Agency in the 18 districts are tabulated in Annex B.

**GIC Non-Domestics Properties in Private Developments
under the Custody of the Government Property Agency
(By 18 Districts)**

District	No. of non-domestic properties	Total area (m²)	Uses
Central and Western District	26	61 618	Government facilities, community service facilities, public transport facilities and exchange hall
Wan Chai	17	87 818	Government facilities and community service facilities
Eastern District	21	118 261	Government facilities, community service facilities and public transport facilities
Southern District	8	23 539	
Kowloon City	18	17 431	
Kwun Tong	11	33 591	
Sham Shui Po	9	18 539	
Wong Tai Sin	6	29 229	
Yau Tsim Mong	34	139 736	
Islands	5	30 490	
Kwai Tsing	3	4 724	
North District	4	44 404	
Sai Kung	12	39 151	
Sha Tin	12	69 357	
Tai Po	5	6 776	
Tsuen Wan	13	41 580	
Tuen Mun	9	37 500	
Yuen Long	8	20 471	

Note 1: Government facilities include government offices, fire stations, ambulance depots, police stations, post offices, libraries, parks, leisure and cultural services centres, schools, markets, public toilets and refuse collection points, etc.

Note 2: Community service facilities include community centres providing nursery, children, youth and elderly care services.

**Numbers of Residential Flats
Managed by the Government Property Agency
(By 18 Districts)**

District	No. of residential flats
Central and Western District	753
Wan Chai	521
Eastern District	1 274
Southern District	1 404
Kowloon City	654
Kwun Tong	6 774
Sham Shui Po	88
Wong Tai Sin	2 164
Yau Tsim Mong	620
Islands	0
Kwai Tsing	2 470
North District	1 135
Sai Kung	523
Sha Tin	1 197
Tai Po	167
Tsuen Wan	771
Tuen Mun	1 371
Yuen Long	296

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)023

(Question Serial No. 3183)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in the Budget Speech that “the government offices in the Trade and Industry Department Tower in Mong Kok will be relocated to the Kai Tak Development Area starting in the middle of this year”. What is the timetable for relocating various departments to the Trade and Industry Tower in Kai Tak? How will the spaces released be used? When will the community hall next to the Trade and Industry Department Tower open?

Asked by: Hon WU Chi-wai (Member Question No. 50)

Reply:

Upon completion of the Trade and Industry (TI) Tower in the Kai Tak Development Area in April 2015, government offices currently accommodated in the Trade and Industry Department (TID) Tower in Mong Kok will be relocated to Kai Tak Development Area in phases starting from mid-2015. We expect to complete the whole relocation exercise within this year. Upon vacation of the government offices concerned from the premises in Mong Kok, we will sell the TID Tower at an appropriate time to increase the supply of commercial premises in Mong Kok.

We expect that the community hall adjacent to the TI Tower in the Kai Tak Development Area, i.e. the Kai Tak Community Hall of the Home Affairs Department, will be in operation by the end of this year.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)024

(Question Serial No. 2348)

Head: (59) Government Logistics Department

Subhead (No. & title): ()

Programme: (4) Printing Services

Controlling Officer: Director of Government Logistics (Ms Maisie CHENG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Administration has pledged further digitalising government operations and actively implementing paperless solutions. In the past, the Government Logistics Department (GLD) has all along produced a wide range of printed material, including publications, government forms and paper stationery, for government departments. In this connection, would the Administration inform this Committee of the following:

- (1) The volume of printed material, in tabular form, produced by GLD for different government departments last year.
- (2) The volume of printed material produced by GLD for the Consultation Document on the Method for Selecting the Chief Executive by Universal Suffrage (second round public consultation).
- (3) The volume of printed material produced by GLD for the Report on the Recent Community and Political Situation in Hong Kong.
- (4) The volume of printed material produced by GLD for the 2015 Policy Address.
- (5) The volume of printed material produced by GLD for the 2015-16 Budget.
- (6) The volume of printed material produced by GLD for the Basic Law.

Asked by: Hon CHAN Chi-chuen (Member Question No. 4)

Reply:

- (1) The Government Logistics Department (GLD) produces a wide variety of printed material for bureaux and departments, including publications, leaflets, forms and paper stationery, etc. GLD did not compile statistics on the volume of printed material by bureau/department before 1 April 2014. The volume of printed material produced between 1 April and 31 December in 2014 is tabulated in the Annex.

- (2) The volume of printed material produced by GLD for the Consultation Document on the Method for Selecting the Chief Executive by Universal Suffrage (second round public consultation) is as follows:

Items	Volume (copies/sets)
Consultation Document on the Method for Selecting the Chief Executive by Universal Suffrage (Chinese and English versions)	25 300
Promotional leaflets (Chinese, English and other languages versions)	483 300
Posters and other publicity material	42 000

- (3) GLD has not produced any printed material for the Report on the Recent Community and Political Situation in Hong Kong.

- (4) The volume of printed material produced by GLD for the 2015 Policy Address is as follows:

Items	Volume (copies)
Policy Address (Chinese and English versions)	56 500
Policy Agenda (Chinese and English versions)	44 500
Leaflets (bilingual version)	258 900

- (5) The volume of printed material produced by GLD for the 2015-16 Budget is as follows:

Items	Volume (copies)
Budget Speech (Chinese and English versions)	79 000
Leaflets (Chinese and English versions)	308 600

- (6) The volume of printed material produced by GLD for the Basic Law is as follows:

Items	Volume (copies)
Basic Law booklets (Chinese and English versions)	124 500

Bureaux/Departments	Volume of printed material (copies/sets)
Agriculture, Fisheries and Conservation Department	662 932
Architectural Services Department	191 700
Audit Commission	13 382
Auxiliary Medical Service	50 396
Buildings Department	2 048 355
Census and Statistics Department	3 214 723
Chief Executive's Office	52 865
Civil Aid Service	16 888
Civil Aviation Department	428 384
Civil Engineering and Development Department	449 087
Civil Service Bureau	535 431
Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)	48 737
Commerce and Economic Development Bureau (Communications and Technology Branch)	39 093
Companies Registry	631 338
Constitutional and Mainland Affairs Bureau	1 035 768
Correctional Services Department	143 259
Customs and Excise Department	1 287 807
Department of Health	23 043 654
Department of Justice	360 200
Development Bureau (Planning and Lands Branch)	58 830
Development Bureau (Works Branch)	306 039
Drainage Services Department	85 189
Education Bureau	5 749 171
Electrical and Mechanical Services Department	1 622 798
Environment Bureau	42 028
Environmental Protection Department	1 929 477
Financial Services and the Treasury Bureau (Financial Services Branch)	49 114
Financial Services and the Treasury Bureau (The Treasury Branch)	40 966
Fire Services Department	1 554 889
Food and Environmental Hygiene Department	4 579 992
Food and Health Bureau (Food Branch)	62 170
Food and Health Bureau (Health Branch)	600
Government Flying Service	20 334
Government Laboratory	19 722
Government Logistics Department	306 934
Government Property Agency	39 036
Administration Wing	112 051
Highways Department	141 005

Home Affairs Bureau	1 531 377
Home Affairs Department	4 319 271
Hong Kong Observatory	59 011
Hong Kong Police Force	11 329 510
Hongkong Post	84 661 496
Housing Department	3 285 465
Immigration Department	171 757 687
Independent Commission Against Corruption	598 207
Information Services Department	1 058 155
Inland Revenue Department	48 398 359
Innovation and Technology Commission	116 398
Intellectual Property Department	133 746
Invest Hong Kong	1 646
Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	3 263
Judiciary	1 959 889
Labour and Welfare Bureau	445 120
Labour Department	4 575 863
Land Registry	3 536 660
Lands Department	3 490 196
Legal Aid Department	490 283
Leisure and Cultural Services Department	8 377 164
Marine Department	692 450
Office of the Communications Authority	131 321
Office of the Government Chief Information Officer	263 177
Official Receiver's Office	941 630
Planning Department	290 408
Public Service Commission	17 656
Radio Television Hong Kong	52 035
Rating and Valuation Department	15 955 870
Registration and Electoral Office	2 908 753
Secretariat, Commissioner on Interception of Communications and Surveillance	7 289
Security Bureau	81 602
Social Welfare Department	3 727 780
Trade and Industry Department	258 779
Transport and Housing Bureau (Transport Branch)	47 086
Transport Department	6 048 107
Treasury	653 748
University Grants Committee Secretariat	37 938
Water Supplies Department	59 156 159
Student Financial Assistance Agency	6 155 824

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)025****(Question Serial No. 3153)**Head: (59) Government Logistics DepartmentSubhead (No. & title): ()Programme: (1) Procurement, (2) Supplies ManagementControlling Officer: Director of Government Logistics (Ms Maisie CHENG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

1. Please provide information on green procurement policy for the past five years in the following table:

Year	Procure more green products of different varieties for the central store		Increase the utilisation rate of green products	
	Targets	Result	Targets	Result

2. Please provide information on the manpower and expenditure involved in implementing green procurement policy for the past five years in the following table:

Year	Number of posts/Rank	Specific job content	Salary (\$)	Total expenditure other than salary on green procurement (\$)

Asked by: Hon LEUNG Kenneth (Member Question No. 4.09)

Reply:

1. The Government established a set of guidelines on green procurement in 2000 for reference of bureaux/departments (b/ds) in arranging for procurement. The Environmental Protection Department (EPD) has also formulated green specifications for 103 commonly used products procured by the Government. In its purchase of goods (including common-user items) (note 1), the Government Logistics Department (GLD) has all along complied with this set of guidelines and has adopted the relevant green specifications.

As there are different requirements for goods every year and depending on the market availability of products meeting the relevant green specifications, it is difficult to set specific green procurement targets for a particular year. From 2011 to 2014 (note 2), GLD had 406 procurement contracts in total (including 97 contracts for common-user items) that involved products with green specifications in the tenders. Among them, 338 contracts (including 55 contracts for common-user items) involved purchased products meeting the green specifications concerned. The detailed information is tabulated as follows:

Contracts	2011		2012		2013		2014	
	Number	Value (\$million)	Number	Value (\$million)	Number	Value (\$million)	Number	Value (\$million)
Involve products with green specifications in the tenders	101	680	111	1,390	95	780	99	1,230
Involve purchased products meeting the green specifications concerned	83 (82%)	630 (93%)	93 (84%)	1,350 (97%)	83 (87%)	760 (97%)	79 (80%)	1,130 (92%)

2. Government's b/ds would conduct green procurement according to the green specifications formulated by EPD, taking into consideration factors like market availability, etc. As the public officers responsible for procurement only need to specify the relevant green specifications when conducting procurement, there is no officer designated solely for handling green procurement.

Note 1: GLD is responsible for procuring common-user items (e.g. paper, stationery, etc) required by b/ds. The contractors will deliver the required goods directly to b/ds according to their individual requirements. GLD's central store only keeps those essential and emergency items (e.g. mask, shoe cover, household bleach, etc).

Note 2: The Environment Bureau issued a circular memorandum on green procurement in 2011. GLD has started to collect information on adoption of green specifications in the tenders since that year.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)026****(Question Serial No. 0527)**Head: (59) Government Logistics DepartmentSubhead (No. & title): ()Programme: (3) Land TransportControlling Officer: Director of Government Logistics (Ms Maisie CHENG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Provide details about the government fleet according to emission standards in the following table:

	Number	Euro III or earlier models	Euro IV or later models	Electric vehicle	Hybrid vehicle
VIP Car					
Large Saloon Car (Grade A)					
Large Saloon Car (Grade B)					
Van					
Truck					
Motorcycle					
Bus					
Cross Country Vehicle					
Specialised Vehicle					
Ambulance					

Asked by: Hon LEUNG Yiu-chung (Member Question No. 9)

Reply:

The details about the current government fleet are as follows:

	Number	Euro III or earlier models	Euro IV or later models	Electric vehicle	Hybrid vehicle
VIP Car	4	1	0	0	3
Large Saloon Car (Grade A)	72	0	72	0	0
Large Saloon Car (Grade B)	71	0	71	0	0
Small and Medium Cars	1 328	113	694	147	374
Van	1 422	279	1 140	3	0
Truck	314	106	208	0	0
Motorcycle	343	267	0	76	0
Bus	643	143	500	0	0
Cross Country Vehicle	103	26	77	0	0
Specialised Vehicle	1 719	797	922	0	0
Ambulance	411	0	411	0	0

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1101)

Head: (59) Government Logistics Department

Subhead (No. & title): ()

Programme: (1) Procurement

Controlling Officer: Director of Government Logistics (Ms Maisie CHENG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The main activities of the Government Logistics Department include the formulation of tendering strategies for government departments, preparation of tender documents, etc. Some members of the community point out that the Government should play a leading and exemplary role in the implementation of "green procurement" so as to combat climate change and promote environmental protection. In this connection, please advise: Did the Government formulate any specific policy on procurement and tendering for the implementation of "green procurement" in the past three years? If yes, what are the details? If not, what are the reasons?

Asked by: Hon LO Wai-kwok (Member Question No. 39)

Reply:

The Government has established a set of guidelines on the procurement of green products for compliance by bureaux/departments (b/ds) in arranging for procurement. The guidelines focus on avoiding single-use disposable items and the need for considering the following factors in the purchase of goods:

- (i) improved recyclability, higher recycled content, reduced packaging, greater durability;
- (ii) greater energy efficiency;
- (iii) utilisation of clean technology and/or clean fuels;
- (iv) reduced water consumption;
- (v) emission of fewer irritating or toxic substances during installation or in use; and
- (vi) production of fewer toxic substances, or with fewer toxic substances, upon disposal.

Besides, the Environmental Protection Department has drawn up green specifications for items commonly procured by b/ds for b/d's reference in their daily purchase of the items concerned. Where green specifications for an item are available, subject to market availability and resource considerations, the Government Logistics Department will proactively adopt the green specifications in arranging for the purchase of the item.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1893)

Head: (59) Government Logistics Department

Subhead (No. & title): ()

Programme: (3) Land Transport

Controlling Officer: Director of Government Logistics (Ms Maisie CHENG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In 2015-16, the Government Logistics Department will continue to give priority to environment-friendly (EF) vehicles when replacing government vehicles subject to availability of suitable models on the market as well as operational and resources considerations. In this connection, would the Administration inform this Committee of the following:

1. The total number of EF vehicles in government departments at present and the proportion in terms of all the government vehicles;
2. The total number of vehicles replaced in each of the past five years and the respective expenditure;
3. The estimated number of vehicles to be replaced in 2015-16 and the estimated expenditure; and
4. On what criteria are vehicles being replaced and how will the replaced old vehicles be disposed of ?

Asked by: Hon TIEN Pei-chun, James (Member Question No. 33)

Reply:

1. There are a total of 3 016 environment-friendly vehicles in the Government at present, accounting for 47% of the government fleet.

2. The number of government vehicles replaced in each of the past five years and the respective expenditure are as follows:

Year	Number of vehicles replaced	Expenditure involved
2014-15	364	\$137 million
2013-14	357	\$131 million
2012-13	369	\$134 million
2011-12	375	\$129 million
2010-11	373	\$122 million

3. It is estimated that the Government will replace 342 vehicles in 2015-16 and the expenditure involved is about \$135 million.
4. The Government Logistics Department (GLD) assesses whether vehicles are due for replacement on the basis of the Economic Life Model (ELM) which takes into account accumulated maintenance cost, vehicle age, mileage run and replacement cost. If the result of ELM indicates that it would no longer be economical to keep the vehicles, departments may request to replace them. When vetting requests for replacement vehicles from departments, GLD will also consider the past utilisation rate of the vehicles concerned. The Government will arrange for open tendering and awarding of term contracts. The contractors will purchase the replaced old vehicles.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)029

(Question Serial No. 1127)

Head: (59) Government Logistics Department

Subhead (No. & title): ()

Programme: (3) Land Transport

Controlling Officer: Director of Government Logistics (Ms Maisie CHENG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

To contribute to Government's policy on environmental protection, the Government Logistics Department will continue to procure electric vehicles to replace retiring vehicles in the government fleet. In this connection, please advise on the following:

- (a) What are the types and number of electric vehicles purchased by government departments in the past five years? What is the percentage in terms of the total number of vehicles and the expenditure involved?
- (b) Does the Government have any future plan of replacing all the other existing non-electric government vehicles progressively with electric vehicles? If yes, what are the details and timetable of the plan and the estimated expenditure and manpower involved? If not, what are the reasons?
- (c) In connection with the above, how will the replaced non-electric government vehicles be disposed of? What is the expenditure and manpower involved?

Asked by: Hon TSE Wai-chuen, Tony (Member Question No. 24)

Reply:

- (a) The details about electric vehicles purchased by the Government in the past five years are as follows:

Year	Types of vehicles	Number	Total number	Percentage in terms of the total number of vehicles purchased*	Expenditure involved (\$million)
2010-11	Car	11	11	2.9% (373)	4.7
2011-12	Car	30	42	11.2% (375)	13.7
	Motorcycle	11			
	Large van	1			
2012-13	Car	86	145	38.7% (375)	35.4
	Motorcycle	59			
2013-14	Car	10	18	5.0% (357)	4.7
	Motorcycle	6			
	Small van	2			
2014-15	Car	17	19	5.1% (370)	5.2
	Small van	2			

*The figures in brackets refer to the total number of vehicles purchased

- (b) The Government will continue to purchase more electric vehicles for replacing vehicles due for replacement in the government fleet, if there are suitable models on the market that can meet the operational requirements of departments.
- (c) The Government will arrange for open tendering and awarding of term contracts. The contractors will purchase the replaced old vehicles. The work is mainly undertaken by 6 officers, including 1 Electrical and Mechanical Engineer, 1 Mechanical Inspector, 1 Principal Supplies Officer, 1 Chief Supplies Officer, 1 Senior Supplies Officer and 1 Supplies Officer. As these 6 officers are not designated solely for matters on disposal of replaced old vehicles and they have to undertake various other duties at the same time, the Government Logistics Department does not have the breakdown of expenditure concerning their work.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)030****(Question Serial No. 1652)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ()Programme: (3) Investigation and Field AuditControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

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 five years. What is the amount of tax involved for the largest avoidance case?

Asked by: Hon CHAN Kam-lam (Member Question No. 45)Reply:

For protection of tax revenue, the Inland Revenue Department (IRD) is committed to combating tax evasion and tax avoidance. To this end, there is a Field Audit and Investigation Unit under IRD to conduct field audit and investigation work, including audit cases conducted in accordance with the anti-avoidance provisions in the Inland Revenue Ordinance (IRO). Over the past five financial years, the Field Audit and Investigation Unit of IRD completed on average about 1 800 cases each year. Among them, the number of audit cases on tax avoidance and the associated amount of back tax and penalty assessed are as follows -

	2010-11	2011-12	2012-13	2013-14	2014-15 (Revised estimate)
No. of cases completed	234	226	207	219	210
Back tax and penalty assessed (\$million)	2,193	4,357*	1,524	909	1,140

* The amount of back tax and penalty assessed in 2011-12 was higher than those in other years due to the settlement of several large tax avoidance cases.

IRD does not have statistical breakdown by individuals and companies on the number of audit cases completed. As regards the amount of tax involved for the largest avoidance case, IRD will not comment or disclose any further information on individual cases due to the official secrecy provision under section 4 of the IRO.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)031

(Question Serial No. 1032)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (3) Investigation and Field Audit

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The number of completed cases of property tax compliance checks has significantly increased from 141 000 in 2013-14 to 164 000 of the current year. Government authorities explained that it is due to the anticipated increase in the number of tenancy agreements. Have the authorities concerned ever assessed the causes of the marked increase in the number of tenancy agreements in the current year? Is it related to the harsh measures taken by the government to prevent the property market from being overheated? The following financial year will see a significantly lower increase to just 169 000 cases. What are the criteria? How do they relate to the Government policies for adjustment and control of the property market?

Asked by: Hon CHEUNG Wah-fung, Christopher (Member Question No. 40)

Reply:

For conducting property tax compliance checks, the Inland Revenue Department (IRD) would select cases from tenancy agreements presented to the Stamp Office for stamping, and then verify the correctness of the rental income reported by property owners in the following financial year. In estimating the number of cases, IRD would make reference to the change in the number of tenancy agreements in the previous years and assess the need to audit the reported information.

When IRD prepares the work plan for compliance checks, the Government's demand-side management measures are not a factor taken into consideration.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)032****(Question Serial No. 2821)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ()Programme: ()Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Paragraph 26 of the Budget Speech proposes to “reduce salaries tax and tax under personal assessment for 2014-15 by 75 per cent, subject to a ceiling of \$20,000. The reduction will be reflected in the final tax payable for 2014-15. This proposal will benefit 1.82 million taxpayers in the territory and reduce government revenue by \$15.8 billion.” Could the authorities concerned inform this Committee of the following: list the comparison between the estimated and actual amounts of reductions respectively made in salaries tax and tax under personal assessment for the past three years? what is the anticipated number of taxpayers who will benefit from the tax reduction up to the ceiling of \$20,000 under salaries tax and tax under personal assessment and its percentage out of the total number of taxpayers? what are the operational expenses and manpower involved in the said tax reduction measure?

Asked by: Hon FUNG Kin-kee, Frederick (Member Question No. 27)Reply:

In the past three years of assessment, the total amounts of one-off tax reduction under salaries tax and tax under personal assessment are as follows –

Years of assessment	Tax reduction measure		Estimated amount of tax reduction		Actual amount of tax reduction		
	% of tax reduced	Ceiling (\$)	Salaries Tax (\$million)	Personal Assessment (\$million)	Salaries Tax (\$million)	Personal Assessment (\$million)	Total (\$million)
2011-12	75%	12,000	8,310	590	9,726	740	10,466
2012-13	75%	10,000	7,800	600	8,538	660	9,198
2013-14	75%	10,000	8,600	600	9,172*	687*	9,859*

* As at 28 February 2015

The 2015-16 Budget proposes to reduce salaries tax and tax under personal assessment for the year of assessment 2014-15 by 75%, subject to a ceiling of \$20,000. The revenue forgone in relation to this proposal is estimated to be \$15.8 billion. The Inland Revenue Department (IRD) estimates that 472 000 salaries tax payers and 33 000 taxpayers under personal assessment will each be granted with tax reduction at the ceiling of \$20,000, representing about 28% of the total number of 1.82 million taxpayers to be benefited. IRD will implement the tax reduction measure with existing staff and through internal redeployment of resources.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)033****(Question Serial No. 2822)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ()Programme: ()Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Paragraph 26 of the Budget Speech proposes to “reduce profits tax for 2014-15 by 75 per cent, subject to a ceiling of \$20,000. The reduction will be reflected in the final tax payable for 2014-15. This proposal will benefit 130 000 taxpayers in the territory and reduce government revenue by \$1.9 billion.” Could the authorities concerned inform this Committee of the following: list the comparison between the estimated and actual amounts of reduction in profits tax for the past three years? What is the number and its percentage of those who will benefit from the tax reduction up to the ceiling of \$20,000 out of the total number of taxpayers? What are the operational expenses and manpower involved in the said reduction measure?

Asked by: Hon FUNG Kin-kee, Frederick (Member Question No. 28)Reply:

In the past three years of assessment, the total amounts of one-off tax reduction under profits tax are as follows -

Years of assessment	Tax reduction measure		Estimated amount of tax reduction (\$million)	Actual amount of tax reduction (\$million)
	% of tax reduced	Ceiling (\$)		
2011-12	75%	12,000	1,120	1,167
2012-13	75%	10,000	970	1,034
2013-14 *	75%	10,000	1,030	1,032*

* As at 28 February 2015

The 2015-16 Budget proposes to reduce profits tax for the year of assessment 2014-15 by 75%, subject to a ceiling of \$20,000. The revenue forgone in relation to this proposal is estimated to be about \$1.9 billion. The Inland Revenue Department (IRD) estimates that 75 000 taxpayers under profits tax will be granted with tax reduction at the ceiling of \$20,000, representing about 58% of the total number of 130 000 taxpayers to be benefitted. IRD will implement the tax reduction measure with existing staff and through internal redeployment of resources.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)034****(Question Serial No. 1553)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ()Programme: (1) Assessing FunctionsControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

A) Please provide the details of the ad valorem stamp duty (AVD) collected in the past five years in the table below:

2010-11			
Consideration or value of the property (whichever is the higher)	Number of cases	Average amount of AVD	The average percentage of AVD out of the consideration of the property
\$2,000,000 or below			
\$2,000,001 to \$3,000,000			
\$3,000,001 to \$4,000,000			
\$4,000,001 to \$6,000,000			
\$6,000,001 to \$20,000,000			
\$20,000,001 or above			
2011-12			
Consideration or value of the property (whichever is the higher)	Number of cases	Average amount of AVD	The average percentage of AVD out of the consideration of the property
\$2,000,000 or below			
\$2,000,001 to \$3,000,000			
\$3,000,001 to \$4,000,000			
\$4,000,001 to \$6,000,000			
\$6,000,001 to \$20,000,000			
\$20,000,001 or above			

2012-13			
Consideration or value of the property (whichever is the higher)	Number of cases	Average amount of AVD	The average percentage of AVD out of the consideration of the property
\$2,000,000 or below			
\$2,000,001 to \$3,000,000			
\$3,000,001 to \$4,000,000			
\$4,000,001 to \$6,000,000			
\$6,000,001 to \$20,000,000			
\$20,000,001 or above			
2013-14			
Consideration or value of the property (whichever is the higher)	Number of cases	Average amount of AVD	The average percentage of AVD out of the consideration of the property
\$2,000,000 or below			
\$2,000,001 to \$3,000,000			
\$3,000,001 to \$4,000,000			
\$4,000,001 to \$6,000,000			
\$6,000,001 to \$20,000,000			
\$20,000,001 or above			
2014-15			
Consideration or value of the property (whichever is the higher)	Number of cases	Average amount of AVD	The average percentage of AVD out of the consideration of the property
\$2,000,000 or below			
\$2,000,001 to \$3,000,000			
\$3,000,001 to \$4,000,000			
\$4,000,001 to \$6,000,000			
\$6,000,001 to \$20,000,000			
\$20,000,001 or above			

B) Please provide the information regarding the levy of AVD under Scale 1 and Scale 2 respectively after the introduction of the double stamp duty in the table below:

2013-14				
Consideration or value of the property (whichever is the higher)	Number of transactions charged with stamp duty at Scale 1 rates (i.e. double stamp duty rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 1 rates	Number of transactions charged with stamp duty at Scale 2 rates (i.e. the original AVD rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 2 rates
\$2,000,000 or below				
\$2,000,001 to \$3,000,000				
\$3,000,001 to \$4,000,000				
\$4,000,001 to \$6,000,000				
\$6,000,001 to \$20,000,000				
\$20,000,001 or above				

2014-15				
Consideration or value of the property (whichever is the higher)	Number of transactions charged with stamp duty at Scale 1 rates (i.e. double stamp duty rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 1 rates	Number of transactions charged with stamp duty at Scale 2 rates (i.e. the original AVD rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 2 rates
\$2,000,000 or below				
\$2,000,001 to \$3,000,000				
\$3,000,001 to \$4,000,000				
\$4,000,001 to \$6,000,000				
\$6,000,001 to \$20,000,000				
\$20,000,001 or above				

Asked by: Hon LAM Kin-fung, Jeffrey (Member Question No. 43)

Reply:

A) The collection of ad valorem stamp duty (AVD) in the past five years is as follows –

2010-11			
Consideration or value of the property	Number of cases (Note 1)	Average AVD (\$) (Note 2)	Average proportion of AVD paid over consideration of the property (Note 3)
\$2,000,000 or below	90 987	100	Not Available
\$2,000,001 to \$3,000,000	38 475	31,850	1.28%
\$3,000,001 to \$4,000,000	21 133	75,135	2.15%
\$4,000,001 to \$6,000,000	21 953	141,453	2.91%
\$6,000,001 to \$20,000,000	22 546	368,721	3.71%
\$20,000,001 or above	5 206	1,958,524	4.23%

2011-12			
Consideration or value of the property	Number of cases (Note 1)	Average AVD (\$) (Note 2)	Average proportion of AVD paid over consideration of the property (Note 3)
\$2,000,000 or below	51 891	100	Not Available
\$2,000,001 to \$3,000,000	23 286	32,218	1.29%
\$3,000,001 to \$4,000,000	14 469	75,644	2.16%
\$4,000,001 to \$6,000,000	16 968	144,251	2.93%
\$6,000,001 to \$20,000,000	20 631	368,368	3.71%
\$20,000,001 or above	4 520	1,904,675	4.24%

2012-13			
Consideration or value of the property	Number of cases (Note 1)	Average AVD (\$) (Note 2)	Average proportion of AVD paid over consideration of the property (Note 3)
\$2,000,000 or below	51 884	100	Not Available
\$2,000,001 to \$3,000,000	22 538	34,080	1.34%
\$3,000,001 to \$4,000,000	18 248	76,166	2.17%
\$4,000,001 to \$6,000,000	22 270	142,359	2.91%
\$6,000,001 to \$20,000,000	21 402	361,037	3.70%
\$20,000,001 or above	4 267	2,183,254	4.24%

2013-14			
Consideration or value of the property	Number of cases (Note 1)	Average AVD (\$) (Note 2)	Average proportion of AVD paid over consideration of the property (Note 3)
\$2,000,000 or below	27 708	100	Not Available
\$2,000,001 to \$3,000,000	12 508	35,414	1.37%
\$3,000,001 to \$4,000,000	12 175	75,818	2.16%
\$4,000,001 to \$6,000,000	14 016	141,027	2.90%
\$6,000,001 to \$20,000,000	14 279	359,695	3.70%
\$20,000,001 or above	2 641	2,408,667	4.24%

2014-15 (as at 28 February 2015)			
Consideration or value of the property	Number of cases (Note 1)	Average AVD (\$) (Note 2)	Average proportion of AVD paid over consideration of the property (Note 3)
\$2,000,000 or below	29 614	7,082	Not Available
\$2,000,001 to \$3,000,000	12 741	48,211	1.85%
\$3,000,001 to \$4,000,000	15 389	90,824	2.58%
\$4,000,001 to \$6,000,000	19 564	173,336	3.50%
\$6,000,001 to \$20,000,000	23 735	448,867	4.79%
\$20,000,001 or above	3 663	3,611,782	6.69%

Note 1 : The number of cases is counted by reference to each instrument stamped.

Note 2 : The analysis above is based on the AVD collected on the initial stamping which was made on the stated consideration in the instrument or the market value provided by the Rating and Valuation Department (RVD) if no consideration was stated. It does not include any subsequent adjustment such as payment arising from further stamping (in case the stated consideration is below the market value of the property) or refund (because of cancellation of the property transaction).

Note 3 : The figures computed include the stamp duty paid on deeds of gift which do not have "stated consideration" (see Note 2). Besides, RVD did not advise IRD on the exact market value if the property was valued at not more than \$2,000,000. Therefore, IRD cannot provide the average proportion for the value band of \$2,000,000 or below.

B) The Stamp Duty (Amendment) (No.2) Ordinance 2014 (“Amendment Ordinance”) was published in the Gazette on 25 July 2014. Instruments dealing with immovable property executed between 23 February 2013 and 24 July 2014 (“Transitional Period”) and presented for stamping during this period were stamped at the original rates as stipulated in the law. As such, the Stamp Office has no record showing whether these instruments were subject to Scale 1 and Scale 2 rates. Upon the enactment of the Amendment Ordinance, the Stamp Office was then able to collect the additional stamp duty for instruments executed during the Transitional Period and subject to AVD at Scale 1 rates as well as to process applications for charging AVD at Scale 2 rates. Owing to system constraints, the Stamp Office cannot provide the breakdown by each value band as requested in the question for property transactions carried out during the Transitional Period.

Regarding instruments dealing with residential and non-residential property executed after the Transitional Period (i.e. from 25 July 2014 to 28 February 2015), the number of cases chargeable to Scale 1 and Scale 2 rates and the average amount of AVD collected are as below:

Consideration or value of the property (whichever is the higher)	Number of transactions charged with stamp duty at Scale 1 rates (i.e. double stamp duty rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 1 rates(\$)	Number of transactions charged with stamp duty at Scale 2 rates (i.e. the original AVD rates)	Average amount of AVD levied on transactions charged with stamp duty at Scale 2 rates(\$)(Note)
\$2,000,000 or below	12 244	12,953	3 527	121
\$2,000,001 to \$3,000,000	2 946	75,033	3 532	37,451
\$3,000,001 to \$4,000,000	2 546	149,178	6 262	77,671
\$4,000,001 to \$6,000,000	3 405	292,853	8 500	144,522
\$6,000,001 to \$20,000,000	5 887	723,393	8 680	328,872
\$20,000,001 or above	1 311	4,772,897	768	1,709,635

Note: The above transactions include some cases where residential property and non-residential property were acquired under a single instrument. The relevant instruments are partly charged with stamp duty at Scale 2 rates in respect of the residential property and partly at Scale 1 rates in respect of the non-residential property. These cases are categorized as “transactions charged with stamp duty at Scale 2 rates” for the purpose of compiling the above details.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)035****(Question Serial No. 2891)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ()Programme: (3) Investigation and Field AuditControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

The Government mentions that Hong Kong, as an international financial centre, will step up its efforts in combating cross-border tax evasion in accordance with the latest global standard. Please fill in the form of following table showing the actual numbers of audit and investigation cases completed, the amounts of back tax and penalty assessed and collected by the Inland Revenue Department as well as the manpower and the funding provision for the past two financial years -

Financial year	Cases completed	Resources allocation		Back tax and penalty assessed (\$million)	Back tax and penalty collected (\$million)
		Establishment and supporting departmental posts	Full-year funding provision (\$million)		
2013-14					
2014-15					

Asked by: Hon LEUNG Kenneth (Member Question No. 2.02)

Reply:

In the financial years 2013-14 to 2014-15, the actual numbers of audit and investigation cases completed, the amounts of back tax and penalty assessed and collected by the Inland Revenue Department as well as the manpower and the funding provision are as follows -

Financial year	Cases completed	Resources allocation		Back tax and penalty assessed (\$million)	Back tax and penalty collected (\$million)
		Establishment and supporting departmental posts	Full-year funding provision (\$million)		
2013-14	1 802	267	199.8	2,540	2,159
2014-15 (As at 28 February 2015)	1 644	267	213.1^	2,394	2,613

^Revised Estimate

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)036****(Question Serial No. 2445)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ()Programme: (1) Assessing FunctionsControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please tabulate the total administration expenditure spent by the Inland Revenue Department on the handling of tax refund for the past five years. Please also tabulate the respective administration expenditures spent on the handling of salaries tax refund and profits tax refund.

Asked by: Hon LEUNG Yiu-chung (Member Question No. 46)Reply:

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.

In the past five financial years from 2010-11 to 2014-15, the expenditure of processing refund cases is as follows -

Financial year	2010-11	2011-12	2012-13	2013-14	2014-15 (Revised Estimate)
(\$million)	8.2	8.5	9.2	9.6	10.3

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)037

(Question Serial No. 2446)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please tabulate the administrative expenditure spent by the Inland Revenue Department on the collection of various types of stamp duty in the past five years.

Asked by: Hon LEUNG Yiu-chung (Member Question No. 47)

Reply:

In the past five financial years from 2010-11 to 2014-15, the expenditure of processing stamp duty cases incurred by the Inland Revenue Department (IRD) is as follows -

Financial year	2010-11	2011-12	2012-13	2013-14	2014-15 (Revised Estimate)
(\$million)	36.9	42.8	45.0	47.0	54.0

IRD has not apportioned the administration expenditure for collection of different types of stamp duty.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)038****(Question Serial No. 2447)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ()Programme: (3) Investigation and Field AuditControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please tabulate the numbers of tax evasion and tax avoidance cases investigated by the Inland Revenue Department in the past five years, the administrative costs incurred, the amounts of money involved and the penalties collected as a result.

Asked by: Hon LEUNG Yiu-chung (Member Question No. 48)Reply:

In the five financial years from 2010-11 to 2014-15, the actual numbers of audit and investigation cases completed, the associated back tax and penalty collected by the Inland Revenue Department, and the funding provision involved are as follows -

Financial year	Cases completed	Full-year funding provision (\$million)	Back tax and penalty collected (\$million)
2014-15 (As at 28 February 2015)	1 644	213.1 [^]	2,613
2013-14	1 802	199.8	2,159
2012-13	1 802	190.1	3,438
2011-12	1 804	180.9	6,852*
2010-11	1 805	170.3	3,881

[^]Revised Estimate

*The amount of back tax and penalty assessed and collected in 2011-12 was higher than those in other years due to the settlement of several large tax avoidance cases.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)039****(Question Serial No. 2600)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ()Programme: (1) Assessing FunctionsControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

The Government raised the child allowances for three consecutive years from 2011-12 to 2013-14, and will increase the basic and additional child allowances from \$70,000 to \$100,000 from 2015-16 onwards. Will the Government inform the Committee of:

1. the respective numbers of families which have claimed the child allowances in the past three years of assessment?
2. the respective numbers of children maintained by families which have claimed the child allowances in the past three years of assessment?

Year of Assessment	No. of families maintaining 1 child	No. of families maintaining 2 children	No. of families maintaining 3 children	No. of families maintaining 4 children	No. of families maintaining 5 children	No. of families maintaining 6 or more children
2011/12						
2012/13						
2013/14						

Asked by: Hon TONG Ka-wah, Ronny (Member Question No. 55)

Reply:

For the years of assessment 2011-12 to 2013-14, the numbers of salaries taxpayers with child allowance granted and the respective number of children involved are as follows -

Years of assessment	Number of salaries taxpayers with child allowance granted						Total number of the relevant taxpayers
	1 child	2 children	3 children	4 children	5 children	6 children or more	
2011-12	200 810	114 770	12 040	1 110	140	30	328 900
2012-13	198 620	114 270	12 070	1 100	150	40	326 250
2013-14 *	207 030	116 070	12 150	1 050	140	30	336 470

* As at 28 February 2015

The Inland Revenue Department does not keep statistics on the number of families involved regarding salaries taxpayers who have claimed child allowances, and therefore the relevant information cannot be provided.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)040

(Question Serial No. 2601)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government increased the allowances for maintaining dependent parents and dependent grandparents in 2013-14. Will the Government inform the Committee of:

1. the current number of taxpayers who have claimed the Dependent Parent and Dependent Grandparent Allowance?
2. the relevant details?

	Taxpayers who are not claiming allowance for maintaining a dependent parent or a dependent grandparent	Taxpayers claiming allowance for maintaining 1 dependent parent	Taxpayers claiming allowance for maintaining 2 dependent parents	Taxpayers claiming allowance for maintaining 1 dependent grandparent	Taxpayers claiming allowance for maintaining 2 dependent grandparents	Taxpayers claiming allowance for maintaining 3 dependent grandparents	Taxpayers claiming allowance for maintaining 4 dependent grandparents
Number of taxpayers							

	Taxpayers claiming allowance for maintaining 1 dependent parent and 1 dependent grandparent at the same time	Taxpayers claiming allowance for maintaining 1 dependent parent and 2 dependent grandparents at the same time	Taxpayers claiming allowance for maintaining 1 dependent parent and 3 dependent grandparents at the same time	Taxpayers claiming allowance for maintaining 1 dependent parent and 4 dependent grandparents at the same time	Taxpayers claiming allowance for maintaining 2 dependent parents and 1 dependent grandparent at the same time	Taxpayers claiming allowance for maintaining 2 dependent parents and 2 dependent grandparents at the same time	Taxpayers claiming allowance for maintaining 2 dependent parents and 3 dependent grandparents at the same time	Taxpayers claiming allowance for maintaining 2 dependent parents and 4 dependent grandparents at the same time
Number of taxpayers								

Asked by: Hon TONG Ka-wah, Ronny (Member Question No. 56)

Reply:

Regarding statistics on the number of taxpayers granted Dependent Parent or Dependent Grandparent Allowance(s), the Inland Revenue Department (IRD) only keeps breakdown by age groups of the dependants. Therefore, the information on various combinations as requested in the question cannot be provided. The following table sets out the respective number of salaries taxpayers granted one to four Dependent Parent Allowances or Dependent Grandparent Allowances in the year of assessment 2013-14 (as at 28 February 2015) -

Year of assessment	2013-14 (As at 28 February 2015)
	Number of taxpayers
<u>Number of Dependent Parent Allowance(s) granted (Note)</u>	
- Aged 60 or above	
1 parent	325 030
2 parents	123 100
3 parents	9 090
4 parents	<u>1 890</u>
Total	<u>459 110</u>
- Aged 55 to 59	
1 parent	101 300
2 parents	20 050
3 parents	440
4 parents	<u>40</u>
Total	<u>121 830</u>
<u>Number of Dependent Grandparent Allowance(s) granted (Note)</u>	
- Aged 60 or above	
1 grandparent	16 270
2 grandparents	1 810
3 grandparents	60
4 grandparents	<u>4</u>
Total	<u>18 144</u>
- Aged 55 to 59	
1 grandparent	80
2 grandparents	<u>10</u>
Total	<u>90</u>

Note: If a taxpayer is granted Dependent Parent Allowance or Dependent Grandparent Allowance for dependants of different age groups at the same time, the taxpayer would be repeatedly counted in the number of taxpayers for each of the relevant age groups.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)041****(Question Serial No.2605)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ()Programme: (3) Investigation and Field AuditControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

It is stated in The Budget that Hong Kong, as an international financial centre, will step up its efforts in combating cross-border tax evasion. Will the Government inform this Committee of:

1. the numbers of cross-border tax evasion cases occurred respectively in the past 3 years? What are the respective amounts of tax involved?
2. the aspects of tax affairs involved in such cases?
3. the countries or regions involved in such cases?
4. the number of cases uncovered in Hong Kong out of all the cross-border tax evasion cases?

Asked by: Hon TONG Ka-wah, Ronny (Member Question No. 61)Reply:

In conducting audits or investigations, the Inland Revenue Department (IRD) would take a comprehensive review of all transactions of the companies involved, including their cross-border transactions, to combat tax evasion and avoidance. However, IRD does not keep separate statistics on cross-border tax evasion cases. Therefore, the information requested regarding such cases cannot be provided.

Overall, in the financial years from 2012-13 to 2014-15, the actual numbers of audit and investigation cases completed and the amounts of back tax and penalty assessed are as follows-

	2012-13	2013-14	<u>2014-15</u> (Revised Estimate)
Cases completed	1 802	1 802	1 800
Back tax and penalty assessed	3,448	2,540	2,500

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)042****(Question Serial No. 1272)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ()Programme: (3) Investigation and Field AuditControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

What were the respective numbers of cases involving tax evasion and tax avoidance over the past three years? Of such cases, what were the respective types and amounts of tax involved? Was there any assessment made to gauge the effectiveness of the measures taken by the Government to clamp down on tax evasion and tax avoidance? Will the Government step up the clamp down measures?

Asked by: Hon WONG Ting-kwong (Member Question No. 58)Reply:

In the past three financial years from 2012-13 to 2014-15, the numbers of audit and investigation cases completed and the associated back tax and penalty assessed by the Inland Revenue Department (IRD) are as follows -

	<u>2012-13</u> (Actual)	<u>2013-14</u> (Actual)	<u>2014-15</u> (Revised Estimate)
Cases completed	1 802	1 802	1 800
Back tax and penalty assessed	3,448	2,540	2,500

The tax types involved in completed cases conducted by IRD include profits tax, salaries tax, property tax and personal assessment. However, IRD does not have statistical breakdown by tax types.

IRD will continue its efforts to combat tax evasion and avoidance. The relevant measures include –

- (1) making effective use of information technology and strengthening liaison between the field audit and investigation unit and other assessing units so as to enhance the efficiency of risk management for combating tax evasion and tax avoidance;

- (2) adjusting the criteria for identifying cases for audit from time to time in response to the changing social circumstances and business practices, and taking more targeted measures to tackle high-risk cases; and
- (3) strengthening on-the-job training of officers, and enhancing the officers' professional knowledge, practical experiences and investigative skills through job rotation as well as participation in local and international tax and investigation seminars and training programmes.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)043

(Question Serial No. 0130)

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 (TANG Ping Kwong)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the rates concession as announced in the Budget this year, please inform the Committee of the operational expenses, staff establishment and estimated payroll cost involved in the 2015-2016 rates concession.

Asked by: Hon CHAN Wai-yip, Albert (Member Question No. 5)

Reply:

Regarding the rates concession measure in the 2015-16 financial year, the Rating and Valuation Department (RVD) will absorb from within its existing resources the operational expenses involved. The said expenses mainly include an estimated amount of around \$1.16 million for publishing pamphlets for attachment to the rates demand notes to explain the rates concession arrangements. Besides, RVD has not deployed any dedicated manpower for handling the work on rates concession. Hence, RVD does not have the breakdown on manpower and payroll cost involved.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)044

(Question Serial No. 0169)

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 (TANG Ping Kwong)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the rates concession measure for this year, please inform the Committee of -

- (1) the number of cases of rates concession together with the number of cases that involve private domestic premises and commercial properties and the amounts enjoyed by them respectively;
- (2) the amounts enjoyed by each of the top 100 organisations receiving the largest amounts of rates concession in table form;
- (3) the number of cases that reach the ceiling of rates concession with respect to private domestic premises and commercial properties together with the amounts enjoyed by them respectively;
- (4) 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, affiliated companies and holding companies with respect to rates concession and the amounts enjoyed by them.

Asked by: Hon CHAN Wai-yip, Albert (Member Question No. 46)

Reply:

- (1) For the 2015-16 financial year, around 3.15 million properties will benefit from rates concession, of which about 1.74 million are private domestic properties and 0.41 million are non-domestic properties. The estimated amounts of rates concession involving private domestic properties and non-domestic properties are about \$5.2 billion and \$1.3 billion respectively.

- (2) For the 2015-16 financial year, the top 100 ratepayers (excluding organisations providing public housing) that will receive the largest estimated amounts of rates concession, involving about \$0.25 billion, are as follows -

Ratepayer	Amount of Rates Concession (\$million)
1 - 50	206.62
51 - 100	44.73
Total	251.35

- (3) For the 2015-16 financial year, it is estimated that about 265 000 private domestic properties and about 168 000 non-domestic properties will enjoy rates concession at the ceiling level in the relevant quarters, involving concession amounts of about \$1.3 billion and \$0.8 billion respectively.
- (4) According to the Code on Access to Information, without prior consent from the ratepayers concerned, the Rating and Valuation Department (RVD) is unable to disclose information which will reveal the identity of the ratepayers. Moreover, RVD does not have records of subsidiary companies, affiliated companies and holding companies.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3160)

Head: (162) Rating and Valuation Department

Subhead (No. & title): (000) Operational expenses

Programme: (1) Statutory Valuation and Assessments

Controlling Officer: Commissioner of Rating and Valuation (TANG Ping Kwong)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please give a breakdown of the estimated number of staff, annual emoluments, housing allowance and allowances for the expenses on visits and entertainment pertaining to the following posts in the Rating and Valuation Department in 2015-16.

- Commissioner
- Deputy Commissioner
- Assistant Commissioner
- Departmental Secretary
- Deputy Departmental Secretary
- Assistant Departmental Secretary (Department)
- Assistant Departmental Secretary
- Confidential Assistant
- Senior Clerical Officer
- Clerical Officer
- Acting Principal Valuation Surveyor
- Acting Senior Valuation Surveyor
- Senior Valuation Surveyor
- Valuation Surveyor
- Principal Valuation Officer
- Senior Technical Officer (Cartographic)
- Systems Manager
- Analyst/Programmer I
- Analyst/Programmer II
- Assistant Staff Development Officer
- Staff Development Officer
- Senior Statistical Officer
- Statistical Officer
- Technical Secretary

- Assistant Technical Secretary
- Senior Treasury Accountant
- Treasury Accountant
- Supervisor of clerks

Asked by: Hon LEUNG Kwok-hung (Member Question No. 617)

Reply:

In 2015-16, the estimated number of the aforesaid posts in the Rating and Valuation Department (RVD) is tabulated below:

Post	Number
Commissioner of Rating and Valuation	1
Deputy Commissioner of Rating and Valuation	1
Assistant Commissioner of Rating and Valuation	4
Departmental Secretary	1
Deputy Departmental Secretary	1
Assistant Departmental Secretary (Department)	No such post in RVD
Assistant Departmental Secretary	3
Confidential Assistant	1
Senior Clerical Officer	16
Clerical Officer	37
Principal Valuation Surveyor	8
Senior Valuation Surveyor	23
Valuation Surveyor	59
Principal Valuation Officer	15
Senior Technical Officer (Cartographic)	2
Systems Manager	3
Analyst/Programmer I	11
Analyst/Programmer II	4
Assistant Staff Development Officer (Post held by Valuation Surveyor)	2 (Figure already included in the above row on Valuation Surveyor)
Staff Development Officer (Post held by Senior Valuation Surveyor)	1 (Figure already included in the above row on Senior Valuation Surveyor)
Senior Statistical Officer	2
Statistical Officer I	3
Statistical Officer II	3
Technical Secretary (Post held by Senior Valuation Surveyor)	4 (Figure already included in the above row on Senior Valuation Surveyor)

Assistant Technical Secretary (Post held by Valuation Surveyor)	5 (Figure already included in the above row on Valuation Surveyor)
Assistant Technical Secretary (Post held by Principal Valuation Officer)	1 (Figure already included in the above row on Principal Valuation Officer)
Senior Treasury Accountant	1
Treasury Accountant	No such post in RVD
Supervisor of Clerks (Post held by Clerical Officer)	5 (Figure already included in the above row on Clerical Officer)
Supervisor of Clerks (Post held by Assistant Clerical Officer)	3
Other posts	664
Total	866

In 2015-16, RVD's estimates for annual emoluments, expenses for duty visit and expenses for entertainment are \$0.4 billion, \$120,000 and \$2,500 respectively. As the estimate of expenditure under Head 162 does not include housing allowance for RVD's staff, RVD does not have the estimated figure concerned.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)046****(Question Serial No. 3197)**Head: (162) Rating and Valuation DepartmentSubhead (No. & title): ()Programme: (2) Collection and Billing of Rates and Government RentControlling Officer: Commissioner of Rating and Valuation (TANG Ping Kwong)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please tabulate the number of cases of arrears and late payment of rates handled by the Rating and Valuation Department in the past 5 years, with the administrative cost, the amount involved and the amount of penalty collected.

Asked by: Hon LEUNG Yiu-chung (Member Question No. 51)Reply:

The number of accounts and the amount involved in rates arrears at the end of the past five financial years are as follows :

Financial Year	Number	Amount* (\$million)
2009-10	27 467	58
2010-11	25 681	52
2011-12	26 399	52
2012-13	24 050	47
2013-14	25 408	57

*Late payment surcharge has been included.

The recovery actions are taken on an account basis which may involve rates and/or Government rent arrears. In the past five financial years, the total expenditure incurred by the Rating and Valuation Department on recovery of rates and Government rent arrears is as follows :

Financial Year	Expenditure (\$million)
2009-10	11.3
2010-11	11.4
2011-12	11.8
2012-13	12.7
2013-14	13.0

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)047

(Question Serial No. 1621)

Head: (186) Transport Department

Subhead (No. & title): (-) Not Specified

Programme: (2) Licensing of Vehicles and Drivers

Controlling Officer: Commissioner for Transport (Mrs Ingrid YEUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1. Since the implementation of the Personalized Vehicle Registration Marks (PVRM) Scheme, as at to-date, how many PVRMs were successfully auctioned on average each year? What is the average auction price? What is the highest auction price in each year? Please list out separately.
2. Since the implementation of the scheme, how many PVRMs were successfully auctioned at reserve price each year? Please list out by year.
3. Since the implementation of the scheme, what is the amount of proceeds brought to the Treasury? Please list out by year.
4. Does the Government have any plan to review the PVRM Scheme? If yes, when will it be conducted?

Asked by: Hon CHAN Kam-lam (Member Question No. 17)

Reply:

In the past five years* (i.e. 2010-2014), the number of PVRM allocated through auction, number of PVRM so allocated at reserve price, average auction price, highest auction price and the proceeds of PVRM auction each year are tabulated below –

Year	No. of PVRM allocated through auction	No. of PVRM allocated at reserve price	Average auction price (\$)	Highest auction price (\$ '000)	Proceeds of PVRM auction (\$ '000)
2010	2 827	1 864	12,255	520	34,644
2011	2 665	1 871	11,111	800	29,610
2012	2 877	2 065	10,857	1,250	31,236
2013	2 086	1 567	10,591	440	22,092
2014	2 728	2 061	10,747	1,520	29,318

*To ensure timely and quality response to questions, we would only provide information for up to five years.

The operation of the PVRM Scheme has been smooth and effective in both providing additional choices for vehicle owners and generating revenue for the Government. At present, we have no plan to review the scheme.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)048****(Question Serial No. 2833)**Head: (186) Transport DepartmentSubhead (No. & title): (-) Not SpecifiedProgramme: (2) Licensing of Vehicles and DriversControlling Officer: Commissioner for Transport (Mrs Ingrid YEUNG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Regarding the Personalized Vehicle Registration Marks (PVRM) Scheme, will the Administration advise this Committee on the following –

1. Since the implementation of the scheme, how many applications were received and how many marks were finally auctioned each year?
2. Since the introduction of the scheme, what are the amount of proceeds each year and the estimated amount of proceeds for the next financial year?
3. What are the manpower establishment and overall expenditure involved in the scheme?

Asked by: Hon FUNG Kin-kee, Frederick (Member Question No. 39)Reply:

In the past five years* (i.e. 2010 to 2014), the number of PVRM applications, number of marks allocated through auction and the proceeds of these auctioned marks each year are tabulated below –

Year	No. of applications for PVRM	No. of PVRM allocated through auction	Proceeds of PVRM auction (\$ '000)
2010	6 532	2 827	34,644
2011	7 636	2 665	29,610
2012	7 876	2 877	31,236
2013	8 836	2 086	22,092
2014	8 982	2 728	29,318

*To ensure timely and quality response to questions, we would only provide information for up to five years.

The estimated proceeds of the PVRM Scheme for the financial year 2015-16 are about \$23.874 million. Since the works of the PVRM Scheme and processing of applications and auctioning of traditional vehicle registration marks are handled by the same unit, we can only provide data in respect of the whole unit concerned. At present, the unit concerned has an establishment of ten officers, involving annual emolument of about \$4.07 million.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2201)

Head: (188) Treasury

Subhead (No. & title): (000) Operational expenses

Programme: (1) Central Accounting, Collections and Payments

Controlling Officer: Director of Accounting Services (Martin M.T. SIU)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please give a breakdown of the estimated number of staff, annual emoluments, housing allowance and allowances for the expenses on visits and entertainment pertaining to the following posts in the Treasury in 2015-16.

- Director
- Deputy Director
- Assistant Director
- Senior Personal Secretary
- Personal Secretary I
- Personal Secretary II
- Senior Treasury Accountant
- Treasury Accountant
- Accounting Officer I
- Accounting Officer II
- Senior Clerical Officer
- Clerical Officer
- Senior Accounting Officer
- Accounting Officer
- Supplies Supervisor I
- Supplies Supervisor II
- Chief Treasury Accountant
- Senior Systems Manager
- Assistant Accounting Manager
- Systems Manager
- Contract Project Manager
- Analyst Programmer I
- Analyst Programmer
- Contract Systems Analyst

Asked by: Hon LEUNG Kwok-hung (Member Question No. 614)

Reply:

The estimated establishment in 2015-16 under Head 188 - Treasury is tabulated below:

Post	Establishment
Director of Accounting Services	1
Deputy Director of Accounting Services	1
Assistant Director of Accounting Services	5
Chief Treasury Accountant	3
Senior Treasury Accountant	12
Treasury Accountant	21
Senior Accounting Officer	9
Accounting Officer I	27
Accounting Officer II	26
Chief Executive Officer	1
Senior Executive Officer	1
Executive Officer I	1
Executive Officer II	1
Senior Personal Secretary	1
Personal Secretary I	5
Personal Secretary II	3
Confidential Assistant	2
Senior Clerical Officer	28
Clerical Officer	64
Assistant Clerical Officer	148
Clerical Assistant	54
Office Assistant	5
Supplies Supervisor I	1
Supplies Supervisor II	1
Supplies Assistant	1
Senior Systems Manager	3
Systems Manager	4
Analyst/Programmer I	13
Analyst/ Programmer II	4
Assistant Computer Operation Manager	1
Senior Computer Operator	6
Computer Operator I	9
Computer Operator II	14
Data Processor	7
Motor Driver	1
Property Attendant	1
Workman II	5

The estimated personal emoluments for the above staff in 2015-16 are around \$202 million.

Since the expenditure on housing allowance is not included under Head 188 - Treasury, we cannot provide the estimated expenditure on housing allowance for staff of the Treasury for 2015-16.

The estimated expenditures on duty visits and entertainment of the Treasury for 2015-16 are \$50,000 and \$10,000 respectively.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)050

(Question Serial No. 2362)

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

Subhead (No. & title): (000) Operational expenses

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In this regard, would the Bureau provide in the table below details of the duty visits made by the Secretary for Financial Services and the Treasury and the Under Secretary for Financial Services and the Treasury in the past 3 years (2012-13, 2013-14 and 2014-15), including the date of visit, place of visit, size of entourage, purpose of visit, expenses on hotel accommodation, air tickets and meals and total expenditure for each visit? Please provide the amounts and the names of the sponsors of the sponsorships received (if any) of each visit.

Date of visit	Place of visit	Size of entourage	Purpose of visit	Hotel accommodation expenses	Air ticket expenses	Meal expenses	Total expenditure

Asked by: Hon CHAN Chi-chuen (Member Question No. 10)

Reply:

The expenditure on duty trips made by the Secretary for Financial Services and the Treasury (SFST) and the Under Secretary for Financial Services and the Treasury (USFST) in the past 3 years are listed below:

(A) The expenditure on duty trips made by SFST

Date of visit	Place of visit (note1)	Purpose of visit	Hotel accommodation expenses (\$) (Note2)	Passage Expenses (\$) (Note3)	Other expenses (\$) (Note4)	Total expenditure (\$) (Note 5)
2012-13 (6 visits)	Switzerland (Geneva, Bern, Lugano, Zurich), Beijing*, Tianjin, Chang Sha*, Guangzhou, Shenzhen and Taipei	To attend seminars / forums, meet with relevant financial and monetary officials and business leaders in order to promote	70,000	354,000	36,000	460,000
2013-14 (8 visits)	USA (Washington DC, Chicago), South Korea (Seoul), Beijing* and Shanghai*	Hong Kong as China's global financial centre and to discuss matters of bilateral	82,000	410,000	91,000	583,000
2014-15 (8 visits)	USA (Washington DC, San Francisco), Canada (Toronto, Ottawa), UK (London), France (Paris), Belgium (Brussel), Beijing*, Shanghai and Qionghai*	accounting and financial cooperation.	126,000	550,000	157,000	833,000

(B) The expenditure on duty trips made by USFST

Date of visit	Place of visit (note1)	Purpose of visit	Hotel accommodation expenses (\$) (Note2)	Passage Expenses (\$) (Note3)	Other expenses (\$) (Note4)	Total expenditure (\$) (Note 5)
2012-13 (11 visits)	USA (Washington DC, New York), Philippine (Manila), Beijing, Haikou*, Sanya, Changsha, Guangzhou and Taipei	To attend seminars / forums, meet with relevant financial and monetary officials and business leaders in order to	38,000	164,000	18,000	220,000
2013-14 (4 visits)	Beijing, Shanghai, Wuhan and Taipei	promote Hong Kong as China's global	9,000	41,000	9,000	59,000
2014-15 (10 visits)	Kazakhstan (Almaty), Beijing*, Shanghai*, Xiamen, Guangzhou* and Taipei	financial centre and to discuss matters of bilateral accounting and financial cooperation.	20,000	109,000	14,000	143,000

- * represent that visit to the place involved sponsorship such as hotel accommodation and/or in-town transportation offered by government agencies/organizer of event. The actual value of sponsorship received is not available.”
- Operational needs (such as location of meeting venues or activities and the arrangements made by the hosts or organisers) and the principle of prudent use of public money are the main considerations in arranging hotel accommodation for duty visits.
- Including expenses on flight and train tickets. The tickets for SFST and the entourage are purchased in accordance with the relevant guidelines set out in the Code for Officials under the Political Appointment System and the Civil Service Regulations respectively.
- Including subsistence allowance in respect of meal expenses in connection with performing duty outside Hong Kong and other expenses associated with the duty trip.
- Including expenses incurred by the entourage from the Office of SFST, i.e. Political Assistant to SFST and/or Press Secretary to SFST.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)051

(Question Serial No.0131)

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) (Ms Elizabeth TSE)

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:

- (1) What is the establishment of staff responsible for forecasting surplus/deficit of the Budget in the past year?
- (2) What are the administration expenses involved in forecasting surplus/deficit?
- (3) What are the indicators adopted in appraising the performance of staff responsible for forecasting surplus/deficit?
- (4) 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 year? If so, what are the details? If not, please give reasons.

Asked by: Hon CHAN Wai-yip, Albert (Member Question No.6)

Reply:

The preparation of revenue and expenditure estimates is an extensive exercise involving staff in the Treasury Branch as well as all policy bureaux and departments responsible for finance, personnel, administration and project management etc.

Hong Kong is a small and open economy, and our tax base is narrow. Government revenue is highly susceptible to economic fluctuations. Among our major sources of revenue, revenue from profits tax is affected mainly by corporate earnings which are far more volatile than macroeconomic changes, rendering it difficult for us to make an accurate estimate. As regards revenues from stamp duties and land premium, they are subject to fluctuations of the property market. Hence, despite our efforts to make the best forecasts based on the information available at the time of preparing the revenue estimates, variances between the actual revenue figures and the original estimates can hardly be avoided.

As government expenditure involves a wide range of policy areas and schemes, slight variance between the actual and estimated expenditure is inevitable. Over the past few years, the actual amounts of government expenditure and the original estimates were quite close to each other.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0132)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With regard to Programme (2), will the Government advise this Committee that during the Estimates compilation and Budget preparation processes for the year:

- (1) whether the Government has assessed the amount of rates concession enjoyed by the owners of commercial properties and the operating expenses involved in respect of the rates waiver mentioned in paragraph 26 of the Budget Speech? If yes, what are the details? If not, what are the reasons?
- (2) whether the Government has assessed the amount of rates concession enjoyed by 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 and Wheelock and Company Limited as well as their subsidiary, affiliated and holding companies in respect of the rates waiver? If yes, what are the details? If not, what are the reasons?
- (3) whether the Government has assessed the number of cases concerning 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 and Wheelock and Company Limited as well as their subsidiary, affiliated and holding companies and the amount of profits tax refund involved in respect of the profits tax reduction proposed in paragraph 26 of the Budget Speech?

Asked by: Hon CHAN Wai-yip, Albert (Member Question No. 7)

Reply:

- (1) For the 2015-16 financial year, around 3.15 million properties will benefit from rates concession, of which about 0.41 million are non-domestic properties. The estimated amount of rates concession involved is about \$1.3 billion.

Regarding the rates concession measure in the 2015-16 financial year, the Rating and Valuation Department (RVD) will absorb from within its existing resources the operational expenses. The said expenses mainly include an estimated amount of around \$1.16 million for publishing pamphlets for attachment to the rates demand notes to explain the rates concession arrangements. RVD does not have a breakdown of the operational expenses involved by type of buildings for the rates concession measure.

- (2) and (3) Rates concession and profits tax measures will benefit all ratepayers and profits-taxpayers in Hong Kong. When formulating these measures, the Government has not taken into consideration the amount of concession that can be enjoyed by specific ratepayers or taxpayers, nor does the Government consider it necessary to make such assessment. RVD does not have records of subsidiary companies, affiliated companies and holding companies. Given the official secrecy provision under section 4 of the Inland Revenue Ordinance, the Inland Revenue Department cannot provide information on individual cases.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0155)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Director of Bureau's Office

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Will the Government inform this Committee that in 2015-16:

- (1) What are the operational expenses for this Programme?
- (2) What are the respective estimated salary provisions for the Secretary, the Under Secretary and the Political Assistant?
- (3) What is the estimated provision of entertainment expenses for the Director of Bureau's Office?
- (4) What is the estimated provision of expenses on activities like official duty visits and study tours for the Director of Bureau's Office?
- (5) What are the numbers of days off taken by the Secretary, the Under Secretary and the Political Assistant respectively in 2014-15?

Asked by: Hon CHAN Wai-yip, Albert (Member Question No. 30)

Reply:

- (1) The estimated operational expenses of the Office of the Secretary for Financial Services and the Treasury (SFST) in 2015-16 are \$13.2 million.
- (2) The estimated salary provisions for the Secretary, the Under Secretary and the Political Assistant are \$3.58 million, \$2.68 million and \$1.25 million respectively. [Mandatory Provident Fund contribution excluded]
- (3) The estimated provision for local entertainment expenses of the Office of SFST is \$160,000.

- (4) The estimated provision for activities like official duty visits and study tours of the Office of SFST is \$1.1 million.
- (5) The Secretary, the Under Secretary and the Political Assistant are eligible for annual leave of 22 days per annum. As at 28.2.2015, the numbers of days off taken by each of them in 2014-15 are 18, 14 and 20 respectively.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0161)

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

Subhead (No. & title): (-) Not Specified

Programme: (3) Service Departments

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

How much resources will be reserved for 2015-16 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 Wai-yip, Albert (Member Question No. 36)

Reply:

The estimated expenditure for 2015-16 on the above three items in respect of the Financial Services and the Treasury Bureau (The Treasury Branch) and the departments under its purview are set out in the Annex. The expenses incurred by officials on overseas duty visits are governed by relevant provisions in the Code for Officials under the Political Appointment System and Civil Service Regulations (CSRs) 734 and 1365. The entertainment expenses are in line with the provisions set out in CSRs 750 and 751 and the relevant guidelines promulgated by the Administration Wing from time to time, whereas the use of private government vehicles is subject to the arrangements specified in the General Regulations and relevant circulars.

**Estimated expenditure on the following items for 2015-16
by the Financial Services and the Treasury Bureau (The Treasury Branch)
and its departments**

Branch/ Department	Expenses on Duty visits and study tours overseas and to the Mainland (Note 1) (\$)	Entertainment expenses within Hong Kong (\$)	Provision of private government vehicles to officials^(Note 2) (\$)
Financial Services and the Treasury Bureau (The Treasury Branch) (Note 3)	1,128,600	196,000	191,000
Audit Commission	34,000	12,000	46,000
Government Property Agency	0	1,500	N.A.
Government Logistics Department	39,000	3,000	N.A.
Inland Revenue Department	1,460,000	50,000	N.A.
Rating and Valuation Department	91,000	2,500	N.A.
Treasury	50,000	10,000	N.A.
Total:	2,802,600	275,000	237,000

Notes:

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

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)055

(Question Serial No. 2993)

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

Subhead (No. & title): (-) Not Specified

Programme: (-) Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the consultancy studies commissioned by the Financial Services and the Treasury Bureau and the departments under its purview for the purpose of formulating and assessing policies, please provide information about the studies in the following format.

- a. Please provide details of the public policy studies and strategic public policy studies commissioned for which funds had been allocated from 2011-12 to 2014-15.

Name of consultant	Mode of award (open auction/ tender/ quotation/ others (please specify))	Title, content and objective of project	Consultancy fee (\$)	Start date	Progress of study (under planning/ in progress/ completed (completion month and year))	Follow-up actions taken by the Government on the study report and their progress (if any)	For completed studies, have they been made public? If yes, through what channels? If no, why?

- b. Regarding the consultancy studies commissioned by the Financial Services and the Treasury Bureau and the departments under its purview for the purpose of formulating and assessing policies, are there any such projects for which funds have been reserved in 2015-16? If yes, what are the details?

Name of consultant	Mode of award (open auction/ tender/ quotation/ others (please specify))	Title, content and objective of project	Consultancy fee (\$)	Start date	Progress of study (under planning/ in progress/ completed (completion month and year))	Follow-up actions taken by the Government on the study report and their progress (if any)	For completed studies, have they been made public? If yes, through what channels? If no, why?

Asked by: Hon CHEUNG Kwok-che (Member Question No. 20)

Reply:

- a. The Financial Services and the Treasury Bureau (The Treasury Branch) and departments under its purview commissioned financial consultants to conduct the following financial study from 2011-12 to 2014-15:

Name of consultant	Mode of award (open auction/ tender/ others (please specify))	Title, content and objective of project	Consultancy fee (\$)	Start date	Progress of studies (under planning/ in progress/ completed)	Follow-up actions taken by the Government on the study report and their progress (if any)	For completed projects, have they been made public? If yes, through what channels? If no, why?
Asia Consulting Group Limited	Invitation of Quotation	To conduct a review on the target rates of return on Government utilities and trading funds.	1.43m	October 2010	Completed (March 2012)	The recommendations in the consultancy report were taken into account. The target rates of return were revised.	The financial consultancy report is serving for internal reference of the Government.
ING Bank N.V.	Consultants selection procedures	To advise the Government on the strategy to be taken in respect of its shareholding in Tradelink Electronic Commerce Limited.	4.45m	March 2012	Completed	The recommendations in the consultancy report were taken into account. On 25 October 2012, the Government fully disposed of its shareholding in Tradelink Electronic Commerce Limited.	The financial consultancy report is serving for internal reference of the Government.

- b. The Treasury Branch and departments under its purview have not set aside any provision for the appointment of financial consultants to carry out consultancy study in 2015-16.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)056

(Question Serial No. 1036)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Budget that in response to the Organisation for Economic Co-operation and Development, Hong Kong has pledged to adopt the new standard, pursuant to which financial institutions are required to report to the Inland Revenue Department specified financial account information on a regular basis. Will the Government advise this Committee of:

1. the difference between the above new policy and the agreement signed earlier with the United States on the *Foreign Account Tax Compliance Act*?
2. whether the workload of the Inland Revenue Department will increase significantly as a result of the adoption of the new standard? Will this call for a substantial increase in manpower in the future? What are the details?
3. whether in formulating the related policy, consideration will be given to exempt institutions targeting at the local clientele?

Asked by: Hon CHEUNG Wah-fung, Christopher (Member Question No. 4)

Reply:

- (1) The purpose of the Foreign Account Tax Compliance Act (FATCA) enacted by the United States (US) is to combat tax evasion by US taxpayers using offshore financial accounts. As for the new global standard on automatic exchange of financial account information (AEOI) promulgated by the Organisation for Economic Cooperation and Development (OECD), it has been developed by drawing extensively on the basis of FATCA. However, the AEOI standard itself consists of a fully reciprocal system with certain US-specific features removed, and the terms, concepts and approaches have been standardized to allow jurisdictions to adopt the relevant framework without having to negotiate individual terms, so that the standard is universal and can be applicable to all jurisdictions. Unlike FATCA, reportable persons under the AEOI standard are defined with reference to tax residence rather than citizenship or nationality.
- (2) The implementation of the new global standard on AEOI in Hong Kong is expected to create additional workload for the Inland Revenue Department (IRD). The IRD will closely monitor the situation and its manpower need.
- (3) The AEOI standard promulgated by the OECD prescribes that financial institutions falling within the definitions are required to report information of certain accounts, but it also sets out the types of financial institutions that can be exempted and the relevant requirements. We will follow the OECD standard and make reference to the practice of other jurisdictions so as to ascertain the scope of financial institutions covered by the exemption. The Administration will consult the industry in the second quarter of 2015 and introduce the relevant amendment bill in 2016.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)057****(Question Serial No. 1038)**

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In Programme (2) Revenue and Financial Control, the estimate for 2015-16 is \$143.7 million, representing an increase of 2.4% over the revised estimate for 2014-15 and an even bigger increase of 5.7% over the original estimate for 2014-15. The increase is obviously higher than those of Programme (1) Director of Bureau's Office and Programme (3) Service Departments. As explained by the Government on page 412, this is due to the additional requirements for personal emoluments and air passenger departure tax administration fee. Please advise on:

1. the respective amount of air passenger departure tax administration fee for the past 3 years, i.e. 2012-13, 2013-14 and 2014-15; and
2. the reason why the air passenger departure tax administration fee for 2015-16 is expected to increase significantly.

Asked by: Hon CHEUNG Wah-fung, Christopher (Member Question No. 6)

Reply:

- (1) The air passenger departure tax (APDT) administration fees from 2012-13 to 2014-15 are tabulated below -

Financial Year	APDT Administration Fees (\$ million)
2012-13 (actual)	49.239
2013-14 (actual)	54.171
2014-15 (revised estimate)	56.670

- (2) Under the Air Passenger Departure Tax Ordinance (Cap 140), airlines and helicopter companies are responsible for collecting APDT from departing air passengers and processing refunds on behalf of the Government. In return, the Government pays an administration fee to these companies. The estimated amount of APDT administration fees for 2015-16 is \$59.12 million, which is 4.3% higher than the revised estimate for 2014-15. The increase in the estimated amount is due to the projected increase in the number of departing air passengers.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)058****(Question Serial No. 0464)**

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Treasury Branch's work under this Programme is to, among others, combat tax evasion and minimise opportunities for tax avoidance. Please advise this Committee whether the cases of tax evasion are on the rise and how effective the work of combating tax evasion was in 2014-15. Please tabulate the tax evasion cases investigated and prosecuted by types over the year. Are there performance indicators for 2015-16? Will additional funding and manpower be deployed for this purpose?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 33)

Reply:

The Treasury Branch combats tax evasion through the Inland Revenue Department (IRD), so as to preserve tax revenue. According to our available information, there is no indication that the number of tax evasion cases is on the rise.

The number of field audit and investigation cases anticipated to be completed and the associated amount of back tax and penalty assessed by IRD in the financial year 2014-15 are as follows:

	<u>2014-15</u> (Revised Estimate)
Cases completed	1 800
Total back tax and penalty assessed(\$m)	2,500

In the financial year 2015-16, IRD plans to complete 1 800 field audit and investigation cases, involving back tax and penalty totalling \$2.5 billion. While the manpower required for processing the above cases will be the same as in 2014-15, the financial provision is higher than the revised estimate for 2014-15 by 1.2%, amounting to \$216 million.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)059

(Question Serial No. 2050)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

(1) It is stated in the *Brief Description* that the Treasury Branch's work is to 'promote adherence to the "cost recovery" and "user pays" principles'. Two years ago, the Financial Secretary had asked government departments to review more than a thousand fees and charges comprehensively in accordance with principles, and a number of fees and charges had been raised. How many government fee items will be reviewed in the coming year? On what criteria does the Government decide whether the items would be charged on a "cost recovery" basis or remain subsidised by the Government? If the current fees and charges are too high, will they be adjusted downwards? Meanwhile, will the Government review whether the "costing" method of government fees and charges is set at a level higher than that of the commercial market? If so, will the Government control its "cost"?

Asked by: Hon FANG Kang, Vincent (Member Question No. 7)

Reply:

Government services are generally charged in accordance with the "user pays" principle to achieve full cost recovery for services provided. For individual services where costs have not been recovered in full, the fees and charges for which would be increased to prevent such services from becoming subsidised ones and adding to the burden of taxpayers. As for individual services which are recovering more than the full costs, their fees would be adjusted downwards to the full cost levels.

In the past two years, policy bureaux and departments had completed review of more than 2 200 fee items, majority of which had not been revised for a decade or had low cost recovery rates. A fee increase was proposed for nearly 700 items, while a fee reduction was proposed for some 50 items. The proposals were estimated to increase the annual government revenue by about \$110 million.

Policy bureaux and departments will continue to review their respective fees and charges in the coming year, including those related to people's livelihood. In reviewing the fees and charges, the Government will take into account factors including policy considerations relevant to the specific services provided, the need for maintaining fiscal discipline, public affordability and acceptability, and the views of stakeholders before making proposals for fee revisions. The Government will increase fees and charges as and when necessary. There will not be substantial revisions at one go. Government departments will also strictly control costs and reduce the need for increasing fees and charges as far as possible.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)060

(Question Serial No. 2820)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Paragraphs 167 and 171 of the Budget Speech read as follows: "... I forecast a surplus of \$36.8 billion in the Consolidated Account in the coming year. Fiscal reserves are estimated to be \$856.3 billion by the end of March 2016, representing 36.8 per cent of GDP and equivalent to 23 months of government expenditure" and "Fiscal reserves are estimated at \$948.8 billion by end-March 2020, representing 33.6% of GDP and equivalent to 22 months of government expenditure." Will the Government inform this Committee of the criteria the current-term Government use to determine whether the fiscal reserve is adequate? Will the Government conduct reviews and studies on the reasonable level of fiscal reserves, as well as consider setting a ceiling for the fiscal reserves?

Asked by: Hon FUNG Kin-kee, Frederick (Member Question No. 26)

Reply:

In preparing the Budget each year, the Financial Secretary reviews the levels of revenue, expenditure and fiscal reserves with a view to striking an appropriate balance.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)061****(Question Serial No. 2823)**

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Budget Speech reads: "waive rates for the first two quarters of 2015-16, subject to a ceiling of \$2,500 per quarter for each rateable property. It will benefit 3.15 million properties and reduce government revenue by \$7.7 billion." Will the Government inform this Committee of the actual amounts of rates waived for the past 3 years? What are the anticipated numbers of properties and property owners benefiting from full waiver of rates in each quarter and the percentages of the total numbers of benefiting properties and property owners they account for? What are the operational expenses and manpower involved in the said waiver measure?

Asked by: Hon FUNG Kin-kee, Frederick (Member Question No. 29)

Reply:

The amounts of rates forgone per annum as a result of the rates concession measures in the past three financial years are tabulated below -

Financial year	Amount of rates forgone
2012-13	\$12.5 billion
2013-14	\$11.6 billion
2014-15	\$6.2 billion (revised estimate)

In the first two quarters in 2015-16 with rates concession, about 0.43 million of properties (i.e. about 14%) will enjoy a full reduction of \$2,500 in rates payment per quarter. According to the Rating Ordinance, assessment and collection of rates are based on property, and property owners, occupiers or agents are responsible for the rates payment in respect of the properties concerned. The Rating and Valuation Department (RVD) does not have information regarding the number of owners of the rateable properties, and has not estimated the number of owners who can enjoy rates concession at the ceiling level in the relevant quarters and their number as a ratio of the total number of owners.

RVD will deploy its existing resources to implement the rates concession measure. Such expenses mainly include an estimated amount of around \$1.16 million for publishing pamphlets for attachment to the rates demand notes to explain the rates concession arrangements. Besides, RVD does not deploy any dedicated manpower for handling the work on rates concession. Hence, RVD does not have the breakdown on the manpower and payroll cost involved.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2824)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Paragraph 150 of the Budget Speech reads: 'Two years ago, I asked government departments to comprehensively review over a thousand fees and charges in accordance with the "cost-recovery" and "user pays" principles. The review is supported by LegCo and our efforts have begun to bear fruits. We shall next review livelihood-related fees and charges.' Will the Government inform this Committee of the list of livelihood-related fees and charges to be reviewed in the next stage? Will affordability of the public a crucial factor to be considered by the Government apart from the "cost-recovery" and "user pays" principles? What are the expenses and manpower involved in such review work?

Asked by: Hon FUNG Kin-kee, Frederick (Member Question No. 30)

Reply:

Government services are generally charged in accordance with the "user pays" principle to achieve full cost recovery for services provided. For individual services where costs have not been recovered in full, the fees and charges for which would be increased to prevent such services from becoming subsidised ones and adding to the burden of taxpayers. As for individual services which are recovering more than the full costs, their fees would be adjusted downwards to the full cost levels.

In the past two years, policy bureaux and departments had completed review of more than 2 200 fee items, majority of which had not been revised for a decade or had low cost recovery rates. A fee increase was proposed for nearly 700 items, while a fee reduction was proposed for some 50 items. The proposals were estimated to increase the annual government revenue by about \$110 million.

Policy bureaux and departments will continue to review their respective fees and charges in the coming year, including those related to people's livelihood, such as water charges, the fees for use of leisure facilities and services, and charges relating to environmental hygiene services. In reviewing the fees and charges, the Government will take into account factors including policy considerations relevant to the specific services provided, the need for maintaining fiscal discipline, public affordability and acceptability, and the views of stakeholders before making proposals for fee revisions. The Government will increase fees and charges as and when necessary. There will not be substantial revisions at one go. Government departments will also strictly control costs and reduce the need for increasing fees and charges as far as possible.

Review on fees and charges is part of a bureau/department's regular duties, which is shared by the existing manpower. The resources required constitute part of a bureau/department's expenditure estimates and are reflected in the operational expenses of the relevant head of expenditure. Under Programme (2) of the Financial Services and the Treasury Bureau (The Treasury Branch), the duties of 11 staff members partly involve co-ordination of the review on fees and charges and vetting fee proposals of bureaux and departments. Since these staff members also take up other duties, the expenditure on their emoluments involved for the co-ordination and review of fees and charges cannot be separately identified and estimated.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2830)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Paragraph 151 of the Budget Speech reads: "Government launched an extensive consultation on the introduction of a Goods and Services Tax in 2006. The community then did not support the new tax. We may explore again the feasibility of broadening the tax base in due course with the aim of stabilising government revenue and creating room for direct tax concessions." Given that financial and monetary officials as well as the Financial Secretary have emphasised Hong Kong's narrow tax base repeatedly, could the Government advise this Committee of whether resources have been reserved by the new term of Government for conducting review on Hong Kong's tax base or taxation system? If so, what are the details and timetable of the review as well as the expenditure and manpower to be incurred?

Asked by: Hon FUNG Kin-kee, Frederick (Member Question No. 36)

Reply:

The Government launched an extensive consultation on the introduction of a Goods and Services Tax (GST) in 2006. The community then did not support this new tax and considered the proposed exemption and other compensation measures insufficient. In the light of the experience, the Government would need to give further thoughts to the scope of exemption and other relief measures if the feasibility of introducing GST is to be re-examined, with a view to exploring a package that could meet the present-day circumstances.

Tax reform is a very complex issue. Given the time required for thorough consideration, no structural change could be made in the near future. In principle, the Government adopts an open mind towards any proposals to broaden the revenue base, and we welcome more discussion by the community on the issue. While we will not rule out any possibility, we understand that it will be controversial to propose any new taxes, which need thorough public discussion. For the time being, we have not yet earmarked any additional manpower or funding for the above purpose.

In considering the various options on broadening tax revenue in future, the Government will have regard to whether the option is effective in broadening the revenue base, fair and in line with the “capacity to pay” principle, and in line with Hong Kong’s simple and low tax system to maintain Hong Kong’s competitiveness.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1876)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government will explore again the feasibility of broadening the tax base in due course with the aim of stabilising government revenue and creating room for direct tax concessions. Please inform this Committee of the following:

1. What is the specific approach, content, direction and timetable of the Government in exploring the above matter?
2. In addition to a Goods and Services Tax, will the Government also study the feasibility of introducing other new direct taxes?
3. In exploring the matter, will the Government also review the need to broaden the tax bands and tax rates of our salaries tax in accordance with the "capacity to pay" principle?

Asked by: Hon LEE Wai-king, Starry (Member Question No. 36)

Reply:

The Government launched an extensive consultation on the introduction of a Goods and Services Tax (GST) in 2006. The community then did not support this new tax and considered the proposed exemption and other compensation measures insufficient. In the light of the experience, the Government would need to give further thoughts to the scope of exemption and other relief measures if the feasibility of introducing GST is to be re-examined, with a view to exploring a package that could meet the present-day circumstances.

Tax reform is a very complex issue. Given the time required for thorough consideration, no structural change could be made in the near future. In principle, the Government adopts an open mind towards any proposals to broaden the revenue base, and we welcome more discussion by the community on the issue. While we will not rule out any possibility, we understand that it will be controversial to propose any new taxes, which need thorough public discussion.

In considering the various options on broadening tax revenue in future, the Government will have regard to whether the option is effective in broadening the revenue base, fair and in line with the “capacity to pay” principle, and in line with Hong Kong’s simple and low tax system to maintain Hong Kong’s competitiveness.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)065****(Question Serial No. 1877)**

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Budget that the stamp duty revenue is \$29.7 billion higher than the original estimate, representing an increase of over 60%. Of this revenue, some 75% comes from "double stamp duty" which was not budgeted.

In this connection, please provide:

1. in table form, a breakdown of the revenue from stamp duty on property transactions by level (as tabulated below) in this financial year and the rate of change as compared with the preceding year;

Amount or value of the consideration		Rate
Exceeds	Does not exceed	
	\$2,000,000	1.5%
\$2,000,000	\$2,176,470	\$30,000 + 20% of excess over \$2,000,000
\$2,176,470	\$3,000,000	3%
\$3,000,000	\$3,290,330	\$90,000 + 20% of excess over \$3,000,000
\$3,290,330	\$4,000,000	4.5%
\$4,000,000	\$4,428,580	\$180,000 + 20% of excess over \$4,000,000
\$4,428,580	\$6,000,000	6%
\$6,000,000	\$6,720,000	\$360,000 + 20% of excess over \$6,000,000
\$6,720,000	\$20,000,000	7.5%
\$20,000,000	\$21,739,130	\$1,500,000 + 20% of excess over \$20,000,000
\$21,739,130		8.5%

2. a breakdown of the revenue from Special Stamp Duty (SSD) by level (as tabulated below) in this financial year and a comparison with previous years;

<u>Holding Period</u>	The property was acquired on or after 20 November 2010 and before 27 October 2012	The property was acquired on or after 27 October 2012
6 Months or less	15%	20%
More than 6 months but for 12 months or less	10%	15%
More than 12 months but for 24 months or less	5%	10%
More than 24 months but for 36 months or less	-	10%

3. the revenue from Buyer's Stamp Duty (BSD) in this financial year and a comparison with previous years;
4. the number of cases involving "double stamp duty"; the highest, lowest and average gross floor area and saleable area of these property units; and their geographical distributions;
5. the revenue from stamp duty on leases of property in this financial year and a comparison with last 3 years; and
6. the revenue from stamp duty on Hong Kong stock in this financial year and the increase over the preceding year.

Asked by: Hon LEE Wai-king, Starry (Member Question No. 37)

Reply:

1. The following table sets out the revenue from ad valorem stamp duty ("AVD") on property transactions in 2013/14 and 2014/15 (Note 1):

Amount or value of the consideration		2013/14	2014/15 (as at 28 February 2015)
Exceeds	Does not exceed	\$ Million	\$ Million
	\$2,000,000	2.77	209.74
\$2,000,000	\$3,000,000	442.96	614.25
\$3,000,000	\$4,000,000	923.08	1,397.70
\$4,000,000	\$6,000,000	1,976.64	3,391.15
\$6,000,000	\$20,000,000	5,136.08	10,653.85
\$20,000,000		6,361.29	13,229.96

Note 1: The above figures are computed based on the amounts of stamp duty collected on initial stamping of the instruments. The Stamp Duty (Amendment) (No. 2) Ordinance 2014 (“the Amendment Ordinance”) was published in the Gazette on 25 July 2014. Instruments dealing with immovable property executed between 23 February 2013 and 24 July 2014 (“Transitional Period”) and presented for stamping during this period were stamped at the original rates as stipulated in the law. Upon the enactment of the Amendment Ordinance, the Stamp Office was then able to collect the additional stamp duty for instruments executed during the Transitional Period and subject to AVD at Scale 1 rates as well as to process applications for charging AVD at Scale 2 rates. The Stamp Office does not have information on the breakdown of additional stamp duty collected in the Transitional Period for property transactions in each value band.

2. The following table sets out the revenue from Special Stamp Duty (“SSD”) from 2011-12 to 2014-15:

Holding period of residential properties	Amount of SSD ^(Note 2) (\$ Million)			
	2011/12 (since 1 July 2011)	2012/13	2013/14	2014/15 (as at 28 February 2015)
6 months or less	15.32	11.22	8.86	9.25
More than 6 months but for 12 months or less	19.39	41.18	14.69	16.84
More than 12 months but for 24 months or less	16.79	330.90	196.01	125.53
More than 24 months but for 36 months or less	-	-	-	16.86
Total	51.50	383.30	219.56	168.48

Note 2: The above figures are computed based on the amounts of SSD collected on the initial stamping of instruments. Subsequent adjustment such as payment of further stamp duty is not included. SSD is applicable to transactions of residential properties acquired on or after 20 November 2010 and sold within twenty-four months upon the acquisition. Upon the gazettal of the relevant amendment ordinance on 30 June 2011, the Stamp Office was then able to charge SSD on concerned instruments. Subsequently, the Government has increased the SSD rates and extended the holding period of properties subject to SSD to thirty-six months since 27 October 2012. Upon the gazettal of a further amendment ordinance on 28 February 2014, the Stamp Office was then able to charge SSD on concerned instruments.

3. The following table sets out the revenue from the Buyer's Stamp Duty ("BSD") in 2013/14 and 2014/15:

Financial Year (Note 3)	(\$ Million)
2013/14 (since March 2014)	3,311
2014/15 (Up to 28 February 2015)	9,022

Note 3: BSD is applicable to all residential transactions which took place on or after 27 October 2012. Upon the gazettal of the relevant amendment ordinance on 28 February 2014, the Inland Revenue Department ("IRD") was then able to charge BSD on concerned instruments.

4. As at 28 February 2015, a total of 28 339 cases among the agreements for sale and purchase as well as conveyances on sale of residential and non-residential properties executed on or after 25 July 2014 are subject to AVD charged at Scale 1. As the applicants are not required to provide information on the gross floor area and saleable area of a property unit when applying for stamping, IRD cannot provide such information.
5. The following table sets out the revenue from stamp duty on leases of property from 2011/12 to 2014/15:

Year	Stamp duty (\$ million)
2011/12	470
2012/13	490
2013/14	550
2014/15*	520

* As at 28 February 2015

6. The following table sets out the revenue from stamp duty on securities transactions in 2013/14 and 2014/15:

Year	Stamp duty (\$ billion)
2013/14	22.70
2014/15*	22.46

* As at 28 February 2015

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)066

(Question Serial No. 1880)

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) (TSE Man-ye, Elizabeth)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is announced in the Budget Speech that salaries tax and tax under personal assessment for 2014-15 will be reduced by 75%, subject to a ceiling of \$20,000. This proposal will benefit 1.82 million taxpayers in the territory and reduce government revenue by \$15.8 billion. The ceiling for salaries tax reduction for 2014-15 is raised significantly from \$10,000 or \$12,000 in the past few years to \$20,000. Please respond to the following question:

What is the government expenditure involved in preparing the Budget? What is the expenditure on the one-off relief measures?

Asked by: Hon LEE Wai-king, Starry (Member Question No. 40)

Reply:

The preparation of the annual Budget, including contemplation and formulation of appropriate relief measures, forms part of a department's regular duties. The resources so required constitute part of a department's expenditure estimates and are reflected in the operational expenses of the relevant head of expenditure.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)067****(Question Serial No. 2499)**

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

Subhead (No. & title): (-) Not specified

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 26 of the Budget Speech that the Government will introduce a number of one-off relief measures. Please provide the information of the one-off relief measures provided from 2013-14 to 2015-16 in the following table.

Year	One-off relief measures / programmes	Number of beneficiaries / benefited households	Estimated amount (\$)

Asked by: Hon LEONG Kah-kit, Alan (Member Question No. 1)

Reply:

The amounts involved for one-off relief measures are not directly related to Head 147.

One-off relief measures introduced from 2013-14 to 2015-16 are as follows -

Year	One-off relief measures	Beneficiaries ^{Note}	Estimated amount ^{Note}
2013-2014	Reduce 2012-13 salaries tax and tax under personal assessment by 75%, subject to a ceiling of \$10,000	About 1.53 million taxpayers	\$8,400 million

Year	One-off relief measures	Beneficiaries ^{Note}	Estimated amount ^{Note}
	Waive rates for 2013-14, subject to a ceiling of \$1,500 per quarter for each rateable property	About 3.08 million properties liable to rates	\$11,600 million
	Waive business registration fees for 2013-14	About 1.2 million business operators	\$2,100 million
	Reduce 2012-13 profits tax by 75%, subject to a ceiling of \$10,000	About 119 000 taxpayers	\$1,000 million
	Allow student loan borrowers the option of starting to repay their loans one year after graduation in 2013	Student loan borrowers	\$10 million
	Provide one extra month of standard rate of Comprehensive Social Security Allowance (CSSA), Old Age Allowance (OAA), Old Age Living Allowance (OALA) and Disability Allowance (DA)	Around 1.1 million eligible persons	\$2,700 million
	Pay two months' rent for public housing tenants	Some 730 000 public rental housing households	\$2,200 million
	Provide electricity charges subsidy of \$1,800 to each household	Around 2.5 million households	\$4,500 million
	Provide short-term food assistance	Families in need	\$100 million
2014-15	Reduce 2013-14 salaries tax and tax under personal assessment by 75%, subject to a ceiling of \$10,000	About 1.74 million taxpayers	\$9,160 million
	Reduce 2013-14 profits tax by 75%, subject to a ceiling of \$10,000	About 126 000 taxpayers	\$1,030 million
	Waive rates for the first two quarters of 2014-15, subject to a ceiling of \$1,500 per quarter for each rateable property	About 3.1 million properties liable to rates	\$6,135 million

Year	One-off relief measures	Beneficiaries ^{Note}	Estimated amount ^{Note}
	Provide one extra month of standard rate of CSSA, OAA, OALA and DA	Some 1.2 million eligible persons	\$2,674 million
	Pay one month's rent for public housing tenants	Some 761 000 public rental housing households	\$1,042 million
2015-16	Reduce 2014-15 salaries tax and tax under personal assessment by 75%, subject to a ceiling of \$20,000	About 1.82 million taxpayers	\$15,830 million
	Reduce 2014-15 profits tax by 75%, subject to a ceiling of \$20,000	About 130 000 taxpayers	\$1,870 million
	Waive rates for the first two quarters of 2015-16, subject to a ceiling of \$2,500 per quarter for each rateable property	About 3.15 million properties liable to rates	\$7,740 million
	Provide two extra months of standard rate of CSSA, OAA, OALA and DA	Some 1.2 million eligible persons	\$5,500 million
	Pay one month's rent for public housing tenants except for tenants paying additional rent to the Housing Authority and non-elderly tenants of the Hong Kong Housing Society Group B estates	Some 750 000 public rental housing households	\$1,100 million

Note: Beneficiaries and estimated amount are estimates at the time of announcement of relevant measures, including the estimated additional expenditure and revenue forgone.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2160)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Director of Bureau's Office

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please list in a table the establishment and operational expenses of the Director of Bureau's Office in Programme (1):

1. Among the 8 officers, how many of them belong to the Directorate Pay Scale (DPS)? What are their respective ranks?
2. Please provide a breakdown of the respective personal emoluments and related benefits of the DPS officers (including Under Secretary and Political Assistant), viz. salaries, allowances, job-related allowances and personnel related expenses.
3. With regard to the respective amounts mentioned in point (2) above, what is the rate of change as compared with the previous year?
4. Please list out the total expenditure of each of the items mentioned in point (2) above and the percentage to the related expenditure for this Programme.
5. Please list out the amount of departmental expenses under this Programme and non-recurrent expenses, if any.

Asked by: Hon LEUNG Kwok-hung (Member Question No. 109)

Reply:

1. Of the 8 established posts in the Office of the Secretary for Financial Services and the Treasury (SFST), one is at the rank of Administrative Officer Staff Grade C (AOSGC).

2. In 2015-16, salary provisions earmarked for the politically appointed officials (including the SFST, Under Secretary for Financial Services and the Treasury (USFST) and Political Assistant to SFST) and the AOSGC officer are \$3.58 million, \$2.68 million, \$1.25 million and \$1.84 million respectively. In addition to cash remuneration, SFST, USFST and Political Assistant to SFST are entitled to annual leave, medical and dental benefits as well as Mandatory Provident Fund contribution by the Government while the AOSGC officer is eligible for the fringe benefits that are prescribed in the Memorandum on Conditions of Service, Civil Service Regulations and other relevant regulations. As the expenditure for the above items is mainly absorbed by Head (46) General Expenses of the Civil Service, no provision is earmarked specifically for this purpose under this Programme.
- 3-4. The total salary provision earmarked for the politically appointed officials and the directorate officer of the Office in 2015-16 is about \$9.36 million, which is slightly higher than the revised estimates for 2014-15 by 3.9% and roughly accounts for 71% of the total estimated operational expenses of the Office.
5. The estimated total operational expenses of the Office in 2015-16 are \$13.2 million. There are no non-recurrent expenses under this Programme.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)069

(Question Serial No. 2168)

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

Subhead (No. & title): (000) Operational expenses

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please advise this Committee, in tabular form, on the estimated expenditure in respect of the following units in 2015-16, with information on the establishment, ranks, salaries and relevant allowances for politically appointed officials and directorate civil servants, as well as the amount of personnel related expenses:

1. Office of the Secretary for Financial Services and the Treasury (SFST)
2. The Treasury Branch
3. A, B, C, E, G, H, W, R, I, T and MA Divisions under the Treasury Branch

Asked by: Hon LEUNG Kwok-hung (Member Question No. 514)

Reply:

1. In 2015-16, salary provisions earmarked for the politically appointed officials (including the SFST, Under Secretary for Financial Services and the Treasury (USFST) and Political Assistant to SFST) are \$3.58 million, \$2.68 million, \$1.25 million respectively. In addition to cash remuneration, SFST, USFST and Political Assistant to SFST are entitled to annual leave, medical and dental benefits as well as Mandatory Provident Fund contribution by the Government. The establishment of the Office of the Secretary for Financial Services and the Treasury also includes one Administrative Officer Staff Grade C (AOSGC) officer and the relevant salary provisions earmarked is \$1.84 million. The AOSGC officer is eligible for the fringe benefits that are prescribed in the Memorandum on Conditions of Service, Civil Service Regulations and other relevant regulations. As the expenditure for the above items is mainly absorbed by Head (46) General Expenses of the Civil Service, no provision is earmarked specifically for this purpose.

2-3. There are 17 directorate civil servants in the establishment of the Treasury Branch, including the Permanent Secretary for Financial Services and the Treasury (Treasury) (Administrative Officer Staff Grade A) and three Deputy Secretaries (2 Administrative Officer Staff Grade B1 and 1 Administrative Officer Staff Grade B). The remaining 13 directorate civil servants are established in Divisions under the Treasury Branch as listed below:

Division	The establishment and ranks of directorate civil servants
A Division	One Administrative Officer Staff Grade C
B Division	One Administrative Officer Staff Grade C
C Division	One Administrative Officer Staff Grade C
E Division	One Administrative Officer Staff Grade C
G Division	One Principal Executive Officer
H Division	One Assistant Director of Accounting Services and One Chief Treasury Accountant
W Division	One Administrative Officer Staff Grade C
R Division	One Administrative Officer Staff Grade C
I Division	One Administrative Officer Staff Grade C and One Chief Treasury Accountant
T Division	One Principal Executive Officer
MA Division	One Assistant Director of Accounting Services

In 2015-16, salary provisions earmarked for the above 17 directorate civil servants are 32.61 million [Civil Service Provident Fund contribution excluded]. Each directorate civil servant is eligible for the fringe benefits that are prescribed in the Memorandum on Conditions of Service, Civil Service Regulations and other relevant regulations. As the expenditure for the above items is mainly absorbed by Head (46) General Expenses of the Civil Service, no provision is earmarked specifically for this purpose.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)070****(Question Serial No. 3210)**

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

Subhead (No. & title): (000) Operational expenses

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

According to paragraph 164, total government expenditure is estimated to reach \$440.8 billion in the next financial year, 11% more than that of last year. In this connection, will the Administration fill out the table provided below about total government expenditure in each of the financial years since 1997/98?

	a) Total government expenditure and (% of GDP)	b) Recurrent expenditure and (% of government expenditure)	c) Actual cost of inflation incurred and (% of government expenditure)	d) Civil Service Emoluments plus Emoluments of principal officials and (% of government expenditure)	e) Administrative expenses excluding (d) and (% of government expenditure)	f) Recurrent expenditure after deducting (c), (d) and (e) and (% of government expenditure)	g) Recurrent expenditure after deducting (c), (d) and (e) and (% GDP)
97/98							
98/99							
99/00							
00/01							
01/02							
02/03							
03/04							
04/05							
05/06							
06/07							
07/08							
08/09							
09/10							
10/11							
11/12							

12/13							
13/14							
14/15							
15/16							

Asked by: Hon SHEK Lai-him, Abraham (Member Question No. 37)

Reply:

The information on recurrent government expenditure from 2010-11 to 2015-16 is set out on page 21 of 2015-16 Estimates (Volume I) which is available at the following link:

http://www.budget.gov.hk/2015/eng/pdf/sum_p_e.pdf

The information on government expenditure is set out in the Accounts of the Government which are tabled at the Legislative Council annually. The Accounts of the Government from 2002-03 to 2013-14 are available at the following link:

http://www.try.gov.hk/internet/eharch_annu_statend14.html#p

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)071

(Question Serial No. 0414)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Budget Speech that with a number of projects entering their construction peaks, capital works expenditure is expected to maintain at relatively high levels in the next few years. Could the Government inform this Committee of:

- (1) the respective amounts of capital works expenditure and non-works expenditure incurred in the past 5 years, and
- (2) the respective estimated amounts of capital works expenditure and non-works expenditure to be incurred in the future 5 years?

Asked by: Hon TIEN Pei-chun, James (Member Question No.12)

Reply:

- (1) According to Rule 49 of the Finance Committee Procedures, special meetings of the Finance Committee are convened to examine the annual Estimates of Expenditure prepared by the Government in support of the Appropriation Bill.
- (2) Expenditure charged to the Capital Works Reserve Fund do **not** form part of the Appropriation Bill. As such, questions relating to expenditure under the Fund are not relevant to the examination of the Estimates of Expenditure or the Appropriation Bill.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)072

(Question Serial No. 1266)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

During 2015-16, the Treasury Branch will continue to remind bureaux and departments to streamline procedures, economise on use of resources and review on a regular basis the fees and charges to ensure better compliance with the "cost recovery" and "user pays" principles for appropriate government services. Will the Government inform this Committee of the effectiveness of the review on fees and charges over the past 2 years? What are the fee items expected to be reviewed this year? Is there a timetable for the review?

Asked by: Hon WONG Ting-kwong (Member Question No. 52)

Reply:

Government services are generally charged in accordance with the "user pays" principle to achieve full cost recovery for services provided. For individual services where costs have not been recovered in full, the fees and charges for which would be increased to prevent such services from becoming subsidised ones and adding to the burden of taxpayers. As for individual services which are recovering more than the full costs, their fees would be adjusted downwards to the full cost levels.

In the past two years, policy bureaux and departments had completed review of more than 2 200 fee items, majority of which had not been revised for a decade or had low cost recovery rates. A fee increase was proposed for nearly 700 items, while a fee reduction was proposed for some 50 items. The proposals were estimated to increase the annual government revenue by about \$110 million.

Policy bureaux and departments will continue to review their respective fees and charges in the coming year, including those related to people's livelihood. In reviewing the fees and charges, the Government will take into account factors including policy considerations relevant to the specific services provided, the need for maintaining fiscal discipline, public affordability and acceptability, and the views of stakeholders before making proposals for fee revisions. The Government will increase fees and charges as and when necessary. There will not be substantial revisions at one go. Government departments will also strictly control costs and reduce the need for increasing fees and charges as far as possible.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3215)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Budget Speech mentioned that the Government would explore again the feasibility of broadening the tax base in due course. Does the Government have any preliminary plans and work schedule in this regard? If yes, what are the details?

Asked by: Hon WONG Ting-kwong (Member Question No. 43)

Reply:

The Government launched an extensive consultation on the introduction of a Goods and Services Tax (GST) in 2006. The community then did not support this new tax and considered the proposed exemption and other compensation measures insufficient. In the light of the experience, the Government would need to give further thoughts to the scope of exemption and other relief measures if the feasibility of introducing GST is to be re-examined, with a view to exploring a package that could meet the present-day circumstances.

Tax reform is a very complex issue. Given the time required for thorough consideration, no structural change could be made in the near future. In principle, the Government adopts an open mind towards any proposals to broaden the revenue base, and we welcome more discussion by the community on the issue. While we will not rule out any possibility, we understand that it will be controversial to propose any new taxes, which need thorough public discussion.

In considering the various options on broadening tax revenue in future, the Government will have regard to whether the option is effective in broadening the revenue base, fair and in line with the "capacity to pay" principle, and in line with Hong Kong's simple and low tax system to maintain Hong Kong's competitiveness.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)074-1

(Question Serial No. 2221)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Director of Bureau's Office

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please give a breakdown of the actual expenditure on salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Secretary in 2014-15, as well as the estimate for salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Secretary in 2015-16.

Asked by: Hon KWOK Ka-ki (Member Question No. 18)

Reply:

The expenditure on salaries for the Secretary for Financial Services and the Treasury (SFST), the Under Secretary for Financial Services and the Treasury (USFST) and the Political Assistant to SFST in 2014-15 are \$3.42 million, \$2.56 million and \$1.2 million respectively. The salary provisions earmarked for SFST, USFST and Political Assistant to SFST in 2015-16 are \$3.58 million, \$2.68 million and \$1.25 million respectively. There is no expenditure or estimate in 2014-15 and 2015-16 to cater for the regularly-paid allowances, job-related allowances and non-accountable entertainment allowances payable to SFST, USFST and Political Assistant to SFST.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)074-2

(Question Serial No. 2223)

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

Subhead (No. & title): (-) Not Specified

Programme: (1) Director of Bureau's Office

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please give a breakdown of the actual expenditure on salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Political Assistant in 2014-15, as well as the estimate for salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Political Assistant in 2015-16.

Asked by: Hon KWOK Ka-ki (Member Question No. 20)

Reply:

The expenditure on salaries for the Secretary for Financial Services and the Treasury (SFST), the Under Secretary for Financial Services and the Treasury (USFST) and the Political Assistant to SFST in 2014-15 are \$3.42 million, \$2.56 million and \$1.2 million respectively. The salary provisions earmarked for SFST, USFST and Political Assistant to SFST in 2015-16 are \$3.58 million, \$2.68 million and \$1.25 million respectively. There is no expenditure or estimate in 2014-15 and 2015-16 to cater for the regularly-paid allowances, job-related allowances and non-accountable entertainment allowances payable to SFST, USFST and Political Assistant to SFST.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)074-3

(Question Serial No. 2228)

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

Subhead (No. & title): (-) Not Specific

Programme: (1) Director of Bureau's Office

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please give a breakdown of the actual expenditure on salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Under Secretary in 2014-15, as well as the estimate for salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Under Secretary in 2015-16.

Asked by: Hon KWOK Ka-ki (Member Question No. 25)

Reply:

The expenditure on salaries for the Secretary for Financial Services and the Treasury (SFST), the Under Secretary for Financial Services and the Treasury (USFST) and the Political Assistant to SFST in 2014-15 are \$3.42 million, \$2.56 million and \$1.2 million respectively. The salary provisions earmarked for SFST, USFST and Political Assistant to SFST in 2015-16 are \$3.58 million, \$2.68 million and \$1.25 million respectively. There is no expenditure or estimate in 2014-15 and 2015-16 to cater for the regularly-paid allowances, job-related allowances and non-accountable entertainment allowances payable to SFST, USFST and Political Assistant to SFST.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1534)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary suggested establishing a Future Fund, comprising an endowment of \$220 billion from the Land Fund, which is part of the fiscal reserves. He has also requested the Secretary for Financial Services and the Treasury to work with the Chief Executive of the Hong Kong Monetary Authority to hammer out specific management and investment mechanisms. The savings scheme is expected to be in place within this year. Taking into account the size of the Future Fund, will the Government inform this Committee:

- (a) What is the estimated expenditure for facilitating the operation and investment of the Fund; and how to maintain its transparency and public accountability?
- (b) What are the policy initiatives to ensure an effective management of the Government's assets by the Fund; and what is the estimated investment return?

Asked by: Hon LAM Kin-fung, Jeffrey (Member Question No. 59)

Reply:

A consolidated reply to your enquiry on Future Fund is set out below -

The Working Group on Long-Term Fiscal Planning's key recommendations

The Working Group on Long-Term Fiscal Planning (Working Group) released its Phase Two Report in March 2015, which proposed options for a savings scheme (the Future Fund) for Hong Kong. The Working Group's key recommendations are as follows –

(a) Future Fund's objective

Set aside part of the fiscal reserves for long-term investment seeking to enhance investment returns.

(b) Source of funding

Designate the \$220 billion Land Fund as initial endowment, and having regard to the prevailing fiscal situation and needs of the community, plus about a quarter to a third of annual budget surpluses as periodic top-ups.

(c) Institutional arrangements

Adopt an administrative route to establish the Future Fund, which is the most efficient and cost-effective means. Future Fund remains an integral part of the fiscal reserves, held only in the form of a notional account through administrative means. No legislative amendment is required.

(d) Investment strategy

Future Fund should continue to be placed with the Exchange Fund, for a 10-year horizon, such that it would benefit from the Exchange Fund's established investment infrastructure and expertise. About 50% of the Future Fund may be set aside for incremental placement with the Exchange Fund's Long-Term Growth Portfolio. The rest may be placed with bonds, public equities, other long-term investment products or the Investment Portfolio.

(e) Management and monitoring

Future Fund placed with the Exchange Fund should be subject to the same investment management regime and oversight by the Exchange Fund Advisory Committee. Separately, the Hong Kong Monetary Authority (HKMA) should consult the Financial Secretary and the Secretary for Financial Services and the Treasury at least once a year on the investment strategy and asset allocation for the Future Fund.

(f) Withdrawals from and designated use of the Future Fund

When the balance of the fiscal reserves that is not set aside for the Future Fund is left with six months' equivalent of gross government expenditure, the Government should consider triggering a contingency mechanism, including borrowing or withdrawal from the Future Fund. The Future Fund remains part of the fiscal reserves and withdrawal from the Fund will require approval of the Legislative Council under existing legislation.

The Working Group emphasised that Future Fund alone could not resolve a structural deficit problem. The long-term fiscal challenges brought by an ageing population and anticipated slower economic growth are very serious. The Government must take multi-pronged measures and continue to identify growth opportunities, exercise strict control over expenditure growth and stabilise as well as broaden the revenue base. The Government should also keep expenditure within the limits of revenues in drawing up the budget, strive to achieve a fiscal balance, avoid deficit and keep the budget commensurate with the growth rate of Gross Domestic Product.

Government response and follow-up

The Financial Services and the Treasury Bureau will work with HKMA to hammer out specific management and investment mechanisms with a view to implementing the Future Fund within this year. The expenditure and manpower involved in the establishment of the Future Fund will be absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch).

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2748)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

John Tsang, the Financial Secretary, announced in the Budget Speech that he agreed to establish a Future Fund ("FF") and that the savings scheme was expected to be in place within this year. The Working Group suggested establishing a FF, comprising an endowment of \$220 billion from the Land Fund, which is part of the fiscal reserves, and a proportion of future budget surpluses. The FF will serve as long-term savings and be placed in long-term investments for higher returns. Is there any plan on when to use the FF and what proportion will be set aside for the implementation of relief measures? If so, what are the details? If not, what are the reasons? Is there any plan to cap the FF, i.e. to set a ceiling for it? What percentages of surpluses are expected to be allocated for long-term savings and investments respectively each year and what is the mechanism for making the decision? What is the expected annual rate of investment returns? Is there any contingency plan in case of fiscal deficit in the future?

Asked by: Hon LAM Tai-fai (Member Question No. 2)

Reply:

A consolidated reply to your enquiry on Future Fund is set out below -

The Working Group on Long-Term Fiscal Planning's key recommendations

The Working Group on Long-Term Fiscal Planning (Working Group) released its Phase Two Report in March 2015, which proposed options for a savings scheme (the Future Fund) for Hong Kong. The Working Group's key recommendations are as follows –

(a) Future Fund's objective

Set aside part of the fiscal reserves for long-term investment seeking to enhance investment returns.

(b) Source of funding

Designate the \$220 billion Land Fund as initial endowment, and having regard to the prevailing fiscal situation and needs of the community, plus about a quarter to a third of annual budget surpluses as periodic top-ups.

(c) Institutional arrangements

Adopt an administrative route to establish the Future Fund, which is the most efficient and cost-effective means. Future Fund remains an integral part of the fiscal reserves, held only in the form of a notional account through administrative means. No legislative amendment is required.

(d) Investment strategy

Future Fund should continue to be placed with the Exchange Fund, for a 10-year horizon, such that it would benefit from the Exchange Fund's established investment infrastructure and expertise. About 50% of the Future Fund may be set aside for incremental placement with the Exchange Fund's Long-Term Growth Portfolio. The rest may be placed with bonds, public equities, other long-term investment products or the Investment Portfolio.

(e) Management and monitoring

Future Fund placed with the Exchange Fund should be subject to the same investment management regime and oversight by the Exchange Fund Advisory Committee. Separately, the Hong Kong Monetary Authority (HKMA) should consult the Financial Secretary and the Secretary for Financial Services and the Treasury at least once a year on the investment strategy and asset allocation for the Future Fund.

(f) Withdrawals from and designated use of the Future Fund

When the balance of the fiscal reserves that is not set aside for the Future Fund is left with six months' equivalent of gross government expenditure, the Government should consider triggering a contingency mechanism, including borrowing or withdrawal from the Future Fund. The Future Fund remains part of the fiscal reserves and withdrawal from the Fund will require approval of the Legislative Council under existing legislation.

The Working Group emphasised that Future Fund alone could not resolve a structural deficit problem. The long-term fiscal challenges brought by an ageing population and anticipated slower economic growth are very serious. The Government must take multi-pronged measures and continue to identify growth opportunities, exercise strict control over expenditure growth and stabilise as well as broaden the revenue base. The Government should also keep expenditure within the limits of revenues in drawing up the budget, strive to achieve a fiscal balance, avoid deficit and keep the budget commensurate with the growth rate of Gross Domestic Product.

Government response and follow-up

The Financial Services and the Treasury Bureau will work with HKMA to hammer out specific management and investment mechanisms with a view to implementing the Future Fund within this year. The expenditure and manpower involved in the establishment of the Future Fund will be absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch).

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0434)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With respect to the proposed Future Fund, will the Government advise this Committee of the following:

1. Does the establishment of the Future Fund involve any legislative amendments? If so, when will such amendments be submitted to the Legislative Council (LegCo)?
2. Do withdrawals from the Future Fund require the approval of the LegCo?
3. In the absence of the Future Fund, do the existing mechanisms and laws suffice for the fiscal reserves to serve as long-term savings and be placed in long-term investments for higher returns?
4. Regarding the proportion of budget surpluses to be endowed in the Future Fund each year, is it decided by the Financial Secretary, the LegCo or other institution?

Asked by: Hon WONG Kwok-kin (Member Question No. 26)

Reply:

A consolidated reply to your enquiry on Future Fund is set out below -

The Working Group on Long-Term Fiscal Planning's key recommendations

The Working Group on Long-Term Fiscal Planning (Working Group) released its Phase Two Report in March 2015, which proposed options for a savings scheme (the Future Fund) for Hong Kong. The Working Group's key recommendations are as follows –

(a) Future Fund's objective

Set aside part of the fiscal reserves for long-term investment seeking to enhance investment returns.

(b) Source of funding

Designate the \$220 billion Land Fund as initial endowment, and having regard to the prevailing fiscal situation and needs of the community, plus about a quarter to a third of annual budget surpluses as periodic top-ups.

(c) Institutional arrangements

Adopt an administrative route to establish the Future Fund, which is the most efficient and cost-effective means. Future Fund remains an integral part of the fiscal reserves, held only in the form of a notional account through administrative means. No legislative amendment is required.

(d) Investment strategy

Future Fund should continue to be placed with the Exchange Fund, for a 10-year horizon, such that it would benefit from the Exchange Fund's established investment infrastructure and expertise. About 50% of the Future Fund may be set aside for incremental placement with the Exchange Fund's Long-Term Growth Portfolio. The rest may be placed with bonds, public equities, other long-term investment products or the Investment Portfolio.

(e) Management and monitoring

Future Fund placed with the Exchange Fund should be subject to the same investment management regime and oversight by the Exchange Fund Advisory Committee. Separately, the Hong Kong Monetary Authority (HKMA) should consult the Financial Secretary and the Secretary for Financial Services and the Treasury at least once a year on the investment strategy and asset allocation for the Future Fund.

(f) Withdrawals from and designated use of the Future Fund

When the balance of the fiscal reserves that is not set aside for the Future Fund is left with six months' equivalent of gross government expenditure, the Government should consider triggering a contingency mechanism, including borrowing or withdrawal from the Future Fund. The Future Fund remains part of the fiscal reserves and withdrawal from the Fund will require approval of the Legislative Council under existing legislation.

The Working Group emphasised that Future Fund alone could not resolve a structural deficit problem. The long-term fiscal challenges brought by an ageing population and anticipated slower economic growth are very serious. The Government must take multi-pronged measures and continue to identify growth opportunities, exercise strict control over expenditure growth and stabilise as well as broaden the revenue base. The Government should also keep expenditure within the limits of revenues in drawing up the budget, strive to achieve a fiscal balance, avoid deficit and keep the budget commensurate with the growth rate of Gross Domestic Product.

Government response and follow-up

The Financial Services and the Treasury Bureau will work with HKMA to hammer out specific management and investment mechanisms with a view to implementing the Future Fund within this year. The expenditure and manpower involved in the establishment of the Future Fund will be absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch).

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2422)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government will allocate \$290 million to subsidise the sectors affected by the "Umbrella Movement". With a view to achieving fairness, does the Government have any specific data to prove that the loss of the affected sectors commensurates with the support amount to be paid to them? Please also provide a breakdown of this \$290 million expenditure (including listing every affected sector, the loss of that sector and the subsidy to be paid to that sector).

Asked by: Hon MO, Claudia (Member Question No. 31)

Reply:

The short-term support measures do not relate directly to the estimates of expenditure under Head 147.

These short-term support measures were announced by the Financial Secretary in the 2015-16 Budget. In drawing up the Budget, the Government has been closely monitoring the impact of the occupy movement on the economy. While the economic loss cannot be quantified, relevant statistics revealed that tourism, hotel, catering, retail and transport industries, etc. have been adversely affected by varying degrees. To alleviate the impact on economic confidence, the Government has decided to implement short-term measures to support the affected industries, and step up efforts in promoting Hong Kong to international investors and tourists.

In formulating these measures, the Government has taken into account a host of relevant factors, including the effect of the occupy movement on affected sectors, the Government's fiscal position, the implementation and feasibility of the measures, as well as views received from concerned industries and other sectors during the Budget consultation period .

Details of the measures are as follows –

Measures	Amount involved (\$ million)	Beneficiaries
Waive travel agent licence fees for six months	6	1 800 travel agents
Waive hotel and guesthouse licence fees for six months	5	2 000 hotels and guesthouses
Waive fees for restaurant licences, restricted food permits and hawker licences for six months	57	26 000 restaurants and operators
Waive vehicle examination fees upon licence renewal (only for once within a year) for taxis, light buses, franchised and non-franchised buses, goods vehicles, trailers and special purpose vehicles	112	Transport sector
Provide funding to Hong Kong Tourism Board to step up promotion activities	80	Tourism and related sectors
Provide funding to Information Services Department to enhance local and overseas publicity about Hong Kong	26	Local and international community

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0598)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Short-term measures have been proposed in the Budget Speech to support sectors affected by the occupy movement. In this regard, will the Government advise this Committee of the following:

1. By what criteria the affected sectors are selected;
2. Professional drivers, being the group most affected by the occupy movement, have suffered huge wage losses. Among the support measures, they can only benefit from the measure of fees waived for vehicle examination once for the renewal of vehicle licences. Yet, the beneficiary may not necessarily be the drivers themselves. Will the Government consider extending the scope of the support measures to cover professional drivers? If so, what will be the measures? If not, what are the reasons?

Asked by: Hon WONG Kwok-hing (Member Question No.132)

Reply:

The short-term support measures do not relate directly to the estimates of expenditure under Head 147.

These short-term support measures were announced by the Financial Secretary in the 2015-16 Budget. In drawing up the Budget, the Government has been closely monitoring the impact of the occupy movement on the economy. While the economic loss cannot be quantified, relevant statistics revealed that tourism, hotel, catering, retail and transport industries, etc. have been adversely affected by varying degrees. To alleviate the impact on economic confidence, the Government has decided to implement short-term measures to support the affected industries, and step up efforts in promoting Hong Kong to international investors and tourists.

In formulating these measures, the Government has taken into account a host of relevant factors, including the effect of the occupy movement on affected sectors, the Government's fiscal position, the implementation and feasibility of the measures, as well as views received from concerned industries and other sectors during the Budget consultation period .

Details of the measures are as follows –

Measures	Amount involved (\$ million)	Beneficiaries
Waive travel agent licence fees for six months	6	1 800 travel agents
Waive hotel and guesthouse licence fees for six months	5	2 000 hotels and guesthouses
Waive fees for restaurant licences, restricted food permits and hawker licences for six months	57	26 000 restaurants and operators
Waive vehicle examination fees upon licence renewal (only for once within a year) for taxis, light buses, franchised and non-franchised buses, goods vehicles, trailers and special purpose vehicles	112	Transport sector
Provide funding to Hong Kong Tourism Board to step up promotion activities	80	Tourism and related sectors
Provide funding to Information Services Department to enhance local and overseas publicity about Hong Kong	26	Local and international community

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1240)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 12 of the Budget Speech that since the occupy movement has affected tourism, hotel, catering, retail and transport industries, etc. to varying degrees, the Government will implement support measures targeting affected industries. In this connection, please inform this Committee of the work flow and channels through which the Government has assessed the economic losses suffered by the affected industries and society at large as a result of the occupy movement. Please also provide information on the departments involved in the assessment, and the details of the economic losses according to the assessment results.

Asked by: Hon WONG Ting-kwong (Member Question No. 11)

Reply:

The short-term support measures do not relate directly to the estimates of expenditure under Head 147.

These short-term support measures were announced by the Financial Secretary in the 2015-16 Budget. In drawing up the Budget, the Government has been closely monitoring the impact of the occupy movement on the economy. While the economic loss cannot be quantified, relevant statistics revealed that tourism, hotel, catering, retail and transport industries, etc. have been adversely affected by varying degrees. To alleviate the impact on economic confidence, the Government has decided to implement short-term measures to support the affected industries, and step up efforts in promoting Hong Kong to international investors and tourists.

In formulating these measures, the Government has taken into account a host of relevant factors, including the effect of the occupy movement on affected sectors, the Government's fiscal position, the implementation and feasibility of the measures, as well as views received from concerned industries and other sectors during the Budget consultation period .

Details of the measures are as follows –

Measures	Amount involved (\$ million)	Beneficiaries
Waive travel agent licence fees for six months	6	1 800 travel agents
Waive hotel and guesthouse licence fees for six months	5	2 000 hotels and guesthouses
Waive fees for restaurant licences, restricted food permits and hawker licences for six months	57	26 000 restaurants and operators
Waive vehicle examination fees upon licence renewal (only for once within a year) for taxis, light buses, franchised and non-franchised buses, goods vehicles, trailers and special purpose vehicles	112	Transport sector
Provide funding to Hong Kong Tourism Board to step up promotion activities	80	Tourism and related sectors
Provide funding to Information Services Department to enhance local and overseas publicity about Hong Kong	26	Local and international community

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)076-4

(Question Serial No. 1241)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As mentioned in paragraph 13 of the Budget Speech, the Government will launch short-term measures to support the sectors affected by the occupy movement, such as:

- (a) waive the licence fees for 1 800 travel agents for 6 months;
- (b) waive the licence fees for 2 000 hotels and guesthouses for 6 months; and
- (c) waive the licence fees for restaurants and hawkers and fees for restricted food permits for 6 months, benefiting 26 000 restaurants and operators in total.

Apart from the aforesaid licence fees, members of the public also wish to have the business registration fees waived for the sectors affected by the occupy movement. In this regard, please explain the reasons for waiving these licence fees instead of the business registration fees and on what basis the waivers are granted for a period of "6 months".

Asked by: Hon WONG Ting-kwong (Member Question No. 12)

Reply:

The short-term support measures do not relate directly to the estimates of expenditure under Head 147.

These short-term support measures were announced by the Financial Secretary in the 2015-16 Budget. In drawing up the Budget, the Government has been closely monitoring the impact of the occupy movement on the economy. While the economic loss cannot be quantified, relevant statistics revealed that tourism, hotel, catering, retail and transport industries, etc. have been adversely affected by varying degrees. To alleviate the impact on economic confidence, the Government has decided to implement short-term measures to support the affected industries, and step up efforts in promoting Hong Kong to international investors and tourists.

In formulating these measures, the Government has taken into account a host of relevant factors, including the effect of the occupy movement on affected sectors, the Government's fiscal position, the implementation and feasibility of the measures, as well as views received from concerned industries and other sectors during the Budget consultation period .

Details of the measures are as follows –

Measures	Amount involved (\$ million)	Beneficiaries
Waive travel agent licence fees for six months	6	1 800 travel agents
Waive hotel and guesthouse licence fees for six months	5	2 000 hotels and guesthouses
Waive fees for restaurant licences, restricted food permits and hawker licences for six months	57	26 000 restaurants and operators
Waive vehicle examination fees upon licence renewal (only for once within a year) for taxis, light buses, franchised and non-franchised buses, goods vehicles, trailers and special purpose vehicles	112	Transport sector
Provide funding to Hong Kong Tourism Board to step up promotion activities	80	Tourism and related sectors
Provide funding to Information Services Department to enhance local and overseas publicity about Hong Kong	26	Local and international community

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)077

(Question Serial No. 6019)

Head: (25) Architectural Services Department

Subhead (No. & title): (000) Operational expenses

Programme: (2) Facilities Upkeep

Controlling Officer: Director of Architectural Services (K K LEUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Will the Government inform this Committee of the expenditures incurred for the maintenance or repair of Government-owned graded historical buildings and statutory monuments in the past year? Please provide details of the expenditures incurred and maintenance/repair works undertaken for each historical building and monument.

Asked by: Hon CHAN Ka-lok, Kenneth (Member Question No. 345)

Reply:

Government-owned historic buildings include graded historic buildings and declared monuments. The Architectural Services Department carried out maintenance works for 85 buildings and monuments over the past year (i.e. from April 2014 to February 2015). Relevant buildings and monuments are listed at the Annex. The works included replacement of timber beams and structure, replacement and repair of doors and windows, repair of damaged brick walls, replacement of damaged roofing tiles and clearance of drain blockage etc. The expenditures incurred were about 9.6 million.

Item	Title and Address
1	Hong Kong City Hall, Edinburgh Place, Central, Hong Kong (Memorial Garden)
2	Hong Kong City Hall, Edinburgh Place, Central, Hong Kong
3	No. 4 Hospital Road, Mid-levels, Hong Kong
4	West Point Filters, No. 50 Kotewall Road, Mid-levels, Hong Kong
5	Former Peak School, No. 7 Gough Hill Path, The Peak, Hong Kong (Victoria Peak Fire Station)
6	Old Victoria Peak Radio Station, Mount Austin Road, The Peak, Hong Kong
7	Residence of the Chief Secretary for Administration (Victoria House), No. 15 Barker Road, The Peak, Hong Kong
8	Old Victoria Hospital, Maternity Block, No. 17 Barker Road, The Peak, Hong Kong (Victoria Flats)
9	Peak Police Station, Main Block, No. 92 Peak Road, The Peak, Hong Kong
10	Government House, Upper Albert Road, Central
11	King's College, No. 63A Bonham Road, Sai Ying Pun, Hong Kong
12	Western Magistracy, No. 2A Pok Fu Lam Road, Pok Fu Lam, Hong Kong
13	Old Lunatic Asylum Chinese Block, Eastern Street, Sai Ying Pun, Hong Kong
14	Old Tsan Yuk Maternity Hospital, No. 36A Western Street, Sai Ying Pun, Hong Kong
15	Victoria Road Detention Centre, Hong Kong
16	Ex-Western Fire Station, No. 12 Belcher Street, Kennedy Town, Hong Kong (Po Leung Kuk Chan Au Big Yan Home for the Elderly)
17	Ma Hang Prison, Block A to Block F Dormitory, No. 40 Stanley Village Road, Ma Hang, Hong Kong
18	Stanley Mosque, No. 53 Tung Tau Wan Road, Stanley, Hong Kong
19	Residence of Financial Secretary, No. 45 Shouson Hill Road, Wong Chuk Hang, Hong Kong
20	Former Watchman's Cottage, Pok Fu Lam Reservoir, Pok Fu Lam Reservoir Road, Pok Fu Lam, Hong Kong (presently Pok Fu Lam Management Centre)
21	Old Lei Yue Mun Barracks, Lei Yue Mun, Chai Wan, Hong Kong (the parts designated historic buildings and monuments)
22	Cheung Chau Government Secondary School, Old Block & Caretaker Residence, No. 5B School Road, Cheung Chau
23	St. John Hospital, Cheung Chau Hospital Road, Cheung Chau
24	Cheung Chau Police Station, No. 4 Police Station Path, Cheung Chau
25	Green Island Lighthouse Compound
26	Cape D'Aguiar Lighthouse, D'Anguilar Peninsula
27	Old House, Hoi Pa Village, Tsuen Wan
28	Old Wan Chai Post Office
29	Island House, Yuen Chau Tsai, Tai Po
30	Sheung Yiu Village, Sai Kung (Sheung Yiu Folk Museum)
31	Sam Tung Uk Village, Tsuen Wan
32	Old Tai Po Market Railway Station

	(Hong Kong Railway Museum)
33	Lei Cheng Uk Han Tomb, Sham Shui Po
34	Flagstaff House, Cotton Tree Drive, Central (Museum of Tea Ware)
35	Old Pathological Institute, Caine Lane, Sheung Wan
36	Former Kowloon-Canton Railway Clock Tower, Tsim Sha Tsui
37	Law Uk Hakka House, Chai Wan
38	Former Kowloon British School, Tsim Sha Tsui
39	Old House, Wong Uk Village, Shatin
40	Tai Fu Tai Mansion, San Tin, Yuen Long
41	Tung Chung Fort, Lantau Island
42	Tung Chung Battery, Lantau Island
43	Kom Tong Hall, No. 7 Castle Road, Mid-levels, Hong Kong
44	Waglan Lighthouse, Waglan Island
45	Former French Mission Building, Battery Path, Central (The Court of Final Appeal)
46	Tung Lung Fort, Tung Lung Island, Sai Kung
47	Rock Carving on Tung Lung Island, Sai Kung
48	Rock Carving on Po Toi Island
49	Rock Carving on Cheung Chau
50	No. 28 Kennedy Road, Central, Hong Kong (Former Chief Executive Office Main Building)
51	Old Victoria Barracks, Roberts Block, No. 42A Kennedy Road, Central, Hong Kong (Jockey Club New Life Hostel)
52	Woodside, Mansion, No. 50 Mount Parker Road, Quarry Bay, Hong Kong
53	Former Clubhouse of Royal Hong Kong Yacht Club, No. 12 Oil Street, North Point, Hong Kong
54	Former Chung Ancestral Hall and Chung Old House, Yuen Tun Tsuen, Tsing Lung Tau, Tsuen Wan, New Territories
55	Old House, No. 10 Wong Chuk Hang San Wai, Wong Chuk Hang, Hong Kong
56	Former Yamen Building of Kowloon Walled City, Kowloon Wall City Park and remnants of the old garrison wall at the South Gate
57	Signal Tower, Blackhead Point (Tai Pau Mei), Tsim Sha Tsui, Kowloon
58	Old Ping Shan Police Station, Ping Shan, Yuen Long, New Territories (Ping Shan Tang Clan Gallery)
59	Façade of Old Mental Hospital, No. 2 High Street, Sai Ying Pun, Hong Kong (Sai Ying Pun Community Complex)
60	Yau Ma Tei Police Station, No. 627 Canton Road, Yau Ma Tei, Kowloon
61	Old South Kowloon District Court, No. 38 Gascoigne Road, Yau Ma Tei, Kowloon (Lands Tribunal)
62	Former Whitfield Barracks, Kowloon Park, Tsim Sha Tsui, Kowloon.
63	Old Kowloon Police Headquarters, No. 142 Prince Edward Road West, Mong Kok, Kowloon (Mong Kok Police Station)
64	Ex-Royal Air Force Station (Kai Tak), No. 50 and 51, Kwun Tong Road, Kowloon Bay, Kowloon

	(Caritas Family Crisis Support Centre and Academy of Visual Arts of Hong Kong Baptist University)
65	Sham Shui Po Public Dispensary, No. 137 Yee Kuk Street, Sham Shui Po, Kowloon
66	Sham Shui Po Police Station, No. 37A Yen Chow Street, Sham Shui Po, Kowloon
67	Homi Villa, Castle Peak Road, Tsuen Wan, New Territories
68	Old House, Wong Uk Village, Shatin
69	Lok Ma Chau Police Station, No. 100 Lok Ma Chau Road, Lok Ma Chau, Yuen Long, New Territories
70	MacIntosh Fort (Pak Hok Chau), Pak Hok Chau, Mai Po, New Territories
71	Old Tai Po Police Station, No. 11 Wan Tau Kok Lane, Tai Po, New Territories
72	Old Police Bungalow, Nos. 173 & 175 Kwong Fuk Road, Tai Po, N.T (The Norwegian School)
73	Old Tai Po Market Railway Station (Hong Kong Railway Museum)
74	MacIntosh Fort (Pak Fu Shan), Pak Fu Shan, Sha Tau Kok, New Territories
75	MacIntosh Fort (Kong Shan), Kong Shan, Sha Tau Kok, New Territories
76	MacIntosh Fort (Pak Kung Au), Pak Kung Au, Sha Tau Kok, New Territories
77	MacIntosh Fort (Ngau Yiu), Ngau Yiu, Sha Tau Kok, New Territories
78	Ta Kwu Ling Police Station, Ping Che Road, Ta Kwu Ling, New Territories
79	Lady Ho Tung Welfare Centre, No. 38 Kwu Tung Road, Sheung Shui, New Territories
80	Old Sheung Shui Police Station, Sheung Shui Heung, Sheung Shui, New Territories (Junior Police Call Club House)
81	MacIntosh Fort (Nam Hang), Nam Hang, Sha Tau Kok, New Territories
82	MacIntosh Fort (Ma Tso Lung), Ma Tso Lung, Ta Kwu Ling, New Territories
83	Cenotaph, Statue Square, Central, Hong Kong
84	Tai Po Lookout, No. 11 Lookout Link, Tai Po Kau, Tai Po, New Territories
85	The Former Pumping Station of Water Supplies Department, No. 344 Shanghai Street, Yau Ma Tei, Kowloon

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)078****(Question Serial No. 3622)**Head: (25) Architectural Services DepartmentSubhead (No. & title): (000) Operational expensesProgramme: (2) Facilities UpkeepControlling Officer: Director of Architectural Services (K K LEUNG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

One of the duties of the Architectural Services Department (ASD) is to maintain and repair all government buildings and facilities. In this regard, please provide the following information over the past five financial years:

1. What was the expenditure on the maintenance and repair of the Government House in each financial year?
2. What was the expenditure on the maintenance and repair of the Fanling Lodge of the Chief Executive in each financial year?
3. What was the expenditure on the maintenance and repair of the Office of Former Chief Executives in each financial year?

Asked by: Hon LEONG Kah-kit, Alan (Member Question No. 78)Reply:

The expenditures under Subhead 000 of Architectural Services Department on day-to-day maintenance for the Government House, the Fanling Lodge of the Chief Executive and the Office of Former Chief Executives for the past 5 financial years are set out in the table below:

	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000) (as at February)
Government House	1,780	715	1,410	1,560	739
Fanling Lodge of the Chief Executive	245	106	96	150	259
Office of Former Chief Executives	97	37	20	38	33

--End--

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)079

(Question Serial No. 3320)

Head: (703) Capital Works Reserve Fund: Buildings

Subhead (No. & title): (3109KA) Construction of Trade and Industry Tower in Kai Tak Development Area

Programme: Not Specified

Controlling Officer: Director of Architectural Services (K K LEUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Around \$1.5b has been spent in respect of Subhead 3109KA Construction of Trade and Industry Tower in Kai Tak Development Area, representing approximately 58% of the approved project estimate. What is the progress of the construction works? When will the construction works be completed? If there are still a lot of works to be carried out, will the Government increase the provision in the 2015-16 Budget so as to finish the project as soon as possible? If expenditure is not the problem, what causes the delay of the project? Will the cost of the project overrun? If yes, what is the estimated overrun?

Asked by: Hon TO Kun-sun, James (Member Question No. 88)

Reply:

According to Rule 49 of the Finance Committee Procedures, special meetings of the Finance Committee are convened to examine the annual Estimates of Expenditure prepared by the Government in support of the Appropriation Bill.

Expenditure charged to the Capital Works Reserve Fund do not form part of the Appropriation Bill. As such, questions relating to expenditure under the Fund are not relevant to the examination of the Estimates of Expenditure or the Appropriation Bill.

In response to the question from the Councilor, construction of the Trade and Industry Tower in Kai Tak Development Area is over 95% completed. The project is expected to be completed in the second quarter of 2015. There is no need to apply for additional funding. The cost of the project will not exceed the approved project estimate.

--End--

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)080

(Question Serial No. 4220)

Head: (28) Civil Aviation Department

Subhead (No. & title): (-) Not Specified

Programme: (6) Air Passenger Departure Tax Administration

Controlling Officer: Director-General of Civil Aviation (Norman LO)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The indicators on the collection of air passenger departure tax show that about 20 000 exemptions were processed in each of the past two years. What exemption criteria have been adopted for these cases?

Asked by: Hon TONG Ka-wah, Ronny (Member Question No. (66))

Reply:

The categories of passengers exempted from paying the air passenger departure tax are set out in Schedule 2 to the Air Passenger Departure Tax Ordinance (Cap. 140). The main categories are set out below:

- (1) transit and transfer passengers;
- (2) passengers departing from Hong Kong by aircraft being used at the time of departure for military, diplomatic or ceremonial purposes of the government of any country;
- (3) officials of international organizations, consuls and consular staff;
- (4) passengers under 12 years of age; and
- (5) passengers who arrive at the SkyPier from the Mainland on board a ship for the purpose of transferring to an aircraft that departs from Hong Kong.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)081

(Question Serial No. 6046)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In respect of the control and enforcement work of the Customs and Excise Department (C&ED):

a) The actual number of persons compounded for offences relating to illicit cigarettes in 2014 was higher than that in 2013. What were the reasons, the amount of illicit cigarettes involved and their value, the Administration's way of handling, the expenditure and manpower involved as well as the effectiveness of the enforcement respectively? What were the reasons for compounding offences and what were the amount of illicit cigarettes involved and their value respectively?

b) What were the amount of illicit cigarettes seized by the Administration and their value in each of the past 3 years respectively? What were the Administration's way of handling as well as the manpower and expenditure involved? And

c) What measures will the Administration take in the coming year to tackle offences and smuggling activities relating to illicit cigarettes? What are the detailed action plan, timetable, expenditure and manpower involved as well as review work respectively?

Asked by: Hon CHAN Ka-lok, Kenneth (Member Question No. 189)

Reply:

a) The Customs and Excise Department (C&ED) has all along been committed to combating illicit cigarette activities. We adopt a holistic enforcement approach, especially through stepping up enforcement actions at source. As a result of our interception at border, coupled with raids at warehouses and suppression of sales at retail level, the number of cases handled by way of "compound the offence" in respect of excess possession of duty-not-paid cigarettes by travellers at border control points has increased. Under the Dutiable Commodities Ordinance (the Ordinance), a person who enters the territory at an

entry point and fails to declare or makes a false or incomplete declaration to a Customs officer on the quantity of cigarettes in his/her possession which are in excess of the duty free concession commits an offence. C&ED may, in accordance with the Ordinance, “compound the offence” by imposing a fine on the offender instead of taking prosecution action. Since import and export control is part of C&ED’s general duties, we are unable to give a breakdown of the expenditure involved. The number of compounding cases, number of persons involved, amount of illicit cigarettes involved and their market value in 2013 and 2014 are as follows -

	2013	2014
Number of Cases	9 136	9 512
Number of Persons Involved	9 136	9 513
Amount of Illicit Cigarettes (million sticks)	3.3	3.1
Market Value of Illicit Cigarettes (\$ million)	8.3	8.2

b) All illicit cigarettes ordered by court to be forfeited will be destroyed. Since the work involved is taken up by the relevant officers amongst their other duties, we cannot provide a breakdown of the establishment and expenditure involved. Details of the amount and market value of illicit cigarettes involved in local illegal activities in the past three years are as follows -

	2012	2013	2014
Amount of Illicit Cigarettes (million sticks)	67	79	52
Market Value of Illicit Cigarettes (\$ million)	160	190	130

c) In order to combat illicit cigarette activities, C&ED will continue its holistic enforcement approach and strengthen cooperation with stakeholders including community organisations, building management companies and the logistics sector. In 2015-16, an establishment of 61 officers is deployed for the work concerned, involving an expenditure of approximately \$21.31 million.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)082

(Question Serial No.: 4718)

Head: (31) Customs and Excise Department

Subhead: ()

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Would the Administration please advise this Committee on the following:

- (1) Has the Administration assessed the amount of illicit cigarettes sold in Hong Kong at present? If yes, what are the details? If no, what are the reasons?
- (2) In 2014-15, what was the expenditure on investigation of illicit cigarettes? What were the operational expenses of the Anti-Illicit-Cigarette Investigation Division?
- (3) In 2015-16, what are the operational expenses, staff establishment and estimated annual payroll costs of the Anti-Illicit-Cigarette Investigation Division?

Asked by: Hon CHAN Wai-yip, Albert (Member Question No.: 119)

Reply:

(1) The Customs and Excise Department has all along been committed to combating illicit cigarette activities. We adopt a holistic enforcement approach, especially through stepping up enforcement actions at source. As a result of our interception at border, coupled with raids at warehouses and suppression of sales at retail level, illicit cigarette peddling activities have decreased gradually, and criminal syndicates have also reduced the amount of illicit cigarettes smuggled each time. In 2014, the number of significant cross-boundary cigarette smuggling cases dropped by 24%, and the number of illicit cigarettes seized also dropped by 42% to 52 million sticks. There was also a decrease in the number of public complaints regarding illicit cigarettes received by C&ED.

(2) & (3) In both 2014-15 and 2015-16, an establishment of 61 officers is deployed for combating illicit cigarettes, involving an expenditure of approximately \$21.31 million.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)083

(Question Serial No. 5297)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What were the respective number of cases of selling illicit cigarettes through telephone ordering detected, amount of illicit cigarettes seized and number of persons arrested by the Customs and Excise Department in the past five years? What are the estimated provision and the number of staff deployed for combating telephone ordering of illicit cigarettes by the Department in 2015-2016?

Asked by: Hon KWOK Ka-ki (Member Question No. 126)

Reply:

Details of the cases of telephone ordering of illicit cigarettes detected by the Customs and Excise Department (C&ED) in the past five years are as follows -

	2010	2011	2012	2013	2014
Number of cases	69	40	134	195	318
Number of illicit cigarettes seized (million sticks)	0.47	0.21	3.4	2	3
Number of persons arrested	80	42	167	225	329

In 2015-16, C&ED will continue its targeted action against telephone ordering of illicit cigarettes through its two Telephone Order Task Units comprising 26 officers in total. The expenditure involved is approximately \$9.09 million.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)084

(Question Serial No. 4896)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Trade and Industry Tower in the Kai Tak Development Area will come into operation soon. Please tabulate the departments which will be relocated to the new tower, their estimated manpower requirements and relocation expenses. How will the office space released be used upon the relocation of these departments?

The Government is planning and taking forward new government office building projects for the reprovisioning of the departments in the three government office buildings at the Wan Chai waterfront. Please tabulate the locations of these new government office buildings, the departments to be relocated to these new buildings and the expected year in which they will be relocated.

Asked by: Hon CHAN Chi-chuen (Member Question No. 148)

Reply:

Upon completion of the Trade and Industry Tower in the Kai Tak Development Area (KTDA) in April 2015, government offices currently accommodated in the Trade and Industry Department (TID) Tower in Mong Kok and some government offices in leased premises in Kowloon will be relocated to the KTDA in phases starting from mid-2015. The departments concerned include Education Bureau, Census and Statistics Department, Customs and Excise Department, Highways Department, Hongkong Post, Labour Department, Lands Department, Social Welfare Department, Trade and Industry Department, and Working Family and Student Financial Assistance Agency.

The departments concerned will use their existing staff to handle the relocation work. The removal expenses involved will be about \$4.8 million. Upon relocation of the offices concerned, we will delease the premises to save rental expenditure and sell the TID Tower in Mong Kok at an appropriate time to increase the supply of commercial premises in Mong Kok.

As the relocation of the three government office buildings at the Wan Chai waterfront is a large-scale project involving 175 000 m² of office space, 29 departments (the bureaux and departments concerned are set out at Annex) and more than 10 000 staff, we will implement the project in phases as it takes time to prepare for the reprovisioning.

The Government is taking forward the tendering exercise in respect of the first reprovisioning project, i.e. the West Kowloon Government Offices (WKGO) in Yau Ma Tei. Subject to the funding approval of the Public Works Subcommittee and the Finance Committee of the Legislative Council (LegCo) in this legislative year, we will commence the construction works of the project which is expected to be completed in 2019. Part of the office space (around 22%) in WKGO will be used for reprovisioning some departments in the three government office buildings at Wan Chai waterfront. Besides, we have also earmarked sites in other districts including Kai Tak, Cheung Sha Wan, Tseung Kwan O and Chai Wan for construction of other replacement buildings. According to the current plan, and subject to resource availability and progress of the preparation in respect of the reprovisioning projects, we will seek funding approval of the LegCo at an appropriate time to take forward the projects in the next few years and expect to have the construction works concerned completed in succession after 2019.

**The 29 bureaux and departments involved in the relocation project
of the three government office buildings in Wan Chai**

1. Create Hong Kong under the Commerce and Economic Development Bureau
2. Environment Bureau
3. The Securities and Futures Appeals Tribunal under the Financial Services and the Treasury Bureau
4. Home Affairs Bureau
5. The Torture Claims Appeal Board under the Security Bureau
6. Audit Commission
7. Census and Statistics Department
8. Correctional Services Department
9. Drainage Services Department
10. Efficiency Unit
11. Environmental Protection Department
12. Government Logistics Department
13. Government Property Agency
14. Home Affairs Department
15. Hong Kong Monetary Authority
16. Hongkong Post
17. Immigration Department
18. Inland Revenue Department
19. Innovation and Technology Commission
20. Labour Department
21. Legal Aid Department
22. Leisure and Cultural Services Department
23. Office of the Communications Authority
24. Office of the Government Chief Information Officer
25. Social Welfare Department
26. Transport Department
27. Treasury
28. Water Supplies Department
29. Judiciary

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)085

(Question Serial No. 6481)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In respect of government quarters, will the Government inform this Committee of:

- a. the number of vacant government quarters, broken down by types of quarters; and
- b. the number of vacant government quarters which were built by the Government, broken down by districts where the relevant quarters are located?

Asked by: Hon CHAN Ka-lok, Kenneth (Member Question No. 277)

Reply:

There are currently about 23 400 government-owned quarters in the territory, of which less than 0.1% are temporarily vacant mainly because they are pending allocation to eligible officers. These temporary vacant units are within government-built non-departmental quarters located in Central and Western and Wan Chai districts.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)086

(Question Serial No. 6482)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (2) Property Management

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What was the expenditure incurred by the Government on repairing, maintaining and managing vacant government quarters in the past three years?

Asked by: Hon CHAN Ka-lok, Kenneth (Member Question No. 278)

Reply:

In the past three years, less than 0.1% government quarters were left temporarily vacant each year because they were pending allocation to eligible officers or undergoing refurbishment or renovation. We have not maintained a separate breakdown of the expenditure on the repairs, maintenance and management of these temporary vacant quarters.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)087

(Question Serial No. 6483)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Will the Government consider converting or redeveloping vacant government quarters that are built by the Government for housing junior civil servants or the rank and file of the disciplined services? If yes, what are the details of the plan? If no, why?

Asked by: Hon CHAN Ka-lok, Kenneth (Member Question No. 279)

Reply:

Currently, less than 0.1% of government quarters are temporarily vacant mainly because they are pending allocation to eligible officers.

According to the policy on government accommodation, if there are surplus government quarters, the concerned bureaux/departments (b/ds) may consider converting the uses of the properties, transferring the properties to other b/ds for use (e.g. redevelopment) or returning the site of surplus quarters to the Lands Department for long-term development (e.g. land sale). Under the above policy, the Government is planning to redevelop the ex-government quarters at Kwun Tong, Lok Fu and Tin Wan as disciplined services quarters for eligible officers of the disciplined forces.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)088

(Question Serial No. 4723)

Head: (51) Government Property Agency

Subhead (No. & title): (000) Operational expenses

Programme:

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the following information in respect of the engagement of outsourced workers in your department:

	2015-16
Estimated number of outsourced service contracts	
Estimated operating expenses for payments to outsourced service providers	
Estimated number of workers engaged through outsourced service providers	

Asked by: Hon CHAN Wai-yip, Albert (Member Question No. 124)

Reply:

The information on the engagement of outsourced workers in the Government Property Agency is tabulated as follows:

	2015-16 (as at 28.2.2015)
Estimated number of outsourced service contracts	9
Estimated operating expenses for payments to outsourced service providers	\$295,303,000
Estimated number of workers engaged through outsourced service providers	As new outsourced service contracts commencing on 1 April are involved, we are unable to provide the relevant figures at this stage.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)089

(Question Serial No. 4746)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in Matters Requiring Special Attention in 2015-16 under this Programme that the Government Property Agency will plan and take forward new government office building projects for the reprovisioning of the departments in the three government office buildings at the Wan Chai waterfront this year. Would the Government please list out:

- (1) the government departments to be reprovisioned;
- (2) the locations of the new government office buildings; and
- (3) the operating expenses, establishment and estimated annual salary involved in these projects?

Asked by: Hon CHAN Wai-yip, Albert (Member Question No. 146)

Reply:

Relocation of the three government office buildings at the Wan Chai waterfront is a large-scale project involving 175 000 m² of office space, 29 departments (the bureaux and departments concerned are set out at Annex) and more than 10 000 staff. We will implement the project in phases as it takes time to prepare for the reprovisioning.

We have earmarked sites in West Kowloon, Cheung Sha Wan, Kai Tak, Tseung Kwan O and Chai Wan, etc. for construction of replacement buildings for reprovisioning the departments in the three government office buildings. According to our current plan, and subject to resource availability and progress of the preparation in respect of the reprovisioning projects, we will seek funding approval of the Legislative Council (LegCo) to take forward the projects in succession in the next few years. The Government is taking forward the tendering exercise in respect of the first reprovisioning project, i.e. the West Kowloon Government Offices, and is awaiting to submit a funding application to the Public Works Subcommittee of LegCo for consideration.

In 2015-16, we will continue to take forward the relocation projects with existing staff resources. Since the staff members concerned are, apart from handling the relocation of

the three government office buildings at the Wan Chai waterfront, also engaged in various other duties, we do not have the breakdown in respect of staff cost accordingly.

**The 29 bureaux and departments involved in the relocation project
of the three government office buildings in Wan Chai**

1. Create Hong Kong under the Commerce and Economic Development Bureau
2. Environment Bureau
3. The Securities and Futures Appeals Tribunal under the Financial Services and the Treasury Bureau
4. Home Affairs Bureau
5. The Torture Claims Appeal Board under the Security Bureau
6. Audit Commission
7. Census and Statistics Department
8. Correctional Services Department
9. Drainage Services Department
10. Efficiency Unit
11. Environmental Protection Department
12. Government Logistics Department
13. Government Property Agency
14. Home Affairs Department
15. Hong Kong Monetary Authority
16. Hongkong Post
17. Immigration Department
18. Inland Revenue Department
19. Innovation and Technology Commission
20. Labour Department
21. Legal Aid Department
22. Leisure and Cultural Services Department
23. Office of the Communications Authority
24. Office of the Government Chief Information Officer
25. Social Welfare Department
26. Transport Department
27. Treasury
28. Water Supplies Department
29. Judiciary

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)090

(Question Serial No. 3386)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Will the Government inform:

- (a) the criteria for selecting former public rental housing (PRH) sites, former government quarters (including disciplined services quarters), former government office buildings, as well as other former government buildings and facilities for sale?
- (b) the respective numbers of PRH sites sold over the past 3 financial years (as at 31 March 2015), as well as the area, height restriction and plot ratio of each site?
- (c) the respective numbers of former government quarters (including disciplined services quarters) sold over the past 3 financial years (as at 31 March 2015), as well as the area, height restriction and plot ratio of each site?
- (d) the respective numbers of former government office buildings sold over the past 3 financial years (as at 31 March 2015), as well as the area, height restriction and plot ratio of each site?
- (e) the respective numbers of former government buildings and facilities sold over the past 3 financial years (as at 31 March 2015), as well as the area, height restriction and plot ratio of each site?

Asked by: Hon FUNG Kin-kee, Frederick (Member Question No. 63)

Reply:

The Government Property Agency (“the Agency”) regularly reviews sites of various bureaux and departments (excluding public rental housing (“PRH”) sites) with a view to optimising the use of land resources and releasing their development potential through land sale, redevelopment or revitalisation. In the process, the Agency will consult departments concerned. If it is confirmed that a site is no longer required for its original or other “Government, Institution or Community” uses, the Government will assess whether the site is suitable for alternative uses (such as residential or commercial uses), taking into account the location of the site, local characteristics, the capacity of infrastructure facilities and the impacts on the surrounding environment, etc. In general, if the review reveals that the site

is suitable for alternative uses, the department concerned will hand over the site to the Lands Department for disposal.

Based on the information provided by the Development Bureau, former PRH sites, government quarters sites, government offices sites as well as government facilities sites sold in the past three financial years are tabulated at Annex.

Former Public Rental Housing Sites Sold

Year	Location (Lot no.)	Site area (m²)	Maximum height restriction specified in the conditions of sale	Maximum gross floor area (GFA) specified in the conditions of sale (m²)
2012-13	Java Road and Tin Chiu Street, North Point, Hong Kong – Former North Point Estate (Inland Lot No. 9027)	23 400	80 metres above the Hong Kong Principal Datum	83 675
	Junction of Sheung Lok Street and Sheung Shing Street, Ho Man Tin, Kowloon – Former Ho Man Tin Estate (Kowloon Inland Lot No. 11227)	24 077	120 metres above the Hong Kong Principal Datum	106 110
	North Point Estate Lane and Shu Kuk Street, North Point, Hong Kong – Former North Point Estate (Inland Lot No. 9020)	5 369	80 metres above the Hong Kong Principal Datum	36 000
2013-14	Junction of Fat Kwong Street and Sheung Foo Street, Ho Man Tin, Kowloon – Former Ho Man Tin Estate (Kowloon Inland Lot No. 11228)	7 714	100 metres above the Hong Kong Principal Datum	36 022
2014-15	--			

Former Government Quarters Sites Sold

Year	Location (Lot no.)	Site area (m ²)	Maximum height restriction specified in the conditions of sale	Maximum gross floor area (GFA) specified in the conditions of sale (m ²)
2012-13	Deep Water Bay Drive, Shouson Hill, Hong Kong – Former Non-departmental Quarters Glendale (Rural Building Lot No. 1190)	10 249	Not specified	23 052
2013-14	Castle Peak Road, Tai Lam, Tuen Mun, New Territories – Former Tai Lam Chung Police Married Quarters (Tuen Mun Town Lot No. 490)	2 050	24 metres above the Hong Kong Principal Datum	2 665
2014-15	650 Cheung Sha Wan Road, Kowloon – Former Cheung Sha Wan Post Office Building and Quarters (New Kowloon Inland Lot No. 6410)	1 498	100 metres above the Hong Kong Principal Datum	17 980
	Hing Fong Road, Kwai Chung, New Territories – Former Water Supplies Department Hing Fong Road Staff Quarters (Kwai Chung Town Lot No. 518)	810	90 metres above the Hong Kong Principal Datum	The maximum non-residential GFA is 810 m ² . However, if no non-residential GFA is proposed, the maximum residential GFA for a pure domestic building is 4 860 m ² .

Former Government Offices Sites Sold

Year	Location (Lot no.)	Site area (m ²)	Maximum height restriction specified in the conditions of sale	Maximum gross floor area (GFA) specified in the conditions of sale (m ²)
2012-13			--	
2013-14	Cotton Tree Drive, Hong Kong – Former Murray Building (Inland Lot No. 9036)	6 330	115 metres above the Hong Kong Principal Datum	30 200
2014-15	15 Middle Road, Tsim Sha Tsui, Kowloon – Former Middle Road Multi-Storey Car Park Building (Kowloon Inland Lot No. 11237)	2 630	90 metres above the Hong Kong Principal Datum	31 560

Former Government Facilities Sites Sold

Year	Location (Lot no.)	Site area (m ²)	Maximum height restriction specified in the conditions of sale	Maximum gross floor area (GFA) specified in the conditions of sale (m ²)
2012-13			--	
2013-14			--	
2014-15	Tseng Choi Street Area 4, Tuen Mun, New Territories (Tuen Mun Town Lot No. 499)	2 202	100 metres above the Hong Kong Principal Datum	The maximum non-residential GFA is 6 606 m ² . However, if no non-residential GFA is proposed, the maximum residential GFA for a pure domestic building is 11 010 m ² .

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)091****(Question Serial No. 5633)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (3) Estate UtilisationControlling Officer: Government Property Administrator (Alan Siu)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please inform the contract sum and the names of the successful bidders in respect of the tenders on leasing out the government-owned non-domestic premises, shops and car parks in the past five years.

Asked by: Hon LEUNG Kwok-hung (Member Question No. 312)Reply:

In the past five years, all non-domestic government premises (including shops, canteens, advertising areas, car parks, etc.) which the Government Property Agency ("Agency") had disposed of by way of tender were letting out cases. The total amount of annual rent is set out below:

Year	Number of properties	Total annual rent (\$ million)
2010	49	25
2011	48	176
2012	71	172
2013	45	31
2014	36	84

The tender results (including the information of tenants and rents) of the past twelve months have been uploaded to the web page of the Agency (<http://www.gpa.gov.hk/english/notice/quotation2.html>).

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)092

(Question Serial No. 5634)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please inform when the Government had taken back the kiosk at the Kowloon City Magistrates' Courts and the reasons behind. When will it resume service for the public and staff?

Asked by: Hon LEUNG Kwok-hung (Member Question No. 313)

Reply:

Upon the expiry of the former tenancy in respect of the kiosk in the Kowloon City Law Courts Building on 16 February 2015, the ex-tenant had ceased operating the kiosk and returned the premises to the Government Property Agency. Notwithstanding that we had completed the re-letting process before the tenancy expired, in view of the kiosk's unsatisfactory physical condition, we will sign the tenancy agreement with and hand over the kiosk to the new tenant for operation after completion of the renovation in mid-May this year.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)093

(Question Serial No. 5635)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please inform the contract sum and the names of the successful bidders in respect of the tenders on leasing out the government-owned domestic premises in the past five years.

Asked by: Hon LEUNG Kwok-hung (Member Question No. 314)

Reply:

In the past five years, the Government Property Agency has only let out one domestic property by way of tender, viz. the ex-Water Supplies Department Senior Staff Quarters at Tai Tam Tuk Raw Water Pumping Station. The successful bidder was an individual who made a bid of \$67,000 as rent per month.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)094

(Question Serial No. 3351)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In paragraph 133 of the Budget Speech, the Government will actively take forward its plan to relocate the three government office buildings in Wan Chai. And this plan will progressively release 175 000 square metres of commercial floor area and increase the supply of Grade A office space in Wan Chai. Please inform this Council the details and timetable for the relevant relocation. Will the Government consider complete demolition of the three buildings? If yes, will it be prepared for the objection involved for which some might support the conservation of these three buildings? If yes, of the details; if no, of the reasons.

Asked by: Hon SHEK Lai-him, Abraham (Member Question No. 55)

Reply:

Relocation of the three government office buildings at the Wan Chai waterfront is a large-scale project involving 175 000 m² of office space, 29 departments and more than 10 000 staff. We will implement the project in phases as it takes time to prepare for the reprovisioning. We are taking forward the preparation work in full swing, which includes exploring and drawing up the reprovisioning arrangements with relevant departments, identifying suitable sites for replacement premises, examining technical feasibility of the related works and handling the relevant town planning issues, etc. We have been conducting local consultation on the construction proposals and seeking advice of the relevant Legislative Council (LegCo) panels as well as funding approval of the Public Works Subcommittee and Finance Committee of LegCo on various reprovisioning projects in succession.

Subject to funding approval in this legislative year, we will commence the construction works of the first reprovisioning project, i.e. the West Kowloon Government Offices (WKGO). It is expected to be completed in 2019. Part of the office space (about 22%) in WKGO will be used for reprovisioning some departments in the three government office buildings at Wan Chai waterfront. Besides, we have also earmarked sites in other districts including Kai Tak, Cheung Sha Wan, Tseung Kwan O and Chai Wan for construction of

other replacement buildings. According to our current plan, and subject to resource availability and progress of the preparation in respect of the reprovisioning projects, we will seek funding approval of the LegCo to take forward the projects in succession in the next few years.

Upon relocation of the departments from the three buildings in phases, we will arrange to lease out the vacated floor space immediately as an interim measure to help increase the supply of Grade A offices in Wan Chai.

We have no plan to demolish these three buildings. We will arrange for sale of the buildings upon completion of the entire relocation project.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)095

(Question Serial No. 4195)

Head: (51) Government Property Agency

Subhead (No. & title): (000) Operational expenses

Programme:

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the engagement of outsourced workers, please provide the following information:

	2015-16 (the latest position)
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, information technology, etc.)	
Monthly salary range of outsourced workers	
• \$30,001 or above	()
• \$16,001 to \$30,000	()
• \$8,001 to \$16,000	()
• \$6,501 to \$8,000	()
• \$6,240 to \$6,500	()
• below \$6,240	()
Length of service of outsourced workers	
• over 15 years	()
• 10 to 15 years	()
• 5 to 10 years	()
• 3 to 5 years	()
• 1 to 3 years	()
• under 1 year	()
Percentage of outsourced workers out of the total number of staff in the department	()

	2015-16 (the latest position)
Percentage of amount paid to outsourced service providers out of the total departmental staff costs	()
Number of workers who have received severance payments / long service payments / contract gratuities	()
Amount of severance payments / long service payments / contract gratuities paid	()
Number of workers whose severance payments / long service payments have been offset by and whose contract gratuities are calculated based on the accrued benefits attributable to employer's MPF contributions	()
Amount of severance payments / long service payments offset by and amount of contract gratuities calculated based on the accrued benefits attributable to employer's MPF contributions	()
Number of workers with paid meal break	()
Number of workers without paid meal break	()
Number of workers on five-day week	()
Number of workers on six-day week	()

() denotes changes in percentage as compared with 2014-15

Asked by: Hon WONG Kwok-hing (Member Question No. 63)

Reply:

The information on the engagement of outsourced workers in the Government Property Agency is tabulated as follows:

	Estimates for 2015-16 (as at 28.2.2015)
Number of outsourced service contracts	9 (+28.6%)
Total amount paid to outsourced service providers	\$295,303,000 (+20.5%)
Length of contract for each outsourced service provider	3-4 years (-)
Number of outsourced workers engaged through outsourced service providers	Note 1
Breakdown of positions held by outsourced workers (e.g. customer service, property management, security, cleaning, information technology, etc.)	Property management, security, cleaning and information technology
Percentage of outsourced workers out of the total number of staff in the department	Notes 1 and 2
Percentage of amount paid to outsourced service providers out of the total departmental staff costs	Note 2

	Estimates for 2015-16 (as at 28.2.2015)
Monthly salary range of outsourced workers <ul style="list-style-type: none"> • \$30,001 or above • \$16,001 to \$30,000 • \$8,001 to \$16,000 • \$6,501 to \$8,000 • \$6,240 to \$6,500 • below \$6,240 	Since employment particulars such as monthly salaries, length of service, number of working days per week and the provision or otherwise for paid meal breaks of general outsourced workers are not specified in the outsourced contracts, we are unable to provide the information requested. However, if low-skilled workers are employed by the outsourced service providers, the employers are required to adopt the standard employment contract as stipulated by the Labour Department specifying the employment details including monthly salaries, number of working days per week and the provision or otherwise for paid meal breaks, etc.
Length of service of outsourced workers <ul style="list-style-type: none"> • over 15 years • 10 to 15 years • 5 to 10 years • 3 to 5 years • 1 to 3 years • under 1 year 	
Number of workers with paid meal break Number of workers without paid meal break	
Number of workers on five-day week Number of workers on six-day week	
Number of workers who have received severance payments / long service payments / contract gratuities	
Amount of severance payments / long service payments / contract gratuities paid	
Number of workers whose severance payments / long service payments have been offset by and whose contract gratuities are calculated based on the accrued benefits attributable to employer's MPF contributions	Since we do not keep the information of severance payments / long service payments / contract gratuities of outsourced workers from the outsourced service providers, we are unable to provide such information.
Amount of severance payments / long service payments offset by and amount of contract gratuities calculated based on the accrued benefits attributable to employer's MPF contributions	

() denotes changes in percentage as compared with 2014-15

Note 1: As new outsourced service contracts commencing on 1 April are involved, we are unable to provide the relevant figures at this stage.

Note 2: As the total number of staff and total staff cost in the department may vary according to changing service and operational requirements, we are unable to provide the relevant figures at this stage.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)096

(Question Serial No. 4196)

Head: (51) Government Property Agency

Subhead (No. & title): (000) Operational expenses

Programme:

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the engagement of agency workers, please provide the following information:

	2015-16 (the latest position)
Number of contracts with employment agencies	()
Contract sum 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 to \$30,000	()
• \$8,001 to \$16,000	()
• \$6,501 to \$8,000	()
• \$6,240 to \$6,500	()
• below \$6,240	()
Length of service of agency workers	
• over 15 years	()
• 10 to 15 years	()
• 5 to 10 years	()
• 3 to 5 years	()
• 1 to 3 years	()
• under 1 year	()
Percentage of agency workers out of the total number of staff in the department	()

	2015-16 (the latest position)
Percentage of amount paid to employment agencies out of the total departmental staff costs	()
Number of workers who have received severance payments / long service payments / contract gratuities	()
Amount of severance payments / long service payments / contract gratuities paid	()
Number of workers whose severance payments / long service payments have been offset by and whose contract gratuities are calculated based on the accrued benefits attributable to employer's MPF contributions	()
Amount of severance payments / long service payments offset by and the amount of contract gratuities calculated based on the accrued benefits attributable to employer's MPF contributions	()
Number of workers with paid meal break	()
Number of workers without paid meal break	()
Number of workers on five-day week	()
Number of workers on six-day week	()

() denotes changes in percentage as compared with 2014-15

Asked by: Hon WONG Kwok-hing (Member Question No. 64)

Reply:

The Government Property Agency has not planned to engage any employment agency for provision of services in 2015-16.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)097

(Question Serial No. 4197)

Head: (51) Government Property Agency

Subhead (No. & title): (000) Operational expenses

Programme:

Controlling Officer: Government Property Administrator (Alan Siu)

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:

	2015-16 (the latest position)
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 to \$30,000	()
• \$8,001 to \$16,000	()
• \$6,501 to \$8,000	()
• \$6,240 to \$6,500	()
• below \$6,240	()
Length of service of NCSC staff	
• over 15 years	()
• 10 to 15 years	()
• 5 to 10 years	()
• 3 to 5 years	()
• 1 to 3 years	()
• under 1 year	()
Number of staff converted to civil servants	()
Percentage of NCSC staff out of the total number of staff in the department	()

	2015-16 (the latest position)
Percentage of staff costs for NCSC staff out of the total departmental staff costs	()
Number of staff who have received severance payments / long service payments / contract gratuities	()
Amount of severance payments / long service payments / contract gratuities paid	()
Number of staff whose severance payments / long service payments have been offset by and whose contract gratuities are calculated based on the accrued benefits attributable to employer's MPF contributions	()
Amount of severance payments / long service payments offset by and amount of contract gratuities calculated based on the accrued benefits attributable to employer's MPF contributions	()
Number of staff with paid meal break	()
Number of staff without paid meal break	()
Number of staff on five-day week	()
Number of staff on six-day week	()

() denotes changes in percentage as compared with 2014-15

Asked by: Hon WONG Kwok-hing (Member Question No. 65)

Reply:

As the number of non-civil service contract (NCSC) staff may vary according to changing service and operational requirements, we are unable to provide the figures for 2015-16 at this stage. The information on the employment of full-time NCSC staff in the Government Property Agency for 2014-15 is tabulated as follows:

	2014-15 (as at 31.12.2014)
Number of NCSC staff	1 (-75%)
Breakdown of positions held by NCSC staff	
• Contract Architect	1
Expenditure on salaries of NCSC staff	\$299,000 (-82%)

	2014-15 (as at 31.12.2014)	
Monthly salary range of NCSC staff		
• \$30,001 or above	1	(-)
• \$16,001 to \$30,000	0	(-100%)
• \$8,001 to \$16,000	0	(-100%)
• \$6,501 to \$8,000	0	(-)
• \$6,240 to \$6,500	0	(-)
• below \$6,240	0	(-)
Length of service of NCSC staff		
• over 15 years	0	(-)
• 10 to 15 years	0	(-)
• 5 to 10 years	0	(-100%)
• 3 to 5 years	0	(-)
• 1 to 3 years	0	(-100%)
• under 1 year	1	(+100%)
Number of staff converted to civil servants	0	(-)
Percentage of NCSC staff out of the total number of staff in the department	0.5%	(decrease of 1.4 percentage point [#])
Percentage of staff costs for NCSC staff out of the total departmental staff costs	0.3%	(decrease of 1.5 percentage point [^])
Number of staff who have received severance payments / long service payments / contract gratuities	0	(-100%)
Amount of severance payments / long service payments / contract gratuities paid	0	(-100%)
Number of staff whose severance payments / long service payments have been offset by and whose contract gratuities are calculated based on the accrued benefits attributable to employer's MPF contributions	0	(-)
Amount of severance payments / long service payments offset by and amount of contract gratuities calculated based on the accrued benefits attributable to employer's MPF contributions	0	(-)
Number of staff with paid meal break	1	(-75%)
Number of staff without paid meal break	0	(-)
Number of staff on five-day week	1	(-75%)
Number of staff on six-day week	0	(-)

() denotes changes in percentage as compared with 2013-14

- Remarks: # In 2013-14 (as at 31.12.2013), the percentage of NCSC staff out of the total number of staff in the Agency was 1.9%.
- ^ In 2013-14 (as at 31.12.2013), the percentage of staff costs for NCSC staff out of the total departmental staff costs was 1.8%.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)098

(Question Serial No. 4795)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the review of sites by the Government Property Agency, please inform this Committee of the details of each of the 85 sites reviewed in 2014-15 in the following table, including i) the site location; ii) the site area; iii) the allocatee department(s) and original use(s) of the site (if any); iv) the use(s) proposed by the Agency; and v) whether the site will be transferred to other department(s) and, if so, the details.

i)	ii)	iii)	iv)	v)

Asked by: Hon WU Chi-wai (Member Question No. 101)

Reply:

The Government Property Agency assists government bureaux and departments in reviewing utilisation of their sites and, where practicable, releasing the under-utilised sites for alternative uses, redevelopment or disposal. We reviewed a total of 85 sites in 2014. Relevant information is set out at the Annex.

Sites Reviewed in 2014 by Property Type

Property type	Department/organisation to which the property belongs	District	Total site area (m ²) (approx.)	Review result
Joint-user, Specialist and/or Departmental Buildings	Agriculture, Fisheries and Conservation Department, Architectural Services Department, Civil Engineering and Development Department, Drainage Services Department, Environmental Protection Department, Fire Services Department, Food and Environmental Hygiene Department, Government Property Agency, Department of Health, Home Affairs Department, Hong Kong Police Force, Hongkong Post, Leisure and Cultural Services Department, Social Welfare Department, Transport Department, Water Supplies Department, Hospital Authority	Central and Western District, Eastern District, Southern District, Wan Chai, Kowloon City, Kwun Tong, Sham Shui Po, Wong Tai Sin, Yau Tsim Mong, Kwai Tsing, Sai Kung, Sha Tin, Tai Po, Tsuen Wan, Tuen Mun, Yuen Long	316 800 (involving 69 sites)	These sites are originally used for public health, water supplies, fire services, postal and social security purposes, etc. Proposed uses: <ul style="list-style-type: none"> • 56 sites are retained for Government, Institution and Community (GIC) use in accordance with their existing development intensity. • 1 site is retained for GIC use. It can be considered for redevelopment in order to enhance its development intensity. • 9 sites are proposed for other alternative uses, subject to planning review. • 3 sites are under detailed planning review to confirm their long term use.
Quarters	Correctional Services Department, Customs and Excise Department, Fire Services Department, Immigration Department, Leisure and Cultural Services Department, Water Supplies Department	Central and Western District, Sham Shui Po, Wong Tai Sin, Sai Kung, Tai Po, Tsuen Wan	20 200 (involving 9 sites)	Proposed uses: <ul style="list-style-type: none"> • 8 sites are retained for GIC use in accordance with their existing development intensity. • 1 site is under detailed planning review to confirm its long term use.
Others	Food and Environmental Hygiene Department	Eastern District, Southern District, Tsuen Wan, Tuen Mun	13 600 (involving 7 sites)	These seven sites are originally used as cooked food markets and slopes. Proposed uses: <ul style="list-style-type: none"> • 5 sites are retained for GIC use in accordance with their existing development intensity. • 2 sites are proposed for other alternative uses, subject to planning review.
		Total:	350 600 (involving 85 sites)	

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)099

(Question Serial No. 4796)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Alan Siu)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding “government premises identified as having new commercialisation opportunities” under this Programme, please inform this Committee of:

- 1) the information about the 8 premises covered in 2014-15, including their i) locations; ii) areas; iii) allocatee department(s) and original uses (if any); and iv) review results and follow-up actions; and
- 2) the information about the 6 premises covered in 2015-16, including their i) locations; ii) areas; iii) allocatee department(s) and original uses (if any); and iv) review results and follow-up actions.

Asked by: Hon WU Chi-wai (Member Question No. 102)

Reply:

In 2014 and 2015, the Government Property Agency (“Agency”) respectively identified that portions of the following government premises may have commercialisation opportunities:

	Property	Government department to which the property belongs	Proposed use	Area
2014				
1.	Former Central Government Offices, Lower Albert Road	Department of Justice	Automatic teller machine	Not applicable
2.	Kowloon City Government Offices	Government Property Agency		
3.	Ground floor, Chai Wan Municipal Services Building	Food and Environmental Hygiene Department	Automatic vending machine	

	Property	Government department to which the property belongs	Proposed use	Area
4.	Cheung Sha Wan Government Offices	Government Property Agency	Automatic vending machine	Not applicable
5.	North District Government Offices			
6.	Tuen Mun Government Offices			
7.	Ground floor lobby of Eastern Law Courts Building	Judiciary	Advertising area	
8.	The roof of Eastern Law Courts Building			
2015				
1.	Cornwall Street Squash and Table Tennis Centre	Leisure and Cultural Services Department	Advertising area	Not applicable
2.	External walls of Causeway Bay Market	Food and Environmental Hygiene Department		
3.	Tai Hang Tung Storm Water Storage Tank	Drainage Services Department		
4.	The northern side wall of the pedestrian subway of Connaught Road Central and Chater Road	Not applicable		
5.	Ground floor, North Point Government Offices	Government Property Agency	Automatic vending machine	
6.	Tsuen Wan Government Offices			

The majority of the above premises involve lift lobbies, roof tops or external walls of the buildings concerned without any specific use.

In exploring the feasibility of introducing commercial activities (such as advertisements on external walls and automatic vending machines) within government properties, the Agency will take into account various relevant factors, including the implications of the proposal on the image, external appearance and pedestrian flow of the government buildings; impact of the changed use on fire escape and building services facilities (such as fire service equipment); as well as views of the relevant departments, etc. with a view to ensuring that commercial activities introduced within these properties are feasible and suitable.

Among the eight government premises which were identified in 2014 to have commercialisation opportunities, we found the proposed location at Kowloon City Government Offices for installing automatic teller machines not suitable for commercial use. We are arranging for the letting of the remaining seven premises. We will also examine in detail the feasibility and suitability of the commercialisation opportunities in the six government premises identified in 2015.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)100

(Question Serial No. 3705)

Head: (59) Government Logistics Department

Subhead (No. & title): ()

Programme: (3) Land Transport

Controlling Officer: Director of Government Logistics (Ms Maisie CHENG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is estimated that the Government Logistics Department will procure 28 additional vehicles and 342 replacement vehicles in the coming year. Please provide the types of additional vehicles and replacement vehicles to be procured and the user departments in the following table:

Types of vehicles	Number of additional vehicles	Number of replacement vehicles	User departments

Asked by: Hon MO Claudia (Member Question No. 55)

Reply:

The details about these additional vehicles and replacement vehicles to be procured are as follows:

Types of vehicles	Number of additional vehicles	Number of replacement vehicles	User departments
Van	8	148	Chief Executive's Office, Agriculture, Fisheries and Conservation Department, Architectural Services Department, Correctional Services Department, Customs and Excise Department, Drainage Services Department, Fire Services Department, Government Logistics

			Department, Department of Health, Highways Department, Information Services Department, Labour Department, Lands Department, Leisure and Cultural Services Department, Radio Television Hong Kong, Social Welfare Department, Transport Department, Water Supplies Department and Independent Commission Against Corruption
Truck	0	25	Civil Engineering and Development Department, Food and Environmental Hygiene Department and Hong Kong Police Force
Bus	0	18	Auxiliary Medical Service, Food and Environmental Hygiene Department, Hong Kong Police Force, Information Services Department and Leisure and Cultural Services Department
Car	20	103	Administration Wing, Agriculture, Fisheries and Conservation Department, Buildings Department, Civil Engineering and Development Department, Commerce and Economic Development Bureau, Constitutional and Mainland Affairs Bureau, Correctional Services Department, Customs and Excise Department, Department of Health, Department of Justice, Education Bureau, Electrical and Mechanical Services Department, Food and Health Bureau, Fire Services Department, Government Logistics Department, Home Affairs Bureau, Home Affairs Department, Hong Kong Police Force, Independent Commission Against Corruption, Judiciary, Leisure and Cultural Services Department, Public Service Commission, Registration and

			Electoral Office, Security Bureau, Social Welfare Department and Transport Department
Cross country vehicle	0	20	Agriculture, Fisheries and Conservation Department, Civil Engineering and Development Department, Fire Services Department, Hong Kong Observatory, Lands Department, Transport Department, Water Supplies Department and Independent Commission Against Corruption
Motorcycle	0	28	Agriculture, Fisheries and Conservation Department, Food and Environmental Hygiene Department and Leisure and Cultural Services Department
Total	28	342	

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)101

(Question Serial No. 6873)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the numbers of all charitable organisations by the legal forms (corporations, societies, trusts and others) they take in each of the past five years.

Asked by: Hon CHEUNG Kwok-che (Member Question No.699)

Reply:

The Inland Revenue Department (IRD) has kept annual statistics of tax-exempt charities by legal forms since the financial year 2012-13. According to the completed statistics of IRD for 2012-13 and 2013-14, the distribution of charities by legal forms is as follows -

Form	2012-13	2013-14
Corporation	5 651	5 898
Society	796	857
Trust	428	454
Others*	717	835
Total	7 592	8 044

*"Others" comprise mostly incorporated management committees established under the Education Ordinance. The rest are statutory bodies, *ad hoc* special committees and overseas companies registered under the Companies Ordinance.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)102

(Question Serial No. 3508)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

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 seven years, please provide the following details:

- (1) the tax types of recovery cases and the number of cases for each type;
- (2) the amount involved in the recovery cases;
- (3) the types of recovery cases completed and the amounts involved; and
- (4) the number of recovery cases not yet completed (i.e. tax in default).

Asked by: Hon LEE Wai-king, Starry (Member Question No. 68)

Reply:

(1) & (2)

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 surcharge notice. If the taxpayer does not fully pay the tax within 6 months from the due date, IRD will issue another surcharge notice to the taxpayer to further impose a 10% surcharge on the overdue tax and surcharge.

The following table sets out the statistics on the surcharge notices issued by IRD for different tax types in the five financial years from 2010-11 to 2014-15 (as at 28 February 2015) -

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
2011-12 financial year						
Profits Tax	13 300	78.57	1,571	3 000	50.98	486
Salaries Tax	156 600	112.40	2,248	7 200	30.58	291
Property Tax	16 700	9.78	196	1 100	2.31	22
Personal Assessment	12 900	5.29	106	600	2.26	21
Total	199 500	206.04	4,121	11 900	86.13	820
2012-13 financial year						
Profits Tax	11 300	69.30	1,386	3 100	58.17	554
Salaries Tax	153 700	105.86	2,117	9 000	35.19	335
Property Tax	16 200	10.72	215	1 700	2.78	27
Personal Assessment	13 200	6.61	132	800	3.60	34
Total	194 400	192.49	3,850	14 600	99.74	950
2013-14 financial year						
Profits Tax	14 400	74.48	1,489	2 900	65.33	622
Salaries Tax	177 500	107.19	2,144	8 500	30.46	290
Property Tax	17 100	12.00	240	1 800	3.21	31
Personal Assessment	13 800	5.89	118	800	3.44	33
Total	222 800	199.56	3,991	14 000	102.44	976
2014-15 financial year*						
Profits Tax	15 400	73.22	1,464	3 700	67.43	642
Salaries Tax	171 800	129.43	2,589	10 800	35.03	334
Property Tax	18 000	16.04	321	2 100	4.76	45
Personal Assessment	13 200	6.17	123	800	2.48	24
Total	218 400	224.86	4,497	17 400	109.70	1,045

* As at 28 February 2015

Note : To ensure quality and timely response to questions, we would only provide relevant information for up to five years.

If the tax remains unpaid after the issuance of the 5% surcharge notice, IRD will open a collection file and take further recovery actions against the taxpayer, including the issuance of recovery notices to third parties (such as employers and banks) and the initiation of court proceedings.

The following table sets out the numbers of cases for which IRD has taken recovery actions in the five financial years from 2010-11 to 2014-15 (as at 28 February 2015) -

	2010-11	2011-12	2012-13	2013-14	2014-15 *
	No. of cases#				
Recovery Notices	102 293	102 558	107 227	125 131	106 260
Legal Proceedings	5 897	4 996	3 706	2 986	2 111

* As at 28 February 2015

IRD does not have statistical breakdown of tax recovery actions by tax types. To ensure quality and timely response to questions, we would only provide relevant information for up to five years.

(3) IRD only keeps statistics on tax in arrears and tax collected, and does not have statistical breakdown of total tax collected by grouping into tax paid on time and tax paid after initiation of successful recovery actions.

(4) As at 28 February 2015, the total amount of tax in default was about \$8.5 billion, involving 144 530 charges.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)103

(Question Serial No. 3509)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the estimated percentage shares of taxpayers whose salaries tax reduction will be lower than and up to the ceiling respectively under the measure of salaries tax reduction proposed in the latest Budget.

Asked by: Hon LEE Wai-king, Starry (Member Question No. 69)

Reply:

The 2015-16 Budget proposes to reduce salaries tax and tax under personal assessment for the year of assessment 2014-15 by 75%, subject to a ceiling of \$20,000.

Regarding salaries taxpayers, the Inland Revenue Department estimates that 1.23 million taxpayers will each be granted with tax reduction below the ceiling, whereas 470 000 salaries tax payers will each be granted with tax reduction at the ceiling of \$20,000, representing 72% and 28% respectively of the total number of 1.7 million salaries tax payers to be benefited. The above figures do not include 120 000 personal assessment taxpayers estimated to be benefited from the same tax reduction measure.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)104****(Question Serial No. 3510)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ()Programme: (1) Assessing FunctionsControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Regarding the Inland Revenue Department's work on tax assessment, please set out in the table below the number and the total profits tax assessed for companies chargeable to profits tax for the past seven years of assessment.

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 or above				
Total				

Asked by: Hon LEE Wai-king, Starry (Member Question No. 70)Reply:

The following table sets out the numbers of companies (excluding sole proprietorship and partnership businesses) with assessable profits and the total profits tax assessed for the past five years of assessment (as at 28 February 2015) –

Year of Assessment 2009-10 (mainly assessed in the financial year 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	86 750	91.04%	8,842	11.22%
5,000,001-10,000,000	3 690	3.87%	4,269	5.42%
10,000,001 or above	4 850	5.09%	65,679	83.36%
Total	95 290	100%	78,790	100%

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

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	92 810	90.16%	9,853	10.28%
5,000,001-10,000,000	4 220	4.10%	4,907	5.12%

10,000,001 or above	5 910	5.74%	81,104	84.60%
Total	102 940	100%	95,864	100%

Year of Assessment 2011-12 (mainly assessed in the financial year 2012-13)

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	97 060	90.05%	9,424	8.80%
5,000,001-10,000,000	4 510	4.18%	5,176	4.84%
10,000,001 or above	6 220	5.77%	92,428	86.36%
Total	107 790	100%	107,028	100%

Year of Assessment 2012-13 (mainly assessed in the financial year 2013-14)

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	97 260	89.88%	9,659	8.77%
5,000,001-10,000,000	4 500	4.16%	5,152	4.68%
10,000,001 or above	6 450	5.96%	95,333	86.55%
Total	108 210	100%	110,144	100%

Year of Assessment 2013-14 (mainly assessed in the financial year 2014-15)

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	86 450	88.70%	9,229	7.95%
5,000,001-10,000,000	4 410	4.53%	5,064	4.36%
10,000,001 or above	6 600	6.77%	101,838	87.69%
Total	97 460	100%	116,131	100%

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

^ The number of companies may change depending on the outcome of outstanding assessments for each year of assessment. To ensure quality and timely response to questions, we would only provide relevant information for up to five years.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)105

(Question Serial No. 5636)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please inform the Committee of the respective numbers of organisations which have applied for registration as charitable institutions and trusts of a public character under section 88 of the Inland Revenue Ordinance in each of the past 5 years.

Asked by: Hon LEUNG Kwok-hung (Member Question No.315)

Reply:

The following table sets out the numbers of new applications received by the Inland Revenue Department in the past five years in respect of tax exemption under section 88 of the Inland Revenue Ordinance-

Financial year	2009-10	2010-11	2011-12	2012-13	2013-14
Number of applications received	638	635	670	629	721

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)106

(Question Serial No. 5637)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please inform this Committee of the numbers of organisations which passed the review successfully and became approved charitable institutions and trusts of a public character under section 88 of the Inland Revenue Ordinance in each of the past five years. Please also provide the corresponding numbers of the organisations which failed in passing the review and obtaining the approved status.

Asked by: Hon LEUNG Kwok-hung (Member Question No.316)

Reply:

In the past five financial years, the numbers of tax-exempt charities recognized and the numbers of charities with tax exemption withdrawn due to the review or other reasons are as follows -

Financial year	2009-10	2010-11	2011-12	2012-13	2013-14
Tax-exempt charities	581	510	502	517	594
Charities with tax exemption withdrawn	106	112	112	128	156

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)107

(Question Serial No. 5638)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please inform the Committee of the time required for conducting reviews on the organisations in general which were under consideration for registration as charitable institutions and trusts of a public character under section 88 of the Inland Revenue Ordinance in the past 3 years.

Asked by: Hon LEUNG Kwok-hung (Member Question No.317)

Reply:

The Inland Revenue Department does not keep statistics on the time spent on reviewing tax-exempt charities each year. Hence, the relevant information cannot be provided.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)108

(Question Serial No. 5639)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please inform the Committee of the time required for processing the applications filed by the organisations in general which applied for registration as charitable institutions and trusts of a public character under section 88 of the Inland Revenue Ordinance in the past 3 years.

Asked by: Hon LEUNG Kwok-hung (Member Question No.318)

Reply:

The Inland Revenue Department does not keep statistics on the time spent on processing applications for recognition as tax-exempt charities. Hence, the relevant information cannot be provided.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)109

(Question Serial No. 5640)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please inform the Committee of the numbers and ranks of the officers of the Inland Revenue Department responsible for processing the applications for registration as a charitable institution and trust of a public character under section 88 of the Inland Revenue Ordinance in the past 5 years.

Asked by: Hon LEUNG Kwok-hung (Member Question No.319)

Reply:

For the five financial years from 2010-11 to 2014-15, the numbers of the Inland Revenue Department officers involved in processing applications for recognition as charitable institutions and trusts of a public character under section 88 of the Inland Revenue Ordinance are as follows -

Financial year	2010-11	2011-12	2012-13	2013-14	2014-15
Assessor grade staff	4	5	5	6	6
Taxation Officer grade staff	0	1	1	2	2
Clerical grade staff	2	2	2	2	2

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)110

(Question Serial No. 4049)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (3) Investigation and Field Audit

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government mentions in the Budget Speech that "As an international financial centre, Hong Kong will step up its efforts in combating cross-border tax evasion in accordance with the latest global standard." In this regard, could the Government inform this Committee of:

- (a) the estimated expenditure for the above initiative in 2015-16;
- (b) the number of officers responsible for the initiative and their respective ranks;
- (c) the specific work plan of the officers involved; and
- (d) the progress or schedule of implementation of the initiative in 2015-16?

Asked by: Hon SIN Chung-kai (Member Question No. 66)

Reply:

In September 2014, Hong Kong indicated its support for the new standard for automatic exchange of financial account information in tax matters (AEOI) proposed by the Organisation for Economic Co-operation and Development (OECD) in order to enhance tax transparency, combat cross-border tax evasion and maintain the status and reputation of Hong Kong as an international financial centre. The Government will consult the industry on the implementation proposal in the second quarter this year, and introduce the relevant amendment bill in 2016. Hong Kong has committed to commence its first automatic information exchanges on a reciprocal basis with appropriate jurisdictions by the end of 2018, in accordance with the timeline set by the OECD.

As regards the preparatory work on the part of the Inland Revenue Department (IRD), it is mainly coordinated by a Deputy Commissioner who leads the Tax Treaty Section of the Department to take up the relevant tasks. In addition, the Headquarters Unit, headed by an Assistant Commissioner, undertakes the preparatory work concerning information technology systems. At the present stage, since such preparatory work forms part of the day-to-day duties of the officers concerned, information on the number of officers dedicated to the related work (and their respective ranks) or the estimated expenditure for such work cannot be provided.

It is anticipated that the implementation of the new AEOI standard will create additional workload for IRD. IRD will closely monitor the situation and the need for manpower.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)111

(Question Serial No. 3444)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As regards the processing of tax refund cases, the actual number of cases in 2013-14 and the estimated number of cases in 2014-15 were both around 500 000. Did these cases arise from the tax concession measures proposed in the Budgets? If yes, can computer programmes be employed for processing and refund in order to reduce the cost of handling tax refund cases?

Asked by: Hon TONG Ka-wah, Ronny (Member Question No. 69)

Reply:

Tax refund cases mentioned under Programme (2) primarily arise from the situation where the tax paid by a taxpayer is excessive as a result of a reduction in his / her income, or an increase in his / her entitlement to allowances and tax deductions. As regards the tax relief measures announced in the Budgets, they have all along been processed by the computer programme of the Inland Revenue Department, so as to save administrative costs.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)112

(Question Serial No. 3445)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

There are people in the community advocating a non-cooperation movement to make tax payments in split or excessive amounts. This may increase the workload of the Inland Revenue Department (IRD) in 2015-16. Has IRD assessed the impact of such actions on its staff and operation? Are there any measures formulated in response to deal with the problems?

Asked by: Hon TONG Ka-wah, Ronny (Member Question No.69)

Reply:

The Inland Revenue Department (IRD) follows statutory procedures in handling the tax payment arrangements for taxpayers. As a responsible citizen, every taxpayer should fulfil the statutory obligation of paying tax on time, so that the Government can have sufficient resources to meet the various needs of the community. IRD will closely monitor the situation of tax collection.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)113

(Question Serial No.3446)

Head: (76) Inland Revenue Department
Subhead (No. & title): (000) Operational Expenses
Programme: Not specified
Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)
Director of Bureau: Secretary for Financial Services and the Treasury

Question:

There is a net increase of only one time-limited post under the recurrent expenditure for 2015-16. What are the reasons for the limited increase in the total manpower? Tax assessment is a kind of technical work which requires plenty of time to train up the staff assigned with the duty. Will there be a succession gap in the Inland Revenue Department in the future? If yes, what are the solutions to the problem?

Asked by: Hon TONG Ka-wah, Ronny (Member Question No.71)

Reply:

The Inland Revenue Department (IRD) conducts review on its operational needs from time to time and proposes creation and deletion of posts according to the actual need. In the financial year 2015-16, IRD will create four new posts to meet operational needs, including one time-limited Executive Officer I post and three permanent Assistant Taxation Officer posts. At the same time, IRD will delete three Typist posts with no more service need.

To provide efficient public services, IRD attaches great importance to staff training, which includes the provision of a wide variety of training courses. Besides, IRD will also select suitable candidates through recruitment and promotion exercises, with a view to ensuring that there is sufficient manpower to perform its day-to-day work.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)114

(Question Serial No.4221)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (1) Assessing Functions (4) Taxpayer Services

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With the use of the eTAX system for on-line filing of tax returns and tax assessments, there should be less demand for telephone or over-the-counter enquiry services, and thus reduce the manpower required. Has the Inland Revenue Department (IRD) conducted surveys or gathered information about:

1. the number of staff responsible for handling the eTAX system and their percentage in the total number of staff under the IRD?
2. the numbers of salaries tax returns filed through eTAX each year and their percentages in the respective annual total number of salaries tax returns filed after the launching of eTax?
3. It is mentioned in "Matters Requiring Special Attention in 2015-16" that the IRD will continue to promote the use of electronic services. How does IRD evaluate the effectiveness of such electronic services? Is there a target set for the number of users to assess whether the performance goal has been reached? If yes, what is the target number? If not, how does IRD know that promotion activities are required?

Asked by: Hon TONG Ka-wah, Ronny (Member Question No.67)

Reply:

1. All computer systems of the Inland Revenue Department (IRD), including the eTAX System, are monitored and operated by the section responsible for information systems. IRD does not have staff dedicated for managing the eTAX System.
2. The following table sets out the numbers and percentage shares of Individual Tax Return filed electronically from 2010-11 to 2014-15 -

Financial Year	Total number of Individual Tax Return filed online	Percentage of the total Individual Tax Return
2010-11	283 000	12.3%
2011-12	327 000	14.6%
2012-13	379 000	15.8%
2013-14	415 000	16.9%
2014-15 (As at 28 Feb 2015)	462 000	18.1%

3. IRD has not set any hard and fast target for the number of users. The fact is that, since the introduction of eTAX services in 2008, the number of registered users has kept on increasing from around 218 000 as at 31 March 2009 to around 598 000 as at 28 February 2015. We therefore consider that the promotion of the electronic services carries a positive effect.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)115

(Question Serial No.4222)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

At present there are a lot of tenants living in partitioned flats. To avoid violating the law, the owners of partitioned flats may not have signed any tenancy agreements with the tenants and have not paid any stamp duty. How does the Inland Revenue Department ensure that all tenancy agreements have complied with the requirement of paying stamp duty? If there are measures taken for this purpose, what are the amounts of stamp duty collected in 2013-14 and 2014-15 respectively? What is the estimated amount to be collected in 2015-16? If not, please state the reasons.

Asked by: Hon TONG Ka-wah, Ronny (Member Question No.68)

Reply:

Under the Stamp Duty Ordinance (Cap. 117) (SDO), any landlord and tenant who execute a lease in respect of immovable property in Hong Kong (except a lease which is created orally) are liable for stamping the lease with the stamp duty payable. However, there is no provision in the SDO which requires that such a lease must be made in written form. Therefore, the Stamp Office of the Inland Revenue Department (IRD) does not get hold of information on all letting properties in Hong Kong.

For executed lease, the SDO provides that no instrument chargeable with stamp duty shall be received in evidence in civil proceedings, or shall be acted upon, filed or registered by any public officer or body corporate unless such instrument is duly stamped. Therefore, it is of utmost importance for landlord and tenant to execute a lease and have the lease stamped with stamp duty paid in order to safeguard their interests. IRD has explained such requirements on its website, and in the stamping procedures and explanatory notes in respect of leases. Besides, the Stamp Office in discharging its duties may, from time to time, come across relevant letting information of leased properties. Should there be leases executed in respect of these properties, the Stamp Office will conduct investigation to ensure that the leases are duly stamped. If any unstamped lease is found, the Stamp Office will demand payment of the stamp duty involved and the associated penalty for late stamping from the relevant landlord and tenant.

The stamp duty revenue collected from leases of properties for 2013-14 and 2014-15 (as at 28 February 2015) is \$550 million and \$520 million respectively. The stamp duty revenue from leases of properties for 2015-16 is estimated to be \$600 million.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)116

(Question Serial No. 4224)

Head: (76) Inland Revenue Department

Subhead (No. & title): (209) Special Legal Expenses

Programme: ()

Controlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1. The provision of Special Legal Expenses of \$2,500,000 in 2015-16 under Subhead 209 is for payment of court fees for legal proceedings on tax recovery. The expenditure under this subhead for 2013-14 is \$1,961,000, while the expenditure for 2014-15 is \$2,500,000. Is this provision a fixed expenditure of the Inland Revenue Department (IRD)?

2. If yes, given that IRD conducts investigations and audits every year, why is it not able to reduce the possibility of initiating court proceedings? If not, how will IRD evaluate the situation for which it had to pay court fees of similar amounts in both of the past 2 years?

3. Can the expenditure be recovered upon completion of the legal proceedings? If yes, what is the amount recovered in 2014-15?

Asked by: Hon TONG Ka-wah, Ronny (Member Question No. 70)

Reply:

1.&2. The funding provision under the item of "Special legal expenses" is largely used to settle court fees in relation to the registration of writs of civil actions taken by the Inland Revenue Department (IRD) for the purpose of recovering tax overdue. It is also used to cover legal expenses in connection with petitions to the court for issuing winding up orders in respect of recovery of taxes. IRD estimates the provision required by reference to the number of tax assessments and the position of tax in arrears in each year.

3. If the amount of tax in default is accepted by the court as the judgment debt, IRD can recover the court fees from the tax defaulters. In the financial year 2014-15 (as at 28 February 2015), IRD has recovered from tax defaulters court fees of about \$1.03 million.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)117****(Question Serial No. 5828)**

Head: (162) Rating and Valuation Department

Subhead (No. & title): ()

Programme: (3) Provision of Valuation and Property Information Services

Controlling Officer: Commissioner of Rating and Valuation (TANG Ping Kwong)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In the past 5 years, how did the Government calculate the vacancy rate of residential flats? Which department was responsible for the task? What was the frequency of site inspection? What was the amount of public money involved?

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 208)

Reply:

The Rating and Valuation Department (RVD) conducts vacancy survey at the end of each year to provide a snapshot of the year-end vacancy position of various types of private properties. Properties which are not physically occupied or which are under decoration at the time of survey would be treated as vacant. The vacancy survey includes a full survey on residential units completed within three calendar years at the time of the survey, and a random sample survey covering 3% of the remaining residential units. After collating the data collected from building management offices, owners and occupants, as well as the information obtained through inspection by property inspectors, RVD then comes up with the relevant vacancy data for incorporation into the Hong Kong Property Review published by RVD. Public housing, village houses, quarters, subsidised home ownership flats and subsidised flats that can be traded in the open market are not included in the category of private domestic properties in the Hong Kong Property Review.

RVD's vacancy survey is undertaken by outsourced contractor through tender. Total expenditure on the relevant survey in the past five years is as follows -

Financial Year	Expenditure (\$ million)
2010-11	1.22
2011-12	1.27
2012-13	1.38
2013-14	1.61
2014-15	1.76

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)118

(Question Serial No. 3442)

Head: (162) Rating and Valuation Department

Subhead (No. & title): ()

Programme: ()

Controlling Officer: Commissioner of Rating and Valuation (TANG Ping Kwong)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- (a) What are the respective average rentals of commercial units and residential units in Hong Kong for the past 3 years? What are the respective increases?
- (b) For the past 3 years, what are the gaps between the increase in rental of residential units and that of household income? Have the gaps for the past 3 years narrowed down? What are the relevant figures?

Asked by: Hon LAM Kin-fung, Jeffrey (Member Question No. 52)

Reply:

- (a) The annual rental indices for private domestic premises and private retail premises compiled by the Rating and Valuation Department cover the movement in rentals of the relevant types of premises. The following table sets out the year-on-year rates of increase in the respective indices in the past three years -

(1) Private Domestic

Year	Annual Rental Index (1999=100)	Year-on-year Increase
2012	142.6	6.4%
2013	154.5	8.3%
2014*	159.5	3.2%

* Provisional figures

(2) Private Retail

Year	Annual Rental Index (1999=100)	Year-on-year Increase
2012	151.3	12.7%
2013	165.5	9.4%
2014*	173.0	4.5%

* Provisional figures

- (b) The following table sets out the year-on-year rates of increase in the annual rental index of private domestic premises, as well as those in the median monthly household income of domestic households compiled by the Census and Statistics Department, in the past three years -

Year	Annual Rental Index (1999=100)	Year-on-year Increase in Rental Index	Median Monthly Household Income (HK\$)	Year-on-year Increase in Median Monthly Household Income
2012	142.6	6.4%	20,700	3.5%
2013	154.5	8.3%	22,400	8.1%
2014*	159.5	3.2%	23,500	4.8%

* Provisional figures

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)119

(Question Serial No. 4372)

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

Subhead (No. & title): (000) Operational expenses

Programme: (1) Director of Bureau's Office

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

According to the Programme, the Office of the Secretary for Financial Services and the Treasury is responsible for providing support to the Secretary for Financial Services and the Treasury in undertaking political work. This includes the support provided by the Under Secretary and the Political Assistant. The work includes the planning, co-ordination and implementation of all arrangements for the Secretary's public, media and community functions. Please provide in tabulated form the dates, venues, number of entourage members, expenses involved and event details of the public and community functions attended by the Secretary in the past three financial years.

Asked by: Hon CHAN Chi-chuen (Member Question No. 62)

Reply:

The Secretary for Financial Services and the Treasury will attend public, media and community functions on the basis of operational need. We do not keep statistics on events attended by the Secretary or a separate account to capture the related expenses. Hence, we are unable to provide the requested information.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)120

(Question Serial No. 4373)

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

Subhead (No. & title): (000) Operational expenses

Programme: (1) Director of Bureau's Office

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

According to the Programme, it is estimated that there will be 162 non-directorate posts and 18 directorate posts in the Treasury Branch of the Financial Services and the Treasury Bureau. Would the Government inform this Committee of the types, salaries, allowances and job nature of the 18 directorate posts, as well as the types, numbers of each type, salaries, allowances and job nature of the 162 permanent non-directorate posts?

Asked by: Hon CHAN Chi-chuen (Member Question No. 63)

Reply:

The types, job nature, numbers, salaries and allowances of the 18 directorate posts (including 1 Administrative Officer Grade post established under the Office of the Secretary for Financial Services and the Treasury) and the 162 non-directorate posts established in our Branch are listed below:

Types of Post	Job Nature	No. of Directorate Post	No. of Non-directorate Post	Salaries (\$'000)	Allowance (\$'000)
Administrative Officer Grade	Coordinate, assess and formulate financial policy, monitor the resources allocation work, Departmental administration,	12	10	127,472	3,917
Accounting and related Grades		4	13		
Executive Officer Grade		2	42		

Types of Post	Job Nature	No. of Directorate Post	No. of Non-directorate Post	Salaries (\$'000)	Allowance (\$'000)
Management Services Officer Grade	etc.	0	8		
IT related Grades	IT support services	0	3		
Clerical 、 Office Assistant 、 Workman Grades	Clerical and general support services	0	64		
Secretarial Grade	Secretarial Services	0	19		
Supplies	Procurement support services	0	1		
Chauffeur	Driving services	0	2		

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)121

(Question Serial No. 4850)

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

Subhead (No. & title): (001) Salaries

Programme: (1) Director of Bureau's Office

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What are the estimated provisions for the salaries and allowances for the Director of Bureau, Under Secretary and Political Assistant in the Financial Services and the Treasury Bureau in 2015-16?

Asked by: Hon CHAN Chi-chuen (Member Question No. 102)

Reply:

In 2015-16, the estimated salary provisions for the Secretary for Financial Services and the Treasury (SFST), the Under Secretary for Financial Services and the Treasury and the Political Assistant to SFST are \$3.58 million, \$2.68 million and \$1.25 million respectively. There is no estimate in that year to cater for the regular allowances payable to them.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)122

(Question Serial No. 4958)

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

Subhead (No. & title): (000) Operational expenses

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the commissioning of consultancy firms or research institutions to conduct studies by the Financial Services and the Treasury Bureau (the Treasury Branch) in the past three years, would the Bureau list out the details and estimates of the studies in the following table?

Period of study	Title of study	Objective of study	Scope of study	Research institution	Manpower involved	Expenditure

Asked by: Hon CHAN Chi-chuen (Member Question No. 86)

Reply:

The Financial Services and the Treasury Bureau (The Treasury Branch) commissioned financial consultants to conduct the following study in the past three years:

Period of study	Title of study	Objective of study	Scope of study	Research institution	Manpower involved	Expenditure
March to October 2012	To advise the Government on the strategy to be taken in respect of its shareholding in Tradelink Electronic Commerce Limited.		The strategy that should be taken by the Government in respect of its shareholding in Tradelink Electronic Commerce Limited.	ING Bank N.V	As the study was conducted by financial consultant, no additional manpower was involved.	\$4.45m

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)123

(Question Serial No. 6037)

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

Subhead (No. & title): (000) Operational expenses

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is anticipated that the SAR Government will have a huge fiscal surplus in 2014-15, which will ease the pressure on public finances. In this regard, will the Financial Services and the Treasury Bureau reconsider whether it is still necessary to review livelihood-related fees and charges in accordance with the cost-recovery principle in 2015-16? If the Government still finds it necessary to continue with the review on fees and charges in 2015-16, what are the reasons? Does the Government think that the review is tantamount to giving a cash handout on the one hand, while taking money back from the public pocket by increasing fees and charges on the other hand?

Asked by: Hon CHAN Ka-lok, Kenneth (Member Question No. 258)

Reply:

Government services are generally charged in accordance with the "user pays" principle to achieve full cost recovery for services provided. Regular reviews on government fees and charges are essential in maintaining fiscal discipline. For individual services where costs have not been recovered in full, the fees and charges for which would be increased to prevent such services from becoming subsidised ones and adding to the burden of taxpayers. As for individual services which are recovering more than the full costs, their fees would be adjusted downwards to the full cost levels.

In the past two years, policy bureaux and departments had completed review of more than 2 200 fee items, majority of which had not been revised for a decade or had low cost recovery rates. A fee increase was proposed for nearly 700 items, while a fee reduction was proposed for some 50 items. The proposals were estimated to increase the annual government revenue by about \$110 million.

Policy bureaux and departments will continue to review their respective fees and charges in the coming year, including those related to people's livelihood. In reviewing the fees and charges, the Government will take into account factors including policy considerations relevant to the specific services provided, the need for maintaining fiscal discipline, public affordability and acceptability, and the views of stakeholders before making proposals for fee revisions. The Government will increase fees and charges as and when necessary. There will not be substantial revisions at one go. Government departments will also strictly control costs and reduce the need for increasing fees and charges as far as possible.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)124

(Question Serial No. 6039)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Will the Government consider conducting studies and consultations on the introduction of new taxes listed below in 2015-16? If so, what are the work plan and timetable? If not, what are the reasons? Please provide information on each of the following type of tax:

- a) progressive profits tax;
- b) capital gains tax or property gains tax; and
- c) land arrival tax on visitors.

Asked by: Hon CHAN Ka-lok, Kenneth (Member Question No. 260)

Reply:

Tax reform is a very complex issue. Given the time required for thorough consideration, no structural change could be made in the near future. We understand that it will be controversial to propose any new taxes, which need thorough public discussion. In principle, the Government adopts an open mind towards any proposals to broaden the revenue base.

In considering the various options on broadening tax revenue in future, the Government will have regard to whether the option is effective in broadening the revenue base, fair and in line with the "capacity to pay" principle, and in line with Hong Kong's simple and low tax system to maintain Hong Kong's competitiveness.

Tax reform is a policy issue and is not directly related to the 2015-16 expenditure estimates.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)125

(Question Serial No. 6040)

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

Subhead (No. & title): (000) Operational expenses

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Last year, after conducting a detailed study on the long-term policy on public finances, the Government released a study report and put forward a series of recommendations. As time goes by, however, public finances may deviate from the study result, and it is then inevitable to see discrepancies in the projections of the study when new population or tax policies are implemented. Will the Government consider conducting similar studies on long-term public finances as that conducted last year once every 3 to 5 years and before the implementation of any major population or tax policies? If so, what are the details? If not, what are the reasons?

Asked by: Hon CHAN Ka-lok, Kenneth (Member Question No. 261)

Reply:

The Working Group on Long-Term Fiscal Planning released its first report in March 2014 which offered a comprehensive fiscal sustainability appraisal of Hong Kong's public finances. The Report covered long-term trend projections on economic growth, government revenue and government expenditure for the coming two to three decades, which were made on the basis of the population projections up to 2041 and the then prevailing government policies and funding commitments. The projection figures are meant to be long-term trend projections and hence no need for annual update.

Between the release of the Working Group's first report in March 2014 and its phase two report in March 2015, the Census and Statistics Department announced that the 2014 gross domestic product increased by 2.3% in real terms over 2013, which is lower than the real annual GDP growth rate of 2.8% as projected in the Working Group's March 2014 report. The community in Hong Kong is ageing and economic growth is anticipated to be slower. The Working Group's long-term trend analysis and projection results are still applicable. The fiscal challenges ahead are real and fiscal sustainability remains a serious issue.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)126

(Question Serial No. 4281)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 150 of the Budget Speech that the Administration will next review livelihood-related fees and charges. Will the Administration inform this Committee of the following:

- (1) What livelihood-related fees and charges will be reviewed?
- (2) It is noted that officers responsible for Programme (2) of the Financial Services and the Treasury Bureau (The Treasury Branch) will remind bureaux and departments (B/Ds) to ensure compliance with the user pays principles for appropriate government services. Please advise on the staffing establishment under this Programme for co-ordinating the review of livelihood-related fees and charges in B/Ds, and the estimated annual payroll expenditure involved in 2015-16.

Asked by: Hon CHAN Wai-yip, Albert (Member Question No. 88)

Reply:

Government services are generally charged in accordance with the "user pays" principle to achieve full cost recovery for services provided. For individual services where costs have not been recovered in full, the fees and charges for which would be increased to prevent such services from becoming subsidised ones and adding to the burden of taxpayers. As for individual services which are recovering more than the full costs, their fees would be adjusted downwards to the full cost levels.

In the past two years, policy bureaux and departments had completed review of more than 2 200 fee items, majority of which had not been revised for a decade or had low cost recovery rates. A fee increase was proposed for nearly 700 items, while a fee reduction

was proposed for some 50 items. The proposals were estimated to increase the annual government revenue by about \$110 million.

Policy bureaux and departments will continue to review their respective fees and charges in the coming year, including those related to people's livelihood, such as water charges, the fees for use of leisure facilities and services, and charges relating to environmental hygiene services. In reviewing the fees and charges, the Government will take into account factors including policy considerations relevant to the specific services provided, the need for maintaining fiscal discipline, public affordability and acceptability, and the views of stakeholders before making proposals for fee revisions. The Government will increase fees and charges as and when necessary. There will not be substantial revisions at one go. Government departments will also strictly control costs and reduce the need for increasing fees and charges as far as possible.

Review on fees and charges is part of a bureau/department's regular duties, which is shared by the existing manpower. The resources required constitute part of a bureau/department's expenditure estimates and are reflected in the operational expenses of the relevant head of expenditure. Under Programme (2) of the Financial Services and the Treasury Bureau (The Treasury Branch), the duties of 11 staff members partly involve co-ordination of the review on fees and charges and vetting fee proposals of bureaux and departments. Since these staff members also take up other duties, the expenditure on their emoluments involved for the co-ordination and review of fees and charges cannot be separately identified and estimated.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)127

(Question Serial No. 4282)

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

Subhead (No. & title): (-) Not Specified

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Will the Administration inform this Committee of:

- (1) the operational expenses, staff establishment and estimated expenditure on full-year emoluments under this Programme in 2015-16; and
- (2) the staff establishment and the estimated expenditure on full-year emoluments of the Revenue Division under The Treasury Branch in 2015-16?

Asked by: Hon CHAN Wai-yip, Albert (Member Question No. 89)

Reply:

- (1) The operational expenses, staff establishment and estimated expenditure on full-year emoluments under this Programme in 2015-16 are \$143.7 million, 99 staff members and \$69.3 million respectively.
- (2) There are 17 established posts in the Revenue Division under the Treasury Branch and the estimated expenditure on full-year emoluments in 2015-16 is \$9.63 million.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)128

(Question Serial No. 4725)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under this Programme, the Treasury Branch of the Financial Services and the Treasury Bureau provides secretariat services and support to the Working Group on Long-term Fiscal Planning (the Working Group). It is noted that H Division of the Treasury Branch is responsible for providing such support services to the Working Group. In this connection, will the Government advise this Committee on the following issues:

- (1) What were the operational expenses, establishment and annual salary provision of H Division in 2014-15?
- (2) What are the operational expenses, establishment and annual salary provision of H Division in 2015-16?
- (3) What were the main tasks of the Working Group in 2014-15? How many meetings were held?
- (4) What are the main tasks of the Working Group in 2015-16?

Asked by: Hon CHAN Wai-yip, Albert (Member Question No. 126)

Reply:

(1)&(2) The expenditure and manpower involved in supporting the Working Group on Long-Term Fiscal Planning (Working Group) is absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch).

In 2014-15, the establishment and annual salary provision of H Division were 15 and \$10.01 million respectively. In 2015-16, the establishment and annual salary provision of H Division are 15 and \$10.56 million respectively. As for the operational expenses of individual division, we do not keep a separate account to capture related expenditure.

(3)&(4) The Government invited the Working Group to extend its appointment in July 2014 to follow up on the findings of the March 2014 Report. The Working Group held six monthly meetings from July to December 2014. Upon delivery of the Phase 2 Report in March 2015, the Working Group had completed its mission.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)129

(Question Serial No. 4736)

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

Subhead (No. & title): (-) Not Specified

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is understood that G Division of the Financial Services and the Treasury Bureau (The Treasury Branch) is responsible for liaison with the Legislative Council Secretariat on meeting arrangements and the Government's submissions to the Finance Committee and Establishment Subcommittee. Would the Government inform this Committee of the establishment and estimated annual salary provision of G Division in 2015-16?

Asked by: Hon CHAN Wai-yip, Albert (Member Question No. 136)

Reply:

Of the 42 established posts in G Division of the Treasury Branch, 5 are responsible for the meeting arrangements and the Government's submissions to the Finance Committee and Establishment Subcommittee, as well as for liaison with the Legislative Council Secretariat. In 2015-16, the salary provision earmarked for these posts is \$2.23 million.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)130

(Question Serial No. 3934)

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

Subhead (No. & title): ()

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Paragraph 151 of the Budget Speech reads: "Government launched an extensive consultation on the introduction of a Goods and Services Tax in 2006. The community then did not support the new tax. We may explore again the feasibility of broadening the tax base in due course with the aim of stabilising government revenue and creating room for direct tax concessions." In respect of this, will the Government inform this Committee of the following issues:

- 1) When will the Government explore the feasibility of broadening the tax base again? Will the work commence in 2015-16? Will a focus study on a Goods and Services Tax be included?
- 2) Which department will be responsible for exploring the feasibility of broadening the tax base? Or will a committee be established to take up the work instead?

Asked by: Hon CHAN Yuen-han (Member Question No. 47)

Reply:

The Government launched an extensive consultation on the introduction of a Goods and Services Tax (GST) in 2006. The community then did not support this new tax and considered the proposed exemption and other compensation measures insufficient. In the light of the experience, the Government would need to give further thoughts to the scope of exemption and other relief measures if the feasibility of introducing GST is to be re-examined, with a view to exploring a package that could meet the present-day circumstances.

Tax reform is a very complex issue. Given the time required for thorough consideration, no structural change could be made in the near future. In principle, the Government adopts an open mind towards any proposals to broaden the revenue base, and we welcome more

discussion by the community on the issue. While we will not rule out any possibility, we understand that it will be controversial to propose any new taxes, which need thorough public discussion.

In considering the various options on broadening tax revenue in future, the Government will have regard to whether the option is effective in broadening the revenue base, fair and in line with the “capacity to pay” principle, and in line with Hong Kong’s simple and low tax system to maintain Hong Kong’s competitiveness.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)131

(Question Serial No. 5784)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the Working Group on Long-Term Fiscal Planning, please advise this Committee of:

1. the posts of the working group on the civil service establishment and the total expenditure involved;
2. the total amount of remuneration for the economists as well as the accounting, taxation and actuarial experts of the working group; and
3. the estimated expenditure and establishment involved in pursuing the recommendations of the working group, where adopted.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 157)

Reply:

The expenditure and manpower involved in supporting the Working Group on Long-Term Fiscal Planning (Working Group) is absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch). The non-official members of the Working Group have not received any remuneration.

The expenditure and manpower involved in pursuing the recommendations of the Working Group will be absorbed within the existing resources of the relevant government departments.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)132

(Question Serial No. 5785)

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

Subhead (No. & title): ()

Programme: ()

Controlling Officer: Permanent Secretary for Financial Service and the Treasury (Treasury) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please list out the estimated salaries and fringe benefits (including housing benefits, education allowances for children, leave passage allowance, etc.) of all posts at the management level in various government-funded non-departmental public bodies and funded bodies in the past 5 years.

Asked by: Hon CHEUNG Chiu-hung, Fernando (Member Question No. 158)

Reply:

The question is not directly relevant to Head 147.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)133

(Question Serial No. 4248)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the reply for 2014-15 that it is the Government's on-going exercise to conduct reviews on the tax system with a view to stabilising and diversifying revenue sources. Please provide details of the reviews on the tax system conducted by the Government in the past.

Asked by: Hon CHEUNG Kwok-che (Member Question No. 84)

Reply:

The Government launched an extensive consultation on the introduction of a Goods and Services Tax (GST) in 2006. The community then did not support this new tax and considered the proposed exemption and other compensation measures insufficient. In the light of the experience, the Government would need to give further thoughts to the scope of exemption and other relief measures if the feasibility of introducing GST is to be re-examined, with a view to exploring a package that could meet the present-day circumstances.

Tax reform is a very complex issue. Given the time required for thorough consideration, no structural change could be made in the near future. In principle, the Government adopts an open mind towards any proposals to broaden the revenue base, and we welcome more discussion by the community on the issue. While we will not rule out any possibility, we understand that it will be controversial to propose any new taxes, which need thorough public discussion.

In considering the various options on broadening tax revenue in future, the Government will have regard to whether the option is effective in broadening the revenue base, fair and in line with the "capacity to pay" principle, and in line with Hong Kong's simple and low tax system to maintain Hong Kong's competitiveness.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)134

(Question Serial No. 4249)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In 2014-15, the Government had no plan to introduce new taxes for the purpose of raising additional revenue, and had not set aside any additional resources for reviewing the tax system.

The Government stated that in principle it would not rule out any means to increase tax revenue, and understood that it would be controversial to put forward any tax increase proposals, which might entail other policy considerations. It took time for the community to engage in rational discussions with a view to forging a consensus on the matter. However, this year it expresses that “we may explore again the feasibility of broadening the tax base in due course with the aim of stabilising government revenue and creating room for direct tax concessions” (paragraph 151 of the Budget Speech).

- a. Concerning engaging the public in rational discussions on broadening the tax base with a view to forging a consensus on the matter, what are the details of work in this regard?
- b. Will the Administration conduct a comprehensive review on the Inland Revenue Ordinance to cater for the needs of social development? If yes, what are the details? If no, what are the reasons?

Asked by: Hon CHEUNG Kwok-che (Member Question No. 85)

Reply:

The Government launched an extensive consultation on the introduction of a Goods and Services Tax (GST) in 2006. The community then did not support this new tax and considered the proposed exemption and other compensation measures insufficient. In the light of the experience, the Government would need to give further thoughts to the scope of exemption and other relief measures if the feasibility of introducing GST is to be

re-examined, with a view to exploring a package that could meet the present-day circumstances.

Tax reform is a very complex issue. Given the time required for thorough consideration, no structural change could be made in the near future. In principle, the Government adopts an open mind towards any proposals to broaden the revenue base, and we welcome more discussion by the community on the issue. While we will not rule out any possibility, we understand that it will be controversial to propose any new taxes, which need thorough public discussion.

In considering the various options on broadening tax revenue in future, the Government will have regard to whether the option is effective in broadening the revenue base, fair and in line with the “capacity to pay” principle, and in line with Hong Kong’s simple and low tax system to maintain Hong Kong’s competitiveness.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)135

(Question Serial No. 4664)

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

Subhead (No. & title): (000) Operational expenses

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the records management work of your bureau and the departments under its purview over the past year:

1. Please provide information on the number and rank of officers designated to perform such work. If there is no officer designated for such work, please provide information on the number of officers and the hours of work involved in records management duties, and the other duties they have to undertake in addition to records management;
2. Please list in the table below information on programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal:

Category of records	Years covered by the records	Number and Linear metres of records	Retention period approved by GRS	Whether they are confidential documents	Reasons for not having been transferred

3. Please list in the table below information on programme and administrative records which have been transferred to GRS for retention:

Category of records	Years covered by the records	Number and Linear metres of records	Years that the records were transferred to GRS	Retention period approved by GRS	Whether they are confidential documents

4. Please list in the table below information on records which have been approved for destruction by GRS:

Category of records	Names of records	Years covered by the records	Number and Linear metres of records	Years that the records were transferred to GRS	Retention period approved by GRS	Whether they are confidential documents

Asked by: Hon HO Sau-lan, Cyd (Member Question No. 160)

Reply:

1. Apart from the Treasury, no officer is designated in the Treasury Branch and other departments under its purview to perform records management work. Such work is mainly undertaken by staff of the Executive and Clerical Grades in addition to their own duties. In spite of this, an officer not lower than the rank of Senior Executive Officer or equivalent is assigned as the Departmental Records Manager in this Branch and all departments under its purview. As for the Treasury, 1 Clerical Officer, 3 Assistant Clerical Officers, 9 Clerical Assistants, 1 Office Assistant and 2 Confidential Assistants are designated to perform records management work.
2. The information on programme and administrative records of this Branch and departments under its purview which have been closed pending transfer to the Government Records Service (GRS) for appraisal over the past year is as follows:

Category of records	Years covered by the records	Number and Linear metres (lm) of records	Retention period approved by GRS	Whether they are confidential documents	Reasons for not having been transferred
Programme	1946-2014	1830 files (about 72 lm in total)	5-30 years	Including 399 confidential documents	Files are still within the retention period.
Administrative	1993-2014	444 files (about 23 lm in total)	1-7 years	Including 62 confidential documents	Files are still within the retention period.

3. The information on programme and administrative records of this Branch and its department which were transferred to GRS for retention over the past year is as follows:

Category of records	Years covered by the records	Number and Linear metres (lm) of records	Years that the records were transferred to GRS	Retention period approved by GRS	Whether they are confidential documents
Programme	2011-2014	754 boxes (forms and other relevant documents, copies of daily collection books and revenue receipts) (about 251 lm in total)	2014	2-7 years	No

4. The information on records of this Branch and departments under its purview which were approved for destruction by GRS in the past year is as follows:

Category of records	Names of records	Years covered by the records	Number and Linear metres (lm) of records (note1)	Years that the records were transferred to GRS (note2)	Retention period approved by GRS	Whether they are confidential documents
Programme	Accounting files and records on audit, tenders and contracts, taxation, rates and government rent; files on resource management, planning and development of land and public works, Government's annual budget, infrastructure and investment projects, inter-departmental charging policies and relevant affairs of the Finance Committee of the Legislative Council; and accounting books and records, copies of revenue receipts, forms and original copies of payment vouchers, etc.	1946-2013	33 775 files and 64 boxes of files (about 941 lm in total)	NA	18 months - 30 years	Including 335 confidential documents

Administrative	Files on administration, accommodation and facilities, procurement and supplies, finance and accounting, human resources, as well as management of information, information services and information technology, etc.	1935-2012	40 638 files and (about 226 lm in total)	NA	1-13 years	Including 2 confidential documents
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Note:

1. Records concerned do not include computer printouts, returns, temporary or page records which are difficult to quantify.
2. Information in this column is not applicable as the files approved for destruction are not required to be transferred to GRS.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)136

(Question Serial No. 4665)

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

Subhead (No. & title): (000) Operational expenses

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1. Regarding the expenses on entertainment and gifts of your bureau and the departments under its purview over the two years of 2013-14 and 2014-15, please provide details using the table below:

Bureau/ branch/ department and year	Estimated expenses on entertainment and gifts in the year	Actual expenses on entertainment and gifts in the year	Cap on entertainment expenses (including beverages) per head for the year	Cap on gift expenses per guest for the year	Number of receptions held and total number of guests entertained in the year

2. Regarding the expenses on entertainment and gifts of your bureau and the departments under its purview in 2014-15, please provide details using the table below:

Bureau/ branch/ department	Date of reception (day/ month/ year)	Departments/ organisations and titles of the guests entertained (grouped by department/ organisation and indicating the number of guests)	Food expenses incurred in the reception	Beverage expenses incurred in the reception	Gift expenses incurred in the reception	Venue of the reception (department office/ restaurant in government facilities/ private restaurant/ others (please specify))

3. Please provide the estimated expenses on entertainment and gifts for 2015-16 using the table below:

Bureau/branch/ Department	Estimated provision for expenses on entertainment and gifts	Cap on entertainment expenses per guest	Cap on gift expenses per guest

Asked by: Hon HO Sau-lan, Cyd (Member Question No. 161)

Reply:

As a general rule, all politically appointed officials and civil servants should observe the same principles in the provision of official meals. They are required to exercise prudent judgement and economy in order to avoid any public perception of extravagance and act in accordance with the relevant regulations and administrative guidelines. According to the existing guidelines, the expenditure limits on entertainment in the form of official meals should not exceed \$450 per person for lunch or \$600 per person for dinner, inclusive of all expenses incurred on food and beverages consumed on the occasion, service charges and tips. Official entertainment provided by the Office of the Secretary for Financial Services and the Treasury (SFST), the Treasury Branch and departments under its purview is also subject to the same principles and guidelines. In 2013-14 and 2014-15 (as at 28.2.2015), the actual expenses on official entertainment incurred by the Office of the SFST, the Treasury Branch and departments under its purview are \$260,000 and \$160,000 respectively. The estimated expenditure for 2015-16 is \$280,000.

In line with the Government's green policy, public officers should as far as possible refrain from bestowing gifts/souvenirs to others during the conduct of official activities. According to the existing guidelines, where bestowal of gifts/souvenirs is necessary or unavoidable due to operational, protocol or other reasons, the gift/souvenir items should not be lavish or extravagant and the number should be kept to a minimum. Also, the exchange of gifts/souvenirs should only be made from organisation to organisation. As we do not maintain separate accounts for the expenses on the procurement of gifts and souvenirs, relevant statistics are not available.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)137

(Question Serial No. 4666)

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

Subhead (No. & title): (000) Operational expenses

Programme: (-) Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the studies (if any) commissioned by your bureau and the departments under its purview for the purpose of formulating and assessing policies, please provide information about the studies in the following format.

- (a) Please provide details of the public policy studies and strategic public policy studies commissioned for which funds had been allocated in 2013-14 and 2014-15.

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

- (b) Are there any projects for which funds have been reserved for conducting studies internally this year (2015-16)? If yes, please provide the following information:

Title, content and objective of the study	Start date	Progress of the study (under planning/ in progress/ completed)	Follow-up actions taken by the Government on the study report and their progress (if any)	For projects that are expected to be completed this year, is there any plan to make them public? If yes, through what channels? If no, why?

- (c) Are there any projects for which funds have been reserved for conducting consultancy studies this year (2015-16)? If yes, please provide the following information:

Name of consultant	Mode of award (open auction/ tender/ others (please specify))	Title, content and objective of the study	Consultancy fee (\$)	Start date	Progress of the study (under planning/ in progress/ completed)	Follow-up actions taken by the Government on the study report and their progress (if any)	For projects that are expected to be completed this year, is there any plan to make them public? If yes, through what channels? If no, why?

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

Asked by: Hon HO Sau-lan, Cyd (Member Question No. 162)

Reply:

- (a) The Financial Services and the Treasury Bureau (The Treasury Branch) and departments under its purview have not commissioned any consultancy study in 2013-14 and 2014-15.
- (b)&(c) The Branch and departments under its purview have not set aside any provision for conducting studies internally or for appointment of consultants in 2015-16.
- (d) The Branch and departments under its purview have all along been selecting financial consultants through open, fair and transparent procedures to achieve best value for public money.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)138

(Question Serial No.4667)

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

Subhead (No. & title): (000) Operational expenses

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In regard to the growing co-operation between Hong Kong and the Mainland in recent years, please provide relevant information on Hong Kong/Mainland cross-boundary projects or programmes in which your bureau and the departments under your purview have been involved.

(a) For Hong Kong/Mainland cross-boundary projects or programmes, please provide information for 2013-14 and 2014-15 as per following table:

Project / Programme	Details, objective and whether it is related to the Framework Agreement on Hong Kong / Guangdong Co-operation or the National 13 th Five-year Plan	Expenditure involved	Mainland officials and department/ organisation involved	Has any agreement been signed and whether it has been made public? If not, what are the reasons?	Progress (% completed, commencement date, target completion date)	Have the details, objectives, amount involved or impact on the public, society, culture and ecology been released to the public? If so, through which channels and what were the manpower and expenditure involved? If not, what are the reasons?	Has public consultation on the cross-boundary project been conducted in Hong Kong?	Details of the legislative amendments or policy changes involved in the project/ programme

- (b) Has provision been earmarked for Hong Kong/Mainland cross-boundary projects or programmes in this year (2015-16)? If yes, please provide information in respect of Hong Kong/Mainland cross-boundary projects or programmes for 2015-16 as per following table:

Project / Programme	Details, objective and whether it is related to the Framework Agreement on Hong Kong / Guangdong Co-operation or the National 13 th Five-year Plan	Expenditure involved	Mainland officials and department/ organisation involved	Has any agreement been signed and whether it has been made public? If not, what are the reasons?	Progress (% completed, commencement date, target completion date)	Have the details, objectives, amount involved or impact on the public, society, culture and ecology been released to the public? If so, through which channels and what were the manpower and expenditure involved? If not, what are the reasons?	Will public consultation on the cross-boundary project be conducted in Hong Kong?	Details of the legislative amendments or policy changes involved in the project/ programme

- (c) Apart from the projects or programmes listed above, are there any other modes of Hong Kong/Mainland cross-boundary cooperation? If so, in what modes are they taken forward? What were the manpower and expenditure involved over the past three years? How much financial and manpower resources have been earmarked in the Estimates for 2015-16?

Duty Visit

Please provide the details of duty visits made by the Secretary and the Under Secretary in each of the past 5 years. In respect of each visit, please list by date the (a) purpose and destination, (b) post titles of the local officials met, (c) number and post titles of the Hong Kong officials in the entourage, (d) duration, (e) total expenditures involved and the respective expenses on (i) transportation (list both the expenses on air tickets and local transportation), (ii) accommodation, (iii) meals, (iv) receptions or entertainment and (v) gifts.

Date	(a)	(b)	(c)	(d)	(e)	(i)	(ii)	(iii)	(iv)	(v)

Asked by: Hon HO Sau-lan, Cyd (Member Question No. 163)

Reply:

I. Hong Kong/Mainland cross-boundary projects

The Financial Services and the Treasury Bureau (The Treasury Branch) and departments under its purview have not participated in any Hong Kong/Mainland cross-boundary projects or programmes from 2013-14 to 2014-15. Neither do we have such plan in the coming year. Therefore, no provision has been set aside for this purpose.

II. Duty Visit

The details of duty trips made by the Secretary for Financial Services and the Treasury (SFST) and the Under Secretary for Financial Services and the Treasury (USFST) in the past 5 years are listed below:

(A) Details of the duty trips made by SFST

Date of visit	Place of visit	Purpose of visit	Hotel accommodation expenses (\$) ^(Note1)	Passage expenses (\$) ^(Note2)	Other expenses (\$) ^(Note3)	Total expenditure (\$) ^(Note 4)
2010-11 (9 visits)	Germany (Frankfurt), Russia (St. Petersburg, Moscow), UK(London), Ireland (Dublin), Beijing and Shanghai	To attend seminars / forums, meet with relevant financial and monetary officials and business	150,000	683,000	265,000	1,098,000
2011-12 (11 visits)	USA (Washington DC, New York), Canada (Toronto), Russia (St. Petersburg), Belgium(Brussel), Czech (Prague), UK(London), Indonesia (Jakarta), Malaysia (Kuala Lumpur), Beijing, Shanghai, Tianjin and Guangzhou	leaders in order to promote Hong Kong as China's global financial centre and to discuss matters of bilateral accounting and financial cooperation.	199,000	882,000	305,000	1,386,000
2012-13 (6 visits)	Switzerland (Geneva, Bern, Lugano, Zurich), Beijing, Tianjin, Chang Sha, Guangzhou, Shenzhen and Taipei		70,000	354,000	36,000	460,000
2013-14 (8 visits)	USA (Washington DC, Chicago),		82,000	410,000	91,000	583,000

Date of visit	Place of visit	Purpose of visit	Hotel accommodation expenses (\$) ^(Note1)	Passage expenses (\$) ^(Note2)	Other expenses (\$) ^(Note3)	Total expenditure (\$) ^(Note 4)
	South Korea (Seoul), Beijing and Shanghai					
2014-15 (8 visits)	USA (Washington DC, San Francisco), Canada (Toronto, Ottawa), UK (London), France (Paris), Belgium (Brussel), Beijing, Shanghai and Qionghai		126,000	550,000	157,000	833,000

(B) Details of the duty trips made by USFST

Date of visit	Place of visit	Purpose of visit	Hotel accommodation expenses (\$) ^(Note1)	Passage expenses (\$) ^(Note2)	Other expenses (\$) ^(Note3)	Total expenditure (\$) ^(Note 4)
2010-11 (12 visits)	Germany (Frankfurt), Belgium(Brussel), USA (Washington DC, New York, Boston), Beijing Shanghai, Guangzhou and Taipei	To attend seminars / forums, meet with relevant financial and monetary officials and business leaders in order to promote Hong Kong as China's global financial centre and to discuss matters of bilateral accounting and financial cooperation.	71,000	286,000	58,000	415,000
2011-12 (8 visits)	Switzerland (Geneva and Zurich), Luxembourg (Luxembourg) Beijing and Chongqing		23,000	117,000	26,000	166,000
2012-13 (11 visits)	USA (Washington DC, New York), Philippine (Manila), Beijing, Haikou, Sanya, Changsha, Guangzhou and Taipei		38,000	164,000	18,000	220,000
2013-14 (4 visits)	Beijing, Shanghai, Wuhan and Taipei		9,000	41,000	9,000	59,000
2014-15 (10 visits)	Kazakhstan (Almaty), Beijing, Shanghai, Xiamen, Guangzhou and Taipei		20,000	109,000	14,000	143,000

Note:

1. Operational needs (such as location of meeting venues or activities and the arrangements made by the hosts or organisers) and the principle of prudent use of public money are the main considerations in arranging hotel accommodation for duty visits.
2. Including expenses on flight and train tickets. The tickets for SFST and the entourage are purchased in accordance with the relevant guidelines set out in the Code for Officials under the Political Appointment System and the Civil Service Regulations respectively.
3. Including subsistence allowance in respect of meal expenses in connection with performing duty outside Hong Kong and other expenses associated with the duty trip.
4. Including expenses incurred by the entourage from the Office of SFST, i.e. Political Assistant to SFST and/or Press Secretary to SFST.

As a general rule, all politically appointed officials and civil servants are required to exercise prudent judgement and economy in order to avoid any public perception of extravagance and act in accordance with the relevant regulations and administrative guidelines when providing official entertainment in the form of meals. The Financial Services and the Treasury Bureau observes the same principles and guidelines in the provision of official meals.

In line with the Government's green policy, public officers should as far as possible refrain from bestowing gifts/souvenirs to others during the conduct of official activities. According to the existing guidelines, where bestowal of gifts/souvenirs is necessary or unavoidable due to operational, protocol or other reasons, the gift/souvenir items should not be lavish or extravagant and the number should be kept to a minimum. Also, the exchange of gifts/souvenirs should only be made from organisation to organisation. The Financial Services and the Treasury Bureau does not maintain separate accounts for the expenses on the procurement of gifts and souvenirs.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4669)

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

Subhead (No. & title): (000) Operational expenses

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the details of the meetings, visits or exchanges held between the Department and the relevant Mainland authorities in the past 5 years, and list, by date, the following for each trip:

- (a) objective, destination;
- (b) titles of the Mainland officials met;
- (c) number and titles of the participating officers from Hong Kong;
- (d) duration of trip (days);
- (e) total expenditure incurred;
- (f) whether the trip was promulgated before departure; if not, what are the reasons for the confidentiality;
- (g) whether minutes of the meeting were filed; if not, what are the reasons;
- (h) whether agreement was reached; if so, what are the contents and implementation progress;
- (i) transport (please list flight tickets and local transport at destinations separately);
- (ii) accommodation;
- (iii) meals;
- (iv) banquets or entertainment; and
- (v) expenses on gifts.

Date	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(ii)	(iii)	(iv)	(v)

Asked by: Hon HO Sau-lan, Cyd (Member Question No. 165)

Reply:

The details of duty trips to Mainland made by the officers of the Office of the Secretary for Financial Services and the Treasury as well as The Treasury Branch in the past 5 years are as below:

Date of visit	Place of visit	Purpose of visit	Hotel accommodation expenses (\$) (Note1)	Passage expenses (\$) (Note2)	Other expenses (\$) (Note3)	Total expenditure (\$) (Note 4)
2010-11 (15 visits)	Beijing , Shanghai, Guangzhou and Taipei	To attend seminars / forums, meet with relevant financial and monetary officials and business leaders and discuss matters of bilateral accounting and financial cooperation.	85,000	161,000	88,000	334,000
2011-12 (15 visits)	Beijing, Shanghai, Tianjin, Chongqing and Guangzhou		78,000	172,000	66,000	316,000
2012-13 (15 visits)	Beijing, Tianjin, Changsha, Haikou, Sanya, Guangzhou, Shenzhen and Taipei		51,000	141,000	39,000	231,000
2013-14 (10 visits)	Beijing, Shanghai, Wuhan and Taipei		55,000	153,000	43,000	251,000
2014-15 (15 visits)	Beijing, Shanghai, Qionghai, Xiamen, Guangzhou and Taipei		71,000	180,000	47,000	298,000

Note:

1. Operational needs (such as location of meeting venues or activities and the arrangements made by the hosts or organisers) and the principle of prudent use of public money are the main considerations in arranging hotel accommodation for duty visits.
2. Including expenses on flight and train tickets. The tickets for SFST and the entourage are purchased in accordance with the relevant guidelines set out in the Code for Officials under the Political Appointment System and the Civil Service Regulations respectively.
3. Including subsistence allowance in respect of meal expenses in connection with performing duty outside Hong Kong and other expenses associated with the duty trip.
4. Including expenses incurred by the entourage from the Office of SFST, i.e. Political Assistant to SFST and/or Press Secretary to SFST.

There are occasions that the HKSAR Government needs to attend meetings or conduct discussions with related organisations in the Mainland. Depending on the circumstances, such as the topics of discussions, the agreement made between parties concerned and development of the issues discussed etc., the meetings or discussions will be documented as appropriate. We would decide whether and how such visits and agreements should be made public depending on the relevant circumstances and needs.

As a general rule, all politically appointed officials and civil servants should observe the same principles and act in accordance with the relevant regulations and administrative guidelines when providing official entertainment in the form of meals. Government officers are required to exercise prudent judgement and economy when entertaining guest(s) for official purposes in order to avoid any public perception of extravagance. According to the existing general guidelines, the expenditure limits on official meals should not exceed \$450 per person for lunch or \$600 per person for dinner, inclusive of all expenses incurred on food and beverages consumed on the occasion, service charges and tips.

In line with the Government's green policy, public officers should as far as possible refrain from bestowing gifts/souvenirs to others during the conduct of official activities. According to the existing guidelines, where bestowal of gifts/souvenirs is necessary or unavoidable due to operational, protocol or other reasons, the gift/souvenir items should not be lavish or extravagant and the number should be kept to a minimum. Also, the exchange of gifts/souvenirs should only be made from organisation to organisation. As the Financial Services and the Treasury Bureau does not maintain separate accounts for the expenses on the procurement of gifts and souvenirs, we do not have the relevant statistics.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)140

(Question Serial No. 3816)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide information on the operation and use of funds (including funds outside the Accounts of the Government and funds under the Accounts of the Government) administered by government bureaux, departments and units for last year and the coming year.

Asked by: Hon MA Fung-kwok (Member Question No.36)

Reply:

The question is not directly relevant to Head 147.

As mentioned in our reply to a similar question on 1 August 2014, the management and control of various funds falls within the remit of different bureaux/departments (b/ds) or organisations. This bureau does not keep past or up-to-date financial information of the relevant funds. The requested information was collected and collated on each occasion, which required considerable time. Members may approach respective b/ds for information on specific funds.

For information on funds established under Section 29 of the Public Finance Ordinance (Cap 2), such as Capital Works Reserve Fund, and trading funds established under the Trading Fund Ordinance (Cap 430), they can be found in the links appended below.

http://www.try.gov.hk/internet/eharch_annu_statend14.html#p

http://www.cr.gov.hk/en/publications/reports_01.htm

http://www.emsd.gov.hk/emsd/eng/about/gp_ear.shtml

<http://www.hongkongpost.hk/eng/publications/annual/index.htm>

<http://www.landreg.gov.hk/en/public/annual.htm>

http://www.ofca.gov.hk/en/pub_report/trading_fund/index.html

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)141

(Question Serial No. 3709)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 29 of the Budget Speech that the \$34 billion relief measures should help alleviate the financial burden on the public, stimulate consumption, stabilise the economy and preserve employment. Should the \$34 billion be handed out to all local residents in the manner put forward in the 2011-12 Budget, each eligible resident will receive \$5,230 on the assumption that there are 6.5 million Hong Kong permanent residents aged 18 or above. Please illustrate, with economic figures, the effects made by the current relief measures as compared to the effects made by the handout of the same amount of money to all residents on the following 4 areas:

- 1) alleviation of financial burden on the public;
- 2) stimulation of consumption;
- 3) stabilisation of the economy; and
- 4) preservation of employment.

Asked by: Hon Claudia MO (Member Question No. 59)

Reply:

The \$34 billion relief measures do not relate directly to the estimates of expenditure under Head 147.

These relief measures were announced by the Financial Secretary in the 2015-16 Budget, to help alleviate the burdens of the public and stabilise the economy. Together with other measures in the Budget, they will have a fiscal stimulus effect of boosting GDP by one percentage point. We have not conducted assessment on the effect of the relief measures on the four specified areas. Given the different purposes, target beneficiaries and eligibility criteria between these relief measures and the "Scheme \$6,000" implemented in 2011-12, it is not appropriate to make comparisons.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)142

(Question Serial No. 3711)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 147 of the Budget Speech that structural deficits will surface within ten years according to the report released by the Working Group on Long-Term Fiscal Planning. Spending on major infrastructure projects had been one of the key expenditure items of the Government in the past. For the last 6 years, total expenditure on infrastructure projects amounted to \$363.4 billion. As such projects need long-term planning, the Government should be able to make effective estimates of the expenditure on the infrastructure projects for the next decade. Please give an account of the infrastructure projects that would be in progress and would commence in the next decade and the estimated expenditure involved, so as to assist the Legislative Council to examine measures to avoid fiscal deficit.

Asked by: Hon Claudia MO (Member Question No. 61)

Reply:

Infrastructure projects require long-term planning. Nonetheless, since their implementation is subject to various external factors, the Government has been making medium range forecast for expenditure under the Capital Works Reserve Fund for the coming five years only. For details, please refer to Appendix A of the Speech on the Appropriation Bill 2015 by the Financial Secretary. Regarding the projects already commenced and those new ones expected to commence in 2015-16, the vast majority of them are expected to complete within 10 years (i.e. by 2023-24) and no expenditure is expected beyond 2023-24. At this stage, it is forecast that only a few projects (e.g. extension of Northeast and Southeast New Territories landfills) will still incur a small amount of expenditure after ten years.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)143

(Question Serial No. 4355)

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

Subhead (No. & title): (-) Not Specified

Programme: (-) Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In paragraph 46 of the Budget Speech, it is stated that free online Government information will be released in digital formats from this year onwards.

(1) Please provide in the table below details of the free online Government information released in digital formats by your bureau/department for downloading by the public:

Bureau/ Department	Free information/ data released to the public	Description of the information	Period of the information	Is it currently listed in Data.One	Date of release and the updating frequency	Format of information available for downloading (please choose)			
						JSON, XML, or CSV	XLS, DOC	TIF, JPG, PDF, PNG	RSS

(2) What are the manpower and expenditure involved in releasing online Government information by your bureau/department in 2015-16?

(3) Has your bureau/department reviewed all non-classified information owned/possessed by your bureau/department, drawn up priorities for their release, and compiled them into digital data formats to facilitate retrieval/inspection, research or application development, with a view to creating more industries through innovative reuse of data? If so, what are the details? If not, what are the reasons?

Asked by: Hon MOK Charles Peter (Member Question No. 84)

Reply:

(1) The Office of the Secretary for Financial Services and the Treasury as well as the Treasury Branch (the Branch) have been providing public sector information for public's free use through the websites. The information includes press releases, work reports, financial plans, revenue and taxation policies, etc. Such information is available in digital formats (including DOC, XLS, PDF, JPG). Given the large variety and quantity of public sector information involved, we cannot list out the data released one by one. In addition, from this year onwards, the Branch has released data related to Estimates of the Government in machine-readable format, and listed the data on "Data.gov.hk" for downloading by the public. The related details are as follows:

Bureau/ Department	Free information/ data released to the public	Description of the information	Period of the information	Is it currently listed in Data.One	Date of release and the updating frequency	Format of information available for downloading (please choose)			
						JSON, XML, or CSV	XLS, DOC	TIF, JPG, PDF, PNG	RSS
Financial Services and the Treasury Bureau (The Treasury Branch)	Data related to Estimates of the Government	Consolidated summary of Estimates, general revenue account, expenditure analysis, revenue analysis by head, details of various funds	The concerned financial year	Yes	When the Budget Speech is delivered every year	CSV	-	-	-

(2) The manpower and expenditure involved in the relevant work will be absorbed from within existing resources. We do not have a separate breakdown.

(3) The Government will release all free online government information in digital formats from this year onwards. The Office of the Secretary for Financial Services and the Treasury as well as the Branch will accommodate this arrangement proactively.

The Office of the Secretary for Financial Services and the Treasury as well as the Branch collect and create variety of data from time to time and we have been providing the public with information prepared in digital formats through our websites. We will constantly review the progress of the release of information in digital formats.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)144

(Question Serial No. 4356)

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

Subhead (No. & title): (-) Not Specified

Programme: (-) Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In connection with the provision of public information and gathering of public opinions by means of the Internet, please provide in tabulated form the details of the social media platforms set up and operated by your bureau/department/public bodies or their agents (such as out-sourced contractors or consultants) in the past year.

Commencement of operation (Month/ Year)	Status (keeps on updating / ceased updating) (as at 28 February 2015)	Government agencies (including policy bureaux/ departments/ public bodies/ Government consultants)	Name	Social media (Facebook / Flickr/ Google+/ LinkedIn/ Sina Weibo/ Twitter/ YouTube)	Purpose of establishment and no. of updates (as at 28 February 2015)	No. of "Likes"/ subscribers/ average monthly visits (as at 28 February 2015)	Whether summary of comments is compiled and follow-up is taken on a regular basis (Yes/ No)	Rank and No. of officers responsible for the operation (as at 28 February 2015)	Financial resources involved in the establishment and daily operation (as at 28 February 2015)
			(1)...	(1)...					
			(2)...	(2)...					
			(3)...	(3)...					

Asked by: Hon MOK Charles Peter (Member Question No. 85)

Reply:

The Treasury Branch did not set up or operate any social media platforms last year.

To relay to the community the key findings and recommendations of the Working Group on Long-Term Fiscal Planning (Working group) in a sustained manner, the Working group has produced four short videos and an interactive game. Members of the public can assess the videos or join the game through the website of our Branch. Public can also opt to view the four videos vide the social media (YouTube) set up by the Information Services Department.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)145

(Question Serial No. 4833)

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

Subhead (No. & title): (-) Not Specified

Programme: (-) Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the Branch's expenditure on the procurement of computer software and hardware, would the Government advise this Committee of the following:

- (a) Does the Government have any standard internal procurement guidelines which set out the criteria for the purchase or upgrade of computer software and hardware for departments? If so, what are the details? Do the guidelines require the departments to upgrade its computer software and hardware in a timely manner?
- (b) Microsoft, the computer software and hardware supplier, will terminate its support service for its operating platform Windows XP. Please provide, in light of this, the respective numbers of mainframe computers in the Department which are using (1) the operating platform of Microsoft Windows XP, (2) the operating platforms released by Microsoft before 2001, and (3) other operating platforms (please specify the version), as well as the respective percentages of these three types of operating systems in the Department's total number of mainframe computers. Does the Branch have any plan to upgrade the above operating platform versions which are now obsolete?
- (c) What are the expenditure on and criteria for the procurement of tablet computers by the Department? What are the model numbers and usages of the tablet computers procured? Is there any confidential information saved on the tablet computers? If so, what are the details? Is there any information security software installed in the tablet computers used by the Branch? What is the expenditure involved?
- (d) How many mainframe computers of the Branch are operating offline and what are the versions of their operating platforms? Are there any uniform standards for the use of information security or anti-virus software by the Branch? If so, what is the model of software used? If not, what are the respective models of software being used?

Reply:

- (a) According to the prevailing government guidelines, bureaux/departments (B/Ds) have to formulate annually a 3-year Departmental Information Technology (IT) Projects Portfolio and plan the related IT projects to ensure that the business and operational needs of the B/D can be met effectively. In planning IT upgrading projects, B/Ds have to review and assess potential risks in different aspects and set in place mitigation measures. The potential risks in the technology aspect that have to be considered include product compatibility, maintenance and support service, future replacement product and market supply, etc. In purchasing or updating computer hardware and software, B/Ds should follow the Government's procurement guidelines and carry out the procurement in the most cost-effective way through fair and open market competitions. B/Ds should handle the upgrading of the computer hardware and software having regard to the importance and relative priorities of the IT projects concerned.
- (b) All computers used in the Office of the Secretary for Financial Services and the Treasury as well as the Treasury Branch are running on Microsoft Windows 7. No obsolete operating platform versions are in use.
- (c) In 2014-15, the total expenditure of the Treasury Branch on the procurement of tablet computers, through the Standing Offer Agreements administered by the Office of the Government Chief Information Officer or directly from the market, is around HK\$18,000. The tablet computers run on various operating platforms including Microsoft and Android.

Our tablet computers are mainly used to support and improve our internal operations. They are used for receipt/dissemination of emails and short messages, management of calendars and Internet browsing, etc. In procuring or upgrading tablet computers, the Treasury Branch has followed the Government's procurement guidelines and conducted the processes in the most cost-effective way through fair and open market competitions.

We would not store confidential information on our tablet computers. Simultaneously, for security enhancement, we have implemented mobile device management solution on the tablet computers by adopting appropriate security measures like password lock and data wiping after specified number of incorrect login attempts. There is no separate breakdown of the expenditure involved for installing the information security software as it is included in the procurement and maintenance costs of these tablet computers.

- (d) B/Ds are following the prevailing information security policies, guidelines and procedures set out by OGCIO to protect government information systems and data; multiple layers of protective measures, including deployment of updated information security and anti-virus software, are also implemented. Through the Standing Offer

Agreements administered by OGCIO, a number of information security software commonly used in the industry is available for Departments' procurement and use.

For security reasons, OGCIO would not disclose the details on information security or anti-virus software being adopted by the Departments concerned. Our Branch does not have any computers operating offline.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)146

(Question Serial No. 3769)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Treasury Branch said that during 2015-16, it would continue to pursue the recommendations of the Working Group on Long-Term Fiscal Planning, where accepted by the Government. Will the Government inform this Committee of:

1. the recommendations accepted and the implementation progress (with details listed in a table); and
2. the manpower and estimated expenditure involved in pursuing these recommendations?

Asked by: Hon TIEN Pei-chun, James (Member Question No. 71)

Reply:

The recommendations accepted by the Government and the progress of implementation are set out in Chapter 3 (“Government Response” section) of the Working Group on Long-Term Fiscal Planning Phase Two Report (pages 71 to 73), which can be downloaded at the following link –

<http://www.fstb.gov.hk/tb/en/report-of-the-working-group-on-longterm-fiscal-planning-phase2.htm>

The expenditure and manpower involved in pursuing the recommendations of the Working Group will be absorbed within the existing resources of the relevant government departments.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)147

(Question Serial No. 3772)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

During 2015-16, the Treasury Branch will continue to co-ordinate the allocation of resources for minor building works with a view to ensuring proper scrutiny and prioritisation of the projects. In this regard, will the Government inform this Committee of:

1. the total number and estimated expenditure of minor building works;
2. the basis for prioritisation; and
3. the number of minor building works expected to be commenced in 2015-16 and the expenditure involved.

Asked by: Hon TIEN Pei-chun, James (Member Question No. 74)

Reply:

The expenditure involved in minor building works is charged to the Capital Works Reserve Fund. According to Rule 49 of the Finance Committee Procedures, special meetings of the Finance Committee are convened to examine the annual Estimates of Expenditure prepared by the Government in support of the Appropriation Bill. Expenditure charged to the Capital Works Reserve Fund do **not** form part of the Appropriation Bill. As such, questions relating to expenditure under the Fund are **not** relevant to the examination of the Estimates of Expenditure or the Appropriation Bill.

In approving the funding applications of minor building works, the approving officers concerned will set priorities according to the urgency of the works. Around 1 800 minor building works projects are expected to incur expenditure in 2015-16. These include on-going projects as well as new projects proposed to commence in 2015-16, involving an estimated expenditure of around \$937 million. Sixteen new projects are expected to commence in 2015-16, involving an estimated expenditure of around \$170 million.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)148

(Question Serial No. 3773)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government often makes provisions, as stated in its policy addresses or budgets, to set up a number of funds for specific purposes, some of which are even segregated from the Accounts of the Government with their revenue and expenditure not charged to the annual Government accounts. In this regard, will the Government:

- (1) basing on the two main categories of "Funds outside the Accounts of the Government" and "Funds under the Accounts of the Government", tabulate the funds which are still in operation, their accumulated amounts of injections by the Government and their net asset values at present;
- (2) basing on the two main categories of "Funds outside the Accounts of the Government" and "Funds under the Accounts of the Government", tabulate the funds which have ceased operation and the net values of their residual assets. Please also advise in detail how such residual assets will be dealt with?

Asked by: Hon TIEN Pei-chun, James (Member Question No.75)

Reply:

The question is not directly relevant to Head 147.

The management and control of various funds falls within the remit of different bureaux/departments (b/ds) or organisations. This bureau does not have any past or up-to-date financial information of the relevant funds and the requested information has to be collected and collated on each occasion, which required considerable time. Members may approach respective b/ds for information on specific funds.

For information on funds established under Section 29 of the Public Finance Ordinance (Cap 2), such as Capital Works Reserve Fund, and trading funds established under the Trading Fund Ordinance (Cap 430), they can be found in the links appended below.

http://www.try.gov.hk/internet/eharch_annu_statend14.html#p
http://www.cr.gov.hk/en/publications/reports_01.htm
http://www.emsd.gov.hk/emsd/eng/about/gp_ea.shtml
<http://www.hongkongpost.hk/eng/publications/annual/index.htm>
<http://www.landreg.gov.hk/en/public/annual.htm>
http://www.ofca.gov.hk/en/pub_report/trading_fund/index.html

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)149

(Question Serial No. 4318)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As some of the funds established by the Government and with Government injections are segregated from the Government accounts, will the Government inform this Committee of the following:

- (1) Are the revenue and expenditure of these funds as well as their net assets not included in the annual account and fiscal reserves of the Government?
- (2) What are the ways to effectively monitor the use of government expenditure and application of funding?

Asked by: Hon TIEN Pei-chun, James (Member Question No.89)

Reply:

- (1) If the relevant funds are segregated from the Government accounts, the revenue and expenditure of these funds as well as their net assets will not be included in the annual accounts and fiscal reserves of the Government.
- (2) When seeking funding support of the Finance Committee of the Legislative Council ("FC") to set up a fund, the Government will state in detail the objective, amount, mode of administration and operation as well as monitoring and management mechanisms of the proposed fund for the FC's deliberation and approval.

The responsibility of managing funds established with public money lies with the Controlling Officers of the relevant bureaux and departments. Controlling Officers are required to adhere to the relevant policy objectives, statutory provisions, administrative and financial guidelines, accounting principles and operational needs to ensure prudent management of funds under their respective purview. They are also responsible for drawing up mechanisms to make the management of funds accountable to the public, Legislative Council and stakeholders.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)150

(Question Serial No. 3467)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As stated by the Financial Secretary, the Government will review livelihood-related fees and charges in accordance with the cost-recovery and user pays principles. Please advise on the following:

1. In deciding to raise or lower a fee, when will the public be informed of the decision and when will the decision be implemented?
2. Will the public be consulted on the rates of increase of such livelihood-related items or the final decision made? Will the approval of the Legislative Council be sought?

Asked by: Hon TONG Ka-wah, Ronny (Member Question No. 92)

Reply:

Government services are generally charged in accordance with the "user pays" principle to achieve full cost recovery for services provided. For individual services where costs have not been recovered in full, the fees and charges for which would be increased to prevent such services from becoming subsidised ones and adding to the burden of taxpayers. As for individual services which are recovering more than the full costs, their fees would be adjusted downwards to the full cost levels.

In the past two years, policy bureaux and departments had completed review of more than 2 200 fee items, majority of which had not been revised for a decade or had low cost recovery rates. A fee increase was proposed for nearly 700 items, while a fee reduction was proposed for some 50 items. The proposals were estimated to increase the annual government revenue by about \$110 million.

Policy bureaux and departments will continue to review their respective fees and charges in the coming year, including those related to people's livelihood. In reviewing the fees and charges, the Government will take into account factors including policy considerations relevant to the specific services provided, the need for maintaining fiscal discipline, public affordability and acceptability, and the views of stakeholders before making proposals for fee revisions. The Government will increase fees and charges as and when necessary. There will not be substantial revisions at one go. Government departments will also strictly control costs and reduce the need for increasing fees and charges as far as possible.

In reviewing statutory fees and charges, the Government will seek the views of Legislative Council Members before making proposals for fee revisions. Subsidiary legislations on such revisions are also subject to the vetting of the Legislative Council.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)151

(Question Serial No. 4215)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Hon John TSANG, the Financial Secretary, indicated that we may explore again the feasibility of broadening the tax base and introducing a Goods and Services Tax in due course.

Please advise of the following:

1. Does the Government have any plan to carry out consultation on the introduction of a Goods and Services Tax again?
2. If the Government introduces a Goods and Services Tax, what will be the pre-requisites?

Apart from introducing a Goods and Services Tax, will the Government carry out any study or does it have any plan to introduce new taxes? If yes, what are the details?

Asked by: Hon TONG Ka-wah, Ronny (Member Question No. 51)

Reply:

The Government launched an extensive consultation on the introduction of a Goods and Services Tax (GST) in 2006. The community then did not support this new tax and considered the proposed exemption and other compensation measures insufficient. In the light of the experience, the Government would need to give further thoughts to the scope of exemption and other relief measures if the feasibility of introducing GST is to be re-examined, with a view to exploring a package that could meet the present-day circumstances.

Tax reform is a very complex issue. Given the time required for thorough consideration, no structural change could be made in the near future. In principle, the Government adopts

an open mind towards any proposals to broaden the revenue base, and we welcome more discussion by the community on the issue. While we will not rule out any possibility, we understand that it will be controversial to propose any new taxes, which need thorough public discussion.

In considering the various options on broadening tax revenue in future, the Government will have regard to whether the option is effective in broadening the revenue base, fair and in line with the “capacity to pay” principle, and in line with Hong Kong’s simple and low tax system to maintain Hong Kong’s competitiveness.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)152-1

(Question Serial No. 3964)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Budget Speech reads: “establishing a Future Fund, comprising...a proportion of future budget surpluses. The Future Fund will serve as long-term savings and be placed in long-term investments for higher returns.” Will the Government advise of the following issues:

1. What are the details of the long-term savings, long-term investments and high returns the Future Fund refers to? How is the Fund different from the existing foreign reserves in terms of investment?
2. According to the estimate of the Government, how much savings are required for the fund to generate sufficient revenue to cope with the ageing population?
3. Under what circumstances would the Government draw on the Future Fund and which departments or authorities should determine whether or not to draw on the Fund?
4. It was mentioned in last year's Budget Speech that the purpose of the Future Fund was “to finance strategic infrastructure projects” in the future. Does the purpose of the Fund remain the same and it will be used for infrastructure projects and not for services to the public?

Asked by: Hon MAK Mei-kuen, Alice (Member Question No. 53)

Reply:

A consolidated reply to your enquiry on Future Fund is set out below -

The Working Group on Long-Term Fiscal Planning's key recommendations

The Working Group on Long-Term Fiscal Planning (Working Group) released its Phase Two Report in March 2015, which proposed options for a savings scheme (the Future Fund) for Hong Kong. The Working Group's key recommendations are as follows –

(a) Future Fund's objective

Set aside part of the fiscal reserves for long-term investment seeking to enhance investment returns.

(b) Source of funding

Designate the \$220 billion Land Fund as initial endowment, and having regard to the prevailing fiscal situation and needs of the community, plus about a quarter to a third of annual budget surpluses as periodic top-ups.

(c) Institutional arrangements

Adopt an administrative route to establish the Future Fund, which is the most efficient and cost-effective means. Future Fund remains an integral part of the fiscal reserves, held only in the form of a notional account through administrative means. No legislative amendment is required.

(d) Investment strategy

Future Fund should continue to be placed with the Exchange Fund, for a 10-year horizon, such that it would benefit from the Exchange Fund's established investment infrastructure and expertise. About 50% of the Future Fund may be set aside for incremental placement with the Exchange Fund's Long-Term Growth Portfolio. The rest may be placed with bonds, public equities, other long-term investment products or the Investment Portfolio.

(e) Management and monitoring

Future Fund placed with the Exchange Fund should be subject to the same investment management regime and oversight by the Exchange Fund Advisory Committee. Separately, the Hong Kong Monetary Authority (HKMA) should consult the Financial Secretary and the Secretary for Financial Services and the Treasury at least once a year on the investment strategy and asset allocation for the Future Fund.

(f) Withdrawals from and designated use of the Future Fund

When the balance of the fiscal reserves that is not set aside for the Future Fund is left with six months' equivalent of gross government expenditure, the Government should consider triggering a contingency mechanism, including borrowing or withdrawal from the Future Fund. The Future Fund remains part of the fiscal reserves and withdrawal

from the Fund will require approval of the Legislative Council under existing legislation.

The Working Group emphasised that Future Fund alone could not resolve a structural deficit problem. The long-term fiscal challenges brought by an ageing population and anticipated slower economic growth are very serious. The Government must take multi-pronged measures and continue to identify growth opportunities, exercise strict control over expenditure growth and stabilise as well as broaden the revenue base. The Government should also keep expenditure within the limits of revenues in drawing up the budget, strive to achieve a fiscal balance, avoid deficit and keep the budget commensurate with the growth rate of Gross Domestic Product.

Government response and follow-up

The Financial Services and the Treasury Bureau will work with HKMA to hammer out specific management and investment mechanisms with a view to implementing the Future Fund within this year. The expenditure and manpower involved in the establishment of the Future Fund will be absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch).

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)152-2

(Question Serial No. 4214)

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) (Ms Elizabeth TSE)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary (FS) has suggested establishing a Future Fund (the Fund) with a draw-down of \$220 billion from the fiscal reserves, and that the Financial Services and the Treasury Bureau and the Hong Kong Monetary Authority be responsible for the management and investment of the Fund, with a view to increasing the Treasury reserves by making use of investment returns. In this regard, please advise on the following:

1. Are there any specific uses set for the Fund? Under what critical circumstances will the Fund be used?
2. How will the Administration stipulate that the surplus should be used for relief measures instead of being allocated to the Fund account for investments when the grass roots are living in hardships and poverty?
3. How to ensure accountability if the Fund is established through administrative procedures without monitoring by legislative means?
4. Returns will be generated for the Fund through high-risk investments outside Hong Kong. However, the FS and the Secretary for Financial Services and the Treasury will only be consulted on the investment strategy and investment portfolios once annually. Who will be held responsible in case of losses?
5. The Fund is only used to invest the surpluses of Hong Kong in the financial market instead of making other social investments or adding value to the trades in Hong Kong or enhancing the quality of local labour force. This will continue to encourage uniformity of trades in our society. Will the FS consider using the Fund to facilitate the sustainable development of our young generation in the financial investment business, address the issue of ageing population and deal with the crisis of decreasing labour force?

Asked by: Hon TONG Ka-wah, Ronny (Member Question No. 47)

Reply:

A consolidated reply to your enquiry on Future Fund is set out below -

The Working Group on Long-Term Fiscal Planning's key recommendations

The Working Group on Long-Term Fiscal Planning (Working Group) released its Phase Two Report in March 2015, which proposed options for a savings scheme (the Future Fund) for Hong Kong. The Working Group's key recommendations are as follows –

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Set aside part of the fiscal reserves for long-term investment seeking to enhance investment returns.

(b) Source of funding

Designate the \$220 billion Land Fund as initial endowment, and having regard to the prevailing fiscal situation and needs of the community, plus about a quarter to a third of annual budget surpluses as periodic top-ups.

(c) Institutional arrangements

Adopt an administrative route to establish the Future Fund, which is the most efficient and cost-effective means. Future Fund remains an integral part of the fiscal reserves, held only in the form of a notional account through administrative means. No legislative amendment is required.

(d) Investment strategy

Future Fund should continue to be placed with the Exchange Fund, for a 10-year horizon, such that it would benefit from the Exchange Fund's established investment infrastructure and expertise. About 50% of the Future Fund may be set aside for incremental placement with the Exchange Fund's Long-Term Growth Portfolio. The rest may be placed with bonds, public equities, other long-term investment products or the Investment Portfolio.

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The Working Group emphasised that Future Fund alone could not resolve a structural deficit problem. The long-term fiscal challenges brought by an ageing population and anticipated slower economic growth are very serious. The Government must take multi-pronged measures and continue to identify growth opportunities, exercise strict control over expenditure growth and stabilise as well as broaden the revenue base. The Government should also keep expenditure within the limits of revenues in drawing up the budget, strive to achieve a fiscal balance, avoid deficit and keep the budget commensurate with the growth rate of Gross Domestic Product.

Government response and follow-up

The Financial Services and the Treasury Bureau will work with HKMA to hammer out specific management and investment mechanisms with a view to implementing the Future Fund within this year. The expenditure and manpower involved in the establishment of the Future Fund will be absorbed within the existing resources of the Financial Services and the Treasury Bureau (Treasury Branch).

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