

**Special Meeting of the Finance Committee
to Examine the Estimates of Expenditure 2016-17
Public Finance**

(3:20 pm – 4:00 pm on 5 April 2016)

**Speaking Notes
of the Secretary for Financial Services and the Treasury**

Chairman and Members,

This session of the special meetings of the Finance Committee will examine the expenditure estimates of the Treasury Branch and related departments. The Treasury Branch oversees several policy areas, which cover revenue and financial control, provision of central support services within the Government and maintenance of government properties. Before the question session begins, I would like to brief Members on some points.

Estimates by Policy Areas

2. The estimated total recurrent expenditure for the three policy areas for 2016-17 is \$7,253 million, with about \$3,700 million on revenue and financial control, about \$2,500 million on provision of central support services within the Government, and about \$1,000 million on maintenance of government properties.

Key Areas of Work in the Coming Year

3. As regards our work in the coming year, I would like to highlight the following areas:

- (a) We will continue to contain the growth of government expenditure and manage the allocation of resources having regard to established principles for the prudent management of public finances, and continue to consider major investment and loan proposals in support of economic and social development.
- (b) On the front of **Hong Kong's tax treaty network**, we have so far signed 34 comprehensive avoidance of double taxation agreements

and 7 tax information exchange agreements, and will continue to make our best efforts to expand the network. In light of the latest international standards, we have introduced a bill into the Legislative Council to provide a legal framework for the implementation of automatic exchange of financial account information in tax matters in Hong Kong. I would like to appeal to Members for their support and approval of the bill within this legislative session, so that Hong Kong can deliver its commitment and commence the first automatic exchange by the end of 2018.

- (c) On **international tax cooperation**, we are conducting analysis on the package endorsed by the Group of Twenty against base erosion and profit shifting, and will set our work priorities. The Government will consult the industry at an appropriate juncture on the strategies for implementing the relevant proposals, so as to prepare for the necessary legislative work later on.
- (d) On **fees and charges**, policy bureaux and departments will continue to review their respective fees and charges in a timely manner in accordance with the “cost-recovery” and “user pays” principles. 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 keep costs under strict control and reduce the need for increasing fees and charges as far as possible.
- (e) On **government offices**, we will continue to relocate where feasible non-location-bound government offices out of the central business districts to increase the supply of commercial floor space. In this connection, the Government has earlier disposed of its properties at the Trade and Industry Department Tower in Mong Kok by open tender, releasing some 26 400 square metres of commercial gross floor area. In addition, we are actively taking forward our plan to relocate the three government office buildings in Wan Chai.

4. Chairman, my colleagues and I will be happy to answer any questions that Members may wish to raise.

Financial Services and the Treasury Bureau

March 2016