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Replies to initial written questions raised by Finance Committee Members in examining the Estimates of Expenditure 2016-17

Director of Bureau : Secretary for Financial Services and the Treasury

Session No. : 5

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CONTROLLING OFFICER'S REPLY

FSTB(Tsy)001

(Question Serial No. 1570)

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:

The Architectural Services Department is responsible for the maintenance, refurbishment and improvement works, etc. of the properties under its purview. Will the Government inform this Committee of:

1. The kinds of lamp bulbs (tungsten filament lamps/compact fluorescent lamps/LED lamps) currently used in Government buildings and their respective percentages; and
2. In connection with the above, whether the Government has plans to phase out tungsten filament lamps in Government buildings;
 - a. If yes, the details of the plans, their progress and schedules; the names of lamp bulb suppliers and relevant commitment;
 - b. If no, why?

Asked by: Hon Alan LEONG Kah-kit (Member Question No. 19)

Reply:

When carrying out maintenance, refurbishment and improvement works, etc. for government buildings, the Architectural Services Department (ArchSD) will replace the original tungsten filament lamps or old type fluorescent tubes with energy efficient lighting, such as compact fluorescent lamps, T5 fluorescent tubes and light emitting diode (LED) lamps, in accordance with the Green Government Buildings guidelines of the Development Bureau and the Environment Bureau. The ArchSD will also install appropriate control features for the lighting installations, such as zone controls, occupancy sensing devices or timers, etc., to turn on and off the lighting according to actual use in order to maximise energy efficiency.

With regard to the selection of lighting fittings, contractors are required to procure suitable lighting fittings in accordance with the relevant technical specifications of the works contracts. The ArchSD will not prescribe the contractor to procure from a particular supplier.

With regard to the different kinds of lamp bulbs (tungsten filament lamps/compact fluorescent lamps/LED lamps) currently used in government buildings, the ArchSD does not have any information on their respective percentages.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2472)

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:

1. Please explain the progress of the initiative to “promote roof greening and incorporate green building features in existing buildings” with the number of occasions, number of successful cases and examples in 2014-15 and 2015-16, and advise on the manpower and resources of the Architectural Services Department deployed in this regard.
2. Please advise on the progress of the Refurbishment of Big Wave Bay Picnic Area from the perspective of sustainable development.

Asked by: Hon Albert HO Chun-yan (Member Question No. 39)

Reply:

1. The Architectural Services Department (ArchSD) has been making efforts to promote roof greening and incorporate green building features in existing government buildings. It has recommended and encouraged departments which manage government buildings to consider roof greening and incorporate green building features in their buildings.

In 2014-15, the ArchSD commenced 19 projects on roof greening and 30 projects with green building features for existing government buildings under its maintenance purview. Among them, 6 projects on roof greening and 5 projects with green building features were generally completed. Examples of roof greening projects are Stonecutters Island Government Dockyard and North District Government Offices; and examples of projects with green building features are Chuk Yuen Sports Centre and Kwun Chung Municipal Services Building, for which T5 energy efficient fluorescent tubes and LED light fittings were installed during the refurbishment of the lighting system.

In 2015-16, the ArchSD commenced 17 projects on roof greening and 37 projects with green building features for the existing government buildings. All of them are in progress. Examples of roof greening projects are Ma Tau Chung Fire Station and Hong Kong Southern District Government Primary School; and examples of green building features are Un Chau Street Public Library and Sheung Shui Police Married Quarters, for which T5 energy efficient fluorescent tubes were installed during the refurbishment of the lighting system.

The ArchSD staff responsible for roof greening and provision of green building features are also responsible for other duties. There is no separate breakdown of the actual manpower involved in the work mentioned above.

2. The expenses for the Refurbishment of Big Wave Bay Picnic Area were covered by the Capital Works Reserve Fund, and there is no direct relation to expenditure of Head 25.

The refurbishment of barbeque site, toilet and pavilion at Big Wave Bay Picnic Area in Shek O has incorporated various greening elements, such as the installation of energy efficient lighting system, low-flow water taps and dual flush cisterns, as well as the use of paints with low-volatile organic compounds contents. The project commenced in December 2015 and is expected to be completed in mid 2016.

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CONTROLLING OFFICER'S REPLY**FSTB(Tsy)003****(Question Serial No. 2876)**Head: (28) Civil Aviation DepartmentSubhead (No. & title): (-) Not SpecifiedProgramme: (6) Air Passenger Departure Tax AdministrationControlling Officer: Director-General of Civil Aviation (Norman LO)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

1. Please list out the number of applications for refund/exemption of Air Passenger Departure Tax (APDT) in each year by reasons of making applications, as well as the amount involved.
2. In the past three years, with regard to the efforts in monitoring the refund of APDT from airline operators to persons buying air tickets but not departing Hong Kong eventually, has the Civil Aviation Department (CAD) discovered any cases where operators gave false information and did not actually make refund to passengers?
3. As the CAD will strengthen the monitoring work during the year, please provide the estimated funding and manpower resources involved, as well as the increase over the resources required in 2015-16.

Asked by: Hon CHAN Kam-lam (Member Question No. 10)Reply:

1. The number of applications for refund/exemption of Air Passenger Departure Tax (APDT) and the amount involved in the past three years are tabulated as follows –

Reasons for applying for APDT refund/exemption ⁽¹⁾	Number of applications		
	2013	2014	2015 ⁽²⁾
(1) Transit and transfer passengers	12 951	14 824	16 290
(2) Officials of international organisations, consuls, consular staff and members of their families forming part of their households	3 306	2 998	2 373
(3) Passengers under 12 years of age	1 023	648	470

(4) Passengers departing from Hong Kong by aircraft being used for diplomatic or ceremonial, etc. purposes of the government of any country	480	456	320
(5) Others ⁽³⁾	85	49	50
Total	<u>17 845</u>	<u>18 975</u>	<u>19 503</u>
Amount involved in successful applications for APDT refund/exemption (\$)	2,137,080	2,266,560	2,328,000

Note (1): Since most of the passengers eligible for exemption from APDT are not required to pay APDT in the first place when they purchase the air tickets, there is no need for such passengers to apply for APDT refund/exemption.

Note (2): Provisional figures subject to adjustments.

Note (3): Mainly Mainland passengers who arrive at the SkyPier via the sea route for the purpose of transferring to an aircraft that departs from Hong Kong.

2. Section 14(1) of the Air Passenger Departure Tax Ordinance (the Ordinance) (Cap. 140) stipulates that the APDT paid to an operator by a passenger who does not depart by air from Hong Kong on the occasion in respect of which he has paid APDT, shall be refunded by the operator. CAD has all along been reminding airlines that they are required to make full refund of APDT to the passengers concerned under the above circumstances, and that no charge shall be imposed for the APDT refund. Since early 2016, CAD has required airlines to furnish information on the number of passengers who have paid APDT but do not depart from Hong Kong, so as to strengthen the monitoring of airlines in making APDT refund to the passengers concerned free of charge.
3. Monitoring the collection of APDT by airlines is part of the regular duties of CAD staff under Programme (6) "Air Passenger Departure Tax Administration". There are six staff involved in the monitoring of the collection of APDT under the programme concerned. CAD will absorb the work of enhanced monitoring from within its existing manpower and resources.

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CONTROLLING OFFICER'S REPLY

FSTB(Tsy)004

(Question Serial No. 0134)

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 Civil Aviation Department (CAD) will require operators to furnish information on persons buying air tickets but not departing Hong Kong eventually, so that it can strengthen the monitoring of the arrangement on Air Passenger Departure Tax refund. Has the Government detected any loopholes in this respect that have to be plugged?

Asked by: Dr Hon LAU Wong-fat (Member Question No. 3)

Reply:

Section 14(1) of the Air Passenger Departure Tax Ordinance (the Ordinance) (Cap. 140) stipulates that the Air Passenger Departure Tax (APDT) paid to an operator by a passenger who does not depart by air from Hong Kong on the occasion in respect of which he has paid APDT, shall be refunded by the operator.

CAD has all along been reminding airlines that they are required to make full refunds of APDT to the passengers under the above circumstances, and that they are not allowed to impose any charge for the APDT refund. Since early 2016, CAD has required airlines to furnish information on the number of passengers who have paid APDT but do not depart from Hong Kong, so as to strengthen the monitoring of airlines in making APDT refund to the passengers concerned free of charge. CAD has also issued letters to the Board of Airline Representatives in Hong Kong (the Board) and individual airlines which are not members of the Board, reminding them of the relevant statutory requirements.

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CONTROLLING OFFICER'S REPLY

(Question Serial No. 3139)

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 Consumer Council pointed out on 15 October last year that the Civil Aviation Department (CAD) had no mechanism to monitor the refund arrangement for the Air Passenger Departure Tax (APDT), and that some airlines even imposed an administration fee on passengers for APDT refunds. As the CAD will continue to monitor the collection of the APDT, will the Government inform this Committee of:

- (a) the estimated expenditure of the work in 2016-17;
- (b) the number and rank of the officers responsible for the work;
- (c) the specific work plan of these officers, and whether clear guidelines on refund and penalties for contraventions will be set out;
- (d) the progress or timetable of the work in 2016-17;
- (e) the basis for calculating the rate of administration fees currently payable to airlines, helicopter companies and other agents in connection with the collection of the APDT;
- (f) the amount of administration fees payable by the Government in the past five years and the estimated expenditure involved in 2016-17; and
- (g) the way in which the Government will review the rate of administration fees.

Asked by: Hon SIN Chung-kai (Member Question No. 80)

Reply:

- (a) & (b) Monitoring the collection of APDT by airlines is part of the regular duties of CAD staff under Programme (6) “Air Passenger Departure Tax Administration”. There are six staff involved in the monitoring of the collection of APDT under the programme concerned.
- (c) & (d) CAD has all along been reminding airlines that APDT paid to an airline by a passenger who does not depart by air from Hong Kong on the occasion in respect of which he has paid APDT, shall be refunded in full by the airline under section 14(1) of the Air Passenger Departure Tax Ordinance (the Ordinance) (Cap. 140) without imposing any charges on the passengers concerned for the APDT refund. CAD has required airlines to provide the relevant information so as to facilitate the monitoring of airlines in making APDT refund to the passengers concerned free of charge. CAD will maintain communication with the trade to follow up on the Consumer Council’s recommendations.
- (e), (f) & (g) Under the Ordinance, airlines and helicopter companies are required to collect APDT from departing passengers and handle APDT refund on behalf of the Government, while the Government will pay administration fees to the relevant companies in regard to every passenger who has paid APDT. The level of administration fees is determined based on the costing information provided by the companies concerned. Besides, CAD has set up an Air Passenger 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 the tender results.

The estimated expenditure for the administration fees paid to the relevant companies in regard to APDT in 2016-17 is \$62.95 million. The expenditure in the past five years (2011-12 to 2015-16) is tabulated below:

Year	Expenditure (\$ million)
2011-12	46.78
2012-13	49.24
2013-14	54.17
2014-15	57.14
2015-16 (revised estimate)	60.42

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CONTROLLING OFFICER'S REPLY**FSTB(Tsy)006****(Question Serial No. 0728)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (-) Not specifiedProgramme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

It is mentioned in the Estimates that the Customs and Excise Department (C&ED) will “strengthen enforcement actions against illicit cigarettes activities, especially in respect of cross-boundary smuggling and telephone-order peddling”.

Please advise:

1. What was the respective sales volume of cigarettes in Hong Kong in the past five years?
2. What was the respective amount of illicit cigarettes seized in the past five years? What was the total value?

Asked by: Hon CHAN Kam-lam (Member Question No. 24)Reply:

1. The Customs and Excise Department does not maintain any sales data on tobacco products. The amount of duty-paid cigarettes in Hong Kong in the past five years is as follows:

	2011	2012	2013	2014	2015
Duty-paid cigarettes (million sticks)	2 877	2 914	3 135	3 149	3 270

2. In the past five years, the amount of illicit cigarettes seized from local illegal activities and their total values is as follows:

	2011	2012	2013	2014	2015
Amount of illicit cigarettes seized from local illegal activities (million sticks)	71	67	79	52	52
Total Value (million dollars)	170	160	190	130	140

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CONTROLLING OFFICER'S REPLY

FSTB(Tsy)007

(Question Serial No. 0435)

Head: (31) Customs and Excise Department

Subhead: ()

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The amount of cigarettes seized by the Customs and Excise Department in anti-illicit-cigarette enforcement in 2015 increased significantly by more than 20 million sticks over 2014. In this regard, would the Administration advise this Committee of any plans to combat more effectively offences relating to illicit cigarettes, especially the activities of cross-boundary smuggling and telephone-order peddling?

Asked by: Hon Dennis KWOK (Member Question No. 14)

Reply:

The volume of illicit cigarettes seized by the Customs and Excise Department (C&ED) in 2015 exceeded that in 2014 by 20 million sticks. The increase was mainly due to two major transshipment smuggling cases detected in 2015 through intelligence exchange with overseas enforcement agencies. If the seizures in these two major cases are excluded, the volume of illicit cigarettes seized by C&ED in 2015 would be on par with that in 2014.

C&ED will continue to combat cross-boundary smuggling of illicit cigarettes at source. In respect of telephone-order peddling, dedicated teams have been established to combat illicit cigarette peddling activities. C&ED will also enhance the programme of "Joint Effort with Community against Illicit Cigarettes" and strengthen co-operation with community partners including telecommunications operators, estate management offices and front-line staff with a view to widening the intelligence network.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)008

(Question Serial No. 1448)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In 2016-17, the Customs and Excise Department would strengthen co-operation with the Mainland Customs in combating cross-boundary smuggling of illicit fuel. In respect of the relevant work, what are the resources involved in achieving outcomes in 2015-16 and taking forward the work plans in 2016-17?

Asked by: Hon Frankie YICK Chi-ming (Member Question No. 25)

Reply:

The Customs and Excise Department (C&ED) has all along been maintaining intelligence exchange with the Mainland Customs to intercept illicit fuel activities at source. In 2015, C&ED detected a total of 32 small-scale cases involving cross-boundary smuggling of illicit fuel. In 2016-17, C&ED will continue to enhance cooperation with the Mainland Customs, monitor the trend and changes of cross-boundary smuggling of illicit fuel activities, and redeploy internal resources to tackle the problem where necessary.

In 2016-17, there will be an establishment of 23 posts dedicated to anti-illicit-fuel enforcement, involving an expenditure of \$8.77 million.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)009

(Question Serial No. 1449)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the assessment of the provisional taxable value of imported vehicles, please advise this Committee of the number of cases that fail to complete assessment within five working days upon receipt of applications as well as their corresponding percentages among all applications in the past three years (2013, 2014 and 2015). Please provide a breakdown of reasons for failing to complete assessment within five working days upon receipt of applications. Did the Customs and Excise Department (C&ED) allocate additional resources for the related work in the past three years? If yes, what are the details? If no, will C&ED consider allocating additional resources to expedite the assessment of the provisional taxable value of vehicles?

Asked by: Hon Frankie YICK Chi-ming (Member Question No. 26)

Reply:

In the past three years (2013, 2014 and 2015), all applications for assessment of the provisional taxable value of imported vehicles received by the Customs and Excise Department (C&ED) were completed within five working days upon receipt of all necessary documents and information.

The Motor Vehicles Valuation Group of C&ED has expanded its establishment from 14 officers in 2013 to 26 officers to date. They are responsible for, inter alia, running the registration system of motor vehicle importers/distributors, conducting assessment of the provisional taxable value of imported vehicles, as well as making inspection of imported vehicles to verify the information declared.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)010

(Question Serial No. 1450)

Head: (31) Customs and Excise Department

Subhead: ()

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the cases of re-assessment of provisional taxable value on imported vehicles, please advise this Committee of the number of such cases filed by the agents of motor vehicle traders and parallel importers respectively, as well as the percentage of approved applications with provisional taxable values adjusted against the total number of re-assessed cases. What will be the resources involved in the related work in 2016-17?

Asked by: Hon YICK Chi-ming, Frankie (Member Question No. 27)

Reply:

According to the Motor Vehicles (First Registration Tax) Ordinance (Cap. 330), all motor vehicle distributors (including agents or parallel importers) shall submit the suggested Published Retail Price (PRP) to the Customs and Excise Department (C&ED) seven days prior to the sale of motor vehicles for approval and calculation of the provisional taxable value. When there is a need to change the accessories of the motor vehicles involved or to alter the PRP approved by C&ED due to changes in market conditions or promotion strategies, distributors may apply to C&ED for re-assessment of provisional taxable value. However, C&ED does not keep separate statistics on the distributors applying for re-assessment of the provisional taxable value.

The Motor Vehicles Valuation Group of C&ED currently has an establishment of 26 officers, who are responsible for, inter alia, running the registration system of motor vehicle importers/distributors, conducting assessment of the provisional taxable value of imported vehicles, as well as making inspection of imported vehicles to verify the information declared.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)011****(Question Serial No. 0225)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Would the Government please provide:

- 1) details on establishment of staff responsible for combating smuggling and distribution of illicit cigarettes, including the staff's rank, number and salary point;
- 2) the number of reports received on illicit cigarettes and the quantity of illicit cigarettes seized in the past three years;
- 3) prosecution information for the past three years in the following table.

	Number of cases		
	2013	2014	2015
Penalties on convicted persons			
Not Convicted			
Community service order			
Fines of \$5,000 or less			
Fines ranging from \$5,001 to \$10,000			
Fines ranging from \$10,001 to \$50,000			
Fines over \$50,000			
Imprisonment for 6 months or less, subject to suspension			
Imprisonment for over 6 months, subject to suspension			
Imprisonment for less than 30 days			
Imprisonment for 30 to 89 days			
Imprisonment for 90 to 179 days			
Imprisonment for 180 days to 1 year			
Imprisonment for over 1 year			
Other penalties			

Asked by: Hon Jeffrey LAM Kin-fung (Member Question No. 7)

Reply:

1. The Customs and Excise Department (C&ED) has an establishment of 61 officers dedicated to combating illicit cigarette activities. Their rank, number and salary point are as follows:

Rank	Assistant Superintendent	Senior Inspector	Inspector	Chief Customs Officer	Senior Customs Officer	Customs Officer
Number	1	4	6	2	9	39
Pay scale	General Disciplined Services (Officer) Pay Scale			General Disciplined Services (Rank and File) Pay Scale		
Salary point	27-32	22-26	5-21	24-29	15-24	2-14

2. The number of reports received on illicit cigarette activities and the quantity of illicit cigarettes seized from local illegal activities in the past three years are as follows:

	2013	2014	2015
Number of reports received on illicit cigarette activities	1 967	1 657	1 835
Quantity of illicit cigarettes seized from local illegal activities (million sticks)	79	52	52

3. Information on prosecution against illicit cigarette activities for the past three years is as follows:

	Number of cases		
	2013	2014	2015
Not convicted	27	38	37
Penalties on convicted persons			
Community service order	11	27	26
Fines of \$5,000 or less	1 422	1 814	1 570
Fines ranging from \$5,001 to \$10,000	132	132	80
Fines ranging from \$10,001 to \$50,000	96	70	69
Fines over \$50,000	0	1	1
Imprisonment for 6 months or less, subject to suspension	172	236	256
Imprisonment for over 6 months, subject to suspension	2	2	3
Imprisonment for less than 30 days	216	401	432
Imprisonment for 30 to 89 days	196	179	130
Imprisonment for 90 to 179 days	89	75	70
Imprisonment for 180 days to 1 year	79	52	40
Imprisonment for over 1 year	0	7	1
Other penalties	45	41	52

Note: The figures in the above table include all cases under Programmes (1) and (4).

For any case which involves more than one category of the above penalties (say, the person is fined and sentenced to imprisonment at the same time), such case is counted once under each relevant category.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)012

(Question Serial No. 0999)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Tommy Yuen)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government has indicated that the relocation of the 3 government office buildings in Wan Chai will be implemented in phases. In this connection, what is the latest estimate in respect of the site premium, the completion date of the relocation exercise and the timetable for the land sale?

Asked by: Hon CHAN Hak-kan (Member Question No. 6)

Reply:

Relocation of the 3 government office buildings at the Wan Chai waterfront is a large-scale project involving 29 departments, 175 000m² of office space 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 ironing out concrete reprovisioning arrangements with departments affected, as well as planning for new government office building projects necessary for the reprovisioning.

Construction works of the first reprovisioning project, namely the West Kowloon Government Offices (WKGO), commenced in July 2015 for completion in 2019. Part of the WKGO will be used for reprovisioning some of the departments in the 3 government office buildings at the Wan Chai waterfront. We have also engaged consultants for pre-construction works of another 2 reprovisioning projects, namely the Government Data Centre Complex and the Treasury Building in Cheung Sha Wan. Meanwhile, we are actively planning for other new government office building projects in the Kai Tak Development Area, Chai Wan, Tseung Kwan O and Cheung Sha Wan, etc. for the relocation exercise. According to our current plan and progress of the reprovisioning projects, we will seek funding approval of Legislative Council to take forward the projects in succession in the next few years.

Upon relocation of the departments concerned to new government office buildings from 2019 onwards, we will arrange to lease out the vacated floors in phases to help increase the supply of Grade A office space in Wan Chai. The completion date of the entire relocation exercise depends on the progress of various reprovisioning projects. We will consider selling these 3 government buildings at appropriate time after completion of the entire relocation exercise.

At this stage, we are unable to estimate the values of these 3 buildings when they are sold.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)013****(Question Serial No. 0748)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (1) Acquisition and AllocationControlling Officer: Government Property Administrator (Tommy Yuen)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. 44)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 5 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) (approx.)
	\$ per square metre	\$ per square foot	
2011	252	23	276 000
2012 ^{Note 2}	232	22	278 000
2013	252	23	292 000
2014	266	25	313 000
2015	269	25	307 000
Average monthly rental in the past 5 years	254	24	-

Note 1: To ensure quality response to questions, we only provide budget-related information for up to 5 years.

Note 2: The average monthly rental expenditure for 2012 was lower than that of 2011. It is mainly due to the Government deleasing 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)014

(Question Serial No. 3081)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Tommy Yuen)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 127 of the Budget Speech that “the Government will continue to increase the supply of commercial floor area through various channels. Apart from putting on sale the Trade and Industry Department Tower in Mong Kok and implementing the relocation plan of the three government office buildings in Wan Chai by phases ...” Will the Government inform this Committee of the progress of the plan to relocate the 3 government office buildings in Wan Chai, with details on the bureaux and departments involved, to where and when will they be relocated as well as the cost of the entire relocation exercise?

Asked by: Hon Frederick FUNG Kin-kee (Member Question No. 55)

Reply:

Relocation of the 3 government office buildings at the Wan Chai waterfront is a large-scale project involving 29 departments (the bureaux/departments concerned are set out at Annex), 175 000m² of office space 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 ironing out concrete reprovisioning arrangements with departments affected, as well as planning for new government office building projects necessary for the reprovisioning.

Construction works of the first reprovisioning project, namely the West Kowloon Government Offices (WKGO) commenced in July 2015 for completion in 2019. Part of the WKGO will be used for reprovisioning some of the departments in the 3 government office buildings at the Wan Chai waterfront. We have also engaged consultants for pre-construction works of another 2 reprovisioning projects, namely the Government Data Centre Complex and the Treasury Building in Cheung Sha Wan. Meanwhile, we are actively planning for other new government office building projects in the Kai Tak Development Area, Chai Wan, Tseung Kwan O and Cheung Sha Wan, etc. for the relocation exercise. According to our current plan and progress of the reprovisioning projects, we will seek funding approval of Legislative Council (LegCo) to take forward the projects in succession in the next few years.

Upon relocation of the departments concerned to new government office buildings from 2019 onwards, we will arrange to lease out the vacated floors in phases to help increase the supply of Grade A office space in Wan Chai. The completion date of the entire relocation exercise depends on the progress of various reprovisioning projects. We will consider selling these 3 government office buildings at appropriate time after completion of the entire relocation exercise.

The expenditure of the entire relocation exercise is mainly the construction cost of the new government office buildings. In general, such cost estimate will be available after completion of design. When we seek funding approval of LegCo to implement each of the concerned building projects, we will provide the relevant cost estimate.

**The 29 bureaux and departments involved in the relocation project of
the 3 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)015

(Question Serial No. 3118)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Tommy Yuen)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In 2016-17, the Government Property Agency will, through an annual accommodation review mechanism, continue to 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 savings have been achieved because of the reduced requirements in office space. If so, what are the details? If no, why?

Asked by: Hon James TIEN Pei-chun (Member Question No. 48)

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 deleasing cases in respect of government offices as a result of the review in the past 3 years are as follows:

Year	Review result	Annual rental savings (\$million) (approx.)
2013	Deleasing the premises of the Leisure and Cultural Services Department in Tin Shui Wai	12.17
	Deleasing the premises of the Civil Aviation Department in Tung Chung	7.33
	Deleasing the premises of the Home Affairs Department in Kowloon City	5.11
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

Year	Review result	Annual rental savings (\$million) (approx.)
2015	Deleasing the premises of the Census and Statistics Department in Kwai Chung	13.04
	Deleasing the premises of the Hongkong Post in Cheung Sha Wan	12.27
	Deleasing the premises of the Department of Justice in Admiralty and Wan Chai	11.92

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)016

(Question Serial No. 3217)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (2) Property Management

Controlling Officer: Government Property Administrator (Tommy Yuen)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In 2016-17, the Government Property Agency will continue to take forward measures to reduce energy consumption in government joint-user buildings. In this connection, will the Government inform this Committee of the following: How effective were the energy-saving measures adopted in the past 3 years? What was the expenditure? What works have been planned for 2016-17? What is the estimated expenditure?

Asked by: Hon James TIEN Pei-chun (Member Question No. 49)

Reply:

To reduce electricity consumption of joint-user office buildings (JUBs), the Government Property Agency ("Agency") has implemented a number of housekeeping energy-saving measures in major energy consumption areas (including air-conditioning system, luminaries, and lift operation) and, where feasible, has carried out appropriate energy retrofit projects. The total electricity consumption of JUBs has decreased by an average of about 1% per annum in 2013-14 and 2014-15. For 2015-16, the relevant information is being collated.

In 2016-17, to achieve the Government's target in saving 5% electricity consumption in government buildings in the coming 5 years as announced in the 2015 Policy Address, the Agency is working together with departments concerned to conduct a new round of energy audit to identify appropriate energy management opportunities that suit individual buildings. We will decide on how to achieve the above energy-saving target in the light of the outcomes of energy audit.

We continue to take forward energy-saving measures with existing staff resources. Since the staff members concerned are, apart from handling the energy-saving work, concurrently engaged in various other duties, we do not have the breakdown in respect of staff cost on such work.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)017****(Question Serial No. 3218)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (3) Estate UtilisationControlling Officer: Government Property Administrator (Tommy Yuen)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

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

- 1) the number of sites released, and the amount of public fund saved or the benefits realised in the past 5 years; and
- 2) the bureaux and departments under which under-utilised sites have been identified in the past 5 years. Please also provide the areas of these sites and their alternative uses (please tabulate the information by year)?

Asked by: Hon James TIEN Pei-chun (Member Question No. 50)Reply:

The Government Property Agency ("Agency") reviews annually sites of various policy bureaux and departments with a view to identifying under-utilised sites and optimising the use of land resources, and where feasible, releases the development potential of appropriate government properties/sites through land sale, redevelopment or revitalisation. In the past 5 years, the Agency has, upon review, identified and released 20 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
2011				
1	Portion of ex-Perowne Barracks, Tuen Mun Town Lot No. 423	Not applicable (ex-military site)	112 900	Private residential
2	Ex-Lingnan College Campus,	Not applicable	17 200	

No.	Property/site	Department concerned	Site area (m ²)(approx.)	New use
	Stubbs Road	(ex-college campus)		
3	Ex-Wan Chai Police Married Quarters, 188 Jaffe Road, Wan Chai	Hong Kong Police Force	1 900	Hotel, commercial, community and cultural
4	Old Cottage Hut, 180 Kwong Fuk Road, Tai Po		500	The Agency does not have this information
2012				
5	Tsuen Wan Transport Complex, 98 Tai Ho Road, Tsuen Wan	Transport Department	6 300	Mass Transit Railway project and private residential
6	Ex-Hollywood Road Police Married Quarters, 35 Aberdeen Street, Central	Hong Kong Police Force	6 100	Creative centre
7	Ex-Kwun Tong District Offices Building, 6 Tung Yan Street, Kwun Tong	Government Property Agency	4 000	Urban Renewal Authority project
8	Ex-Tsz Wan Shan Housing Department Staff Quarters, 57 Sheung Fung Street, Tsz Wan Shan	Housing Department	3 600	Disciplined services quarters
9	Ex-Lai Chi Kok Incineration Plant Staff Quarters, 3 Yuet Lun Street	Electrical and Mechanical Services Department	700	The Agency does not have this information
2013				
10	Ex-Burma Lines Military Site, Fanling	Not applicable (ex-military site)	283 500	Housing and educational
11	Lower Radio Station (Site C), Tai Mo Shan		14 000	The Agency does not have this information
12	Murray Building, 22 Cotton Tree Drive, Central	Administration Wing	6 100	Hotel
13	4 Rose Street, Kowloon Tong	Education Bureau	3 700	Educational
14	650 Cheung Sha Wan Road	Hongkong Post	1 500	Commercial or office
15	Ex-Tin Wan Housing Department Staff Quarters, Tin Wan Street, Aberdeen	Housing Department	700	Disciplined services quarters

No.	Property/site	Department concerned	Site area (m²)(approx.)	New use
16	The junction of Fu Yan Street and Yan Oi Court, Kwun Tong	Home Affairs Bureau	80	Urban Renewal Authority project
2014				
17	Tung Ping Chau Training Camp	Not applicable (ex-military site)	4 400	Daya Bay Nuclear Power Station nuclear accidents temporary shelter
18	Middle Road Multi-storey Carpark Building, Tsim Sha Tsui	Transport Department	3 200	Commercial or hotel
19	Ex-Lok Fu Housing Department Staff Quarters, 20 Heng Lam Street, Lok Fu	Housing Department	2 700	Disciplined services quarters
2015				
20	Ex-Gordon Hard Camp Site, Tuen Mun	Not applicable (ex-military site)	8 190	Private residential

The review and release of the above properties/sites for new uses have optimised utilisation of the concerned government land resources on one hand, and saved expenses in managing and maintaining the properties involved on the other. However, we do not have the related statistics about the expenses.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)018

(Question Serial No. 0233)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Tommy Yuen)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- 1) Please provide the details (including use, area, rental and tenure) in respect of the domestic and non-domestic premises currently let out by the Government.
- 2) Has the Government reviewed which government properties can be released for redevelopment with a view to providing land for domestic and office uses?

Asked by: Hon Jeffrey LAM Kin-fung (Member Question No. 20)

Reply:

- 1) The floor areas of domestic premises currently leased out by the Government Property Agency ("Agency") range from about 60m² to 460m². The tenure of these tenancies is generally 2 years. The total rental income in 2015 was about \$160 million.

As regards the leased-out non-domestic premises, they are mainly used for operating automatic vending machines, shops, canteens, advertising space and car parks, etc. The floor areas range from about 2m² to 25 000m². The tenure of these tenancies is generally 3 years. The total rental income in 2015 was about \$610 million.

- 2) The Government Property Agency regularly reviews sites used by policy bureaux and departments with a view to optimising the use of land resources and, whenever feasible, makes available suitable government properties/sites for sale and redevelopment to release their development potential. In the past 2 years, the properties/sites handed over through the Agency to the Lands Department for sale and redevelopment included Middle Road Multi-storey Carpark Building, Tsim Sha Tsui (for commercial or hotel use) and ex-Gordon Hard Camp Site, Tuen Mun (for residential use).

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)019****(Question Serial No. 1284)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (3) Estate UtilisationControlling Officer: Government Property Administrator (Tommy Yuen)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

The Government Property Agency estimates that there will be 4 sites ready to be released for disposal, redevelopment or other purposes in 2016. Please provide details and related information of each site, including their location and area, user policy bureaux or departments, existing use and structures, proposed alternative use, affected departments to be relocated or reprovisioned, number of staff of the departments concerned, and the costs to be incurred in the relocation or reprovisioning exercise. What are the respective existing premium of the 4 sites to be released under the Government's plan?

Asked by: Hon Tony TSE Wai-chuen (Member Question No. 2)Reply:

Details of the 4 sites which the Government Property Agency ("Agency") plans to release in 2016 are as follows:

	Ex-Perowne Barracks, So Kwun Wat (Part)	Ex-Victoria Road Detention Centre (Part)	Ex-Sai Kung Central Primary School	Murray Road Multi-storey Carpark Building
Site area (m ²)(approx.)	42 600	6 430	3 850	2 880
Owner department	Not applicable (former military site)	Managed by the Agency	Managed by the Agency	Transport Department
Existing structure	Several ex-military buildings	Former detention centre	Former primary school	A 10-storey government building
Current use	Social welfare	Pending	Government storage	Car park, government offices and public toilets

	Ex-Perowne Barracks, So Kwun Wat (Part)	Ex-Victoria Road Detention Centre (Part)	Ex-Sai Kung Central Primary School	Murray Road Multi-storey Carpark Building
New use	Private residential	Non profit-making tertiary institution	Social welfare	Commercial
Departments to be reprovisioned	Not applicable	Not applicable	Civil Service Bureau and Home Affairs Department	Commerce and Economic Development Bureau, Food and Health Bureau, Home Affairs Bureau, Architectural Services Department, Department of Health and Intellectual Property Department

At present, we do not have any information on the number of staff and costs involved for reprovisioning the government departments concerned as well as the market values of the sites.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)020

(Question Serial No. 1287)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (2) Property Management

Controlling Officer: Government Property Administrator (Tommy Yuen)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In 2016-17, what measures will the Government Property Agency ("Agency") take to reduce energy consumption in government joint-user buildings? Among them, which are new measures and on-going measures respectively? What are the details, aims, implementation timetables, cost and manpower involved of these energy-saving measures? Has the Agency assessed the performance and effectiveness of these energy-saving measures in government joint-user buildings in 2015-16? If so, what is the outcome and how will the Agency follow up?

Asked by: Hon Tony TSE Wai-chuen (Member Question No. 5)

Reply:

With a view to achieving saving in the electricity consumption of joint-user office buildings (JUBs), the Government Property Agency ("Agency") has implemented a number of housekeeping energy-saving measures in major energy consumption areas (including air-conditioning (A/C), luminaries and lift operation). Examples of such measures are setting the number of the core A/C hours, specifying the average room temperature at 25.5°C in summer months, using energy-efficient light fittings and suspending the operation of non-essential lifts after rush hours, etc. Moreover, we will continue to carry out, where feasible, energy retrofit projects progressively in a cost-effective manner to replace existing plant and equipment at the end of their respective economic life with more energy-efficient alternatives such as installing inverter type A/C and replacing existing T8 fluorescent lights with T5 lights.

The Agency has, through the above measures, reduced the electricity consumption of JUBs by 10% in Government's previous energy audit cycle (2008-09 to 2013-14), which outperforms the Government's target of 5% for that cycle. In response to the Government's target to save 5% electricity consumption in government buildings in the coming five years as announced in the 2015 Policy Address, the Agency is working together with departments concerned to conduct a new round of energy audit, thereby identifying appropriate energy management opportunities that suit individual buildings. We will decide on how to achieve the above energy-saving target in the light of the outcomes of energy audit.

In 2016-17, we will continue to take forward energy-saving measures with existing staff resources. Since the staff members concerned are, apart from handling the energy-saving work, concurrently engaged in various other duties, we do not have the breakdown in respect of staff cost on such work.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)021

(Question Serial No. 0894)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Tommy Yuen)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In Matters Requiring Special Attention in 2016-17, the Government Property Agency states that it will plan and take forward new government office building projects for the reprovisioning of the departments in the 3 government office buildings at the Wan Chai waterfront. As the reprovisioning involves land supply and coordination with relevant departments, will the Government inform this Committee of the following:

1. How much land will be required for the reprovisioning? In which districts are these sites located?
2. How much will the entire reprovisioning cost?
3. Have all the departments in the 3 government office buildings at the Wan Chai waterfront agreed to the reprovisioning?
4. When will the reprovisioning of all the departments in the 3 government office buildings at the Wan Chai waterfront complete?

Asked by: Hon Vincent FANG Kang (Member Question No. 2)

Reply:

Relocation of the 3 government office buildings at the Wan Chai waterfront is a large-scale project involving 29 departments, 175 000m² of office space and more than 10 000 staff. We will implement the project in phases as it takes time to prepare for the reprovisioning. All departments affected have agreed to be reprovisioned. We are taking forward the preparation work in full swing, which includes ironing out concrete reprovisioning arrangements with relevant departments, as well as planning for new government office building projects necessary for the reprovisioning.

Construction works of the first reprovisioning project, namely the West Kowloon Government Offices (WKGO), commenced in July 2015 for completion in 2019. Part of the WKGO will be used for reprovisioning some of the departments in the 3 government office buildings at the Wan Chai waterfront. We have also engaged consultants for pre-construction works of another 2 reprovisioning projects, namely the Government Data Centre Complex and the Treasury Building in Cheung Sha Wan. Meanwhile, we are actively planning for other new government office building projects in the Kai Tak Development Area, Chai Wan, Tseung Kwan O and Cheung Sha Wan, etc. for the relocation exercise. According to our current plan and progress 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.

Upon relocation of the departments concerned to new government office buildings from 2019 onwards, we will arrange to lease out the vacated floors in phases to help increase the supply of Grade A office space in Wan Chai. The completion date of the entire relocation exercise depends on the progress of various reprovisioning projects. We will consider selling these 3 government office buildings at appropriate time after completion of the entire relocation exercise.

The expenditure of the entire relocation exercise is mainly the construction cost of the new government office buildings. In general, such cost estimate will be available after completion of design. When we seek funding approval of LegCo to implement each of the concerned building projects, we will provide the relevant cost estimate.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)022

(Question Serial No. 0895)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Tommy Yuen)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

According to the indicator of renewals of leased office accommodation (m²) under the key performance measures, the area concerned in the 2016 Estimate is 109 000m², representing a significant rise of 90% as compared with 57 084m² in 2015 or a substantial increase of 1.77 times as compared with 39 282m² in 2014. In this connection, will the Government inform this Committee of the following:

1. Why is there a substantial increase in the area of renewals of leased office accommodation?
2. Has rental levels upon renewal of tenancy been reduced having regard to the drop in market rents recently? If so, to what extent? If not, why?

Asked by: Hon Vincent FANG Kang (Member Question No. 3)

Reply:

1. The area of lease renewals each year depends on the operational needs of government departments that have tenancies due to expire in that year and the availability of government-owned premises. As such, the estimated figure in 2016 cannot be compared directly with the respective figures in 2014 or 2015.
2. When negotiating lease renewal rents, the Government Property Agency considers mainly the physical characteristics of the premises concerned and open market rental transactions of similar properties with a view to ensuring that lease renewal rents concerned are at the prevailing market level.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)023

(Question Serial No. 3013)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Tommy Yuen)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The performance indicators reveal that the estimated area of new allocation of government-owned office space to government departments in 2016 is 18 800m², representing a sharp decrease of 60% as compared to 48 592m² in 2015; while the estimated area of renewals of leased office accommodation in 2016 is 109 000m², representing a massive increase of 90% as compared to 57 084m² last year. Please provide the reasons for and the departments involved in these changes, and their impact on the estimated expenditure.

Asked by: Hon WONG Ting-kwong (Member Question No. 49)

Reply:

The area of government-owned office space which the Government Property Agency ("Agency") newly allocates to government departments each year largely depends on availability of new supply of government-owned premises (including newly procured premises and vacation of existing premises). Since there were new government-owned premises (the Trade and Industry Tower) completed in 2015 but none in 2016, there will be a significant reduction in the area of newly allocated government-owned premises in 2016 as compared to 2015. In 2015 and 2016, about 30 and 10 government departments respectively had/will have newly allocated government-owned office space. Rental savings resulting from the subsequent deleasing of office accommodation have been reflected in the estimated expenditure of 2016-17.

In respect of lease renewal, we will consider the need for renewal, before a tenancy expires, having regard to the operational needs of the government department(s) concerned and the availability of government-owned premises. As the area of lease renewals each year depends on the area involved in the leases to be renewed, the respective figures in 2016 and 2015 cannot be directly compared. In 2016, we will renew tenancies involving about 30 policy bureaux and departments. The impact of renewal cases on rental expenses has been reflected in the estimated expenditure of 2016-17.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2632)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Tommy Yuen)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As regards the record, disposal and reallocation of idle government properties, please inform this Committee of the following:

- 1) What follow-up actions has the Government Property Agency ("Agency") taken in 2016-17 in response to the recommendations of the Director of Audit's Report No. 65 concerning the disposal of vacant school premises?
- 2) The Education Bureau will provide the Agency with a list of vacant properties. Is there a similar mechanism for other government departments to provide their lists of vacant properties to the Agency? If so, please list by government departments the information of idle properties which the Agency has received in the past 3 years, including their locations, floor areas and dates since they were left idle.

Asked by: Hon WU Chi-wai (Member Question No. 42)

Reply:

Under the existing mechanism for handling surplus government properties, policy bureaux/departments that have surplus government properties, where necessary, may request the Government Property Agency ("Agency") to help identify suitable users.

- 1) With regard to the handling of vacant school premises, the Education Bureau, according to the existing mechanism, may provide the Agency with a list of vacant school premises, such that the Agency can assist in investigating the feasibility of putting the vacant school premises to other uses and make relevant proposals.

- 2) In the past 3 years, a number of departments had sought the assistance of the Agency in handling their surplus properties. Examples include the Water Supplies Department's ex-staff quarters in Hong Kong East, Pok Fu Lam, Tai Tam Tuk, Tsing Yi and Kwai Chung; the Civil Aviation Department's surplus properties in its new Headquarters Building on the Lantau Island; the Food and Environmental Hygiene Department's ex-Mong Kok Market in Mong Kok; and the Electrical and Mechanical Services Department's ex-Headquarters Building in Causeway Bay. The area of these properties ranges from 30m² to 13 000m². As departments are not required to indicate the dates on which their relevant properties have become vacant when seeking assistance of the Agency, we have no information in this respect.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)025****(Question Serial No. 2001)**Head: (59) Government Logistics DepartmentSubhead (No. & title): ()Programme: (2) Supplies ManagementControlling Officer: Director of Government Logistics (Miss Mary CHOW)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please inform this Committee of the following information on confiscated goods received from various departments in each of the past 5 years:

Department	Quantity of confiscated goods	Quantity of goods with value below \$200	Quantity of goods with value between \$201 and \$500	Quantity of goods with value between \$501 and \$1,000	Quantity of goods with value between \$1,001 and \$10,000	Quantity of goods with value above \$10,000	Auction proceeds

Asked by: Hon Cyd HO Sau-lan (Member Question No. 31)Reply:

The Government Logistics Department (GLD) is responsible for auctioning the goods confiscated by various departments according to the law. Due to the wide variety, different condition and degree of wear and tear of the confiscated goods, details regarding the value of these goods are not available. Information on the confiscated items auctioned by GLD for various departments in the past 5 years is provided as follows:

Department	Auction proceeds (HK\$) [Total number of lots] (Note 1)				
	2011	2012	2013	2014	2015
Customs and Excise Department	10,727,740 [319]	40,464,780 [342]	78,336,510 [235]	24,981,370 [230]	35,457,100 [172]
Hong Kong Police Force	1,655,730 [173]	1,655,630 [151]	1,495,220 [209]	914,600 [165]	1,722,360 [125]
Food and Environmental Hygiene Department	184,900 [19]	187,300 [22]	242,970 [59]	207,600 [43]	230,900 [42]

Lands Department	233,500 [20]	378,140 [23]	158,990 [27]	106,130 [27]	102,100 [9]
Independent Commission Against Corruption	6,000 [1]	4,300 [1]	246,250 [7]	760 [6]	1,200 [4]
Immigration Department	- [-]	- [-]	19,100 [5]	- [-]	196,000 [1]
Housing Department	34,000 [2] (Note 2)	- [-]	6,100 [1]	- [-]	18,500 [2] (Note 2)
Office of the Communications Authority	- [-]	- [-]	29,000 [1]	217,000 [2]	- [-]
Transport Department	9,070 [6]	15,830 [7]	120 [1]	4,000 [2]	4,600 [3]
Department of Health	- [-]	- [-]	- [-]	3,900 [1] (Note 3)	- [-]
Agriculture, Fisheries and Conservation Department	- [-]	1,800 [2]	- [-]	1,700 [2]	- [-]
Companies Registry	97,000 [3]	138,000 [3]	- [-]	- [-]	59,000 [1]

Notes:

1. As the goods auctioned are of a wide variety and are quantified using different units, GLD does not keep statistics on the quantity of the goods. The sale of goods at auction is recorded by lot numbers, instead of the quantity of individual items.
2. The two lots in 2011 and one of the lots in 2015 auctioned for the Housing Department consisted of items confiscated by the Housing Department and the Food and Environmental Hygiene Department.
3. This lot consisted of items confiscated by the Department of Health and the Hong Kong Police Force.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)026

(Question Serial No. 3028)

Head: (59) Government Logistics Department

Subhead (No. & title): ()

Programme: (3) Land Transport

Controlling Officer: Director of Government Logistics (Miss Mary CHOW)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government Logistics Department has indicated that it will give priority to environment-friendly (EF) vehicles when replacing government vehicles subject to availability of suitable models in the market as well as operational and resources considerations. In this connection, please 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 5 years and the respective expenditure;
- (3) The estimated number of vehicles to be replaced in 2016-17 and the estimated expenditure; the criteria on which vehicles are being replaced and how the replaced old vehicles will be disposed of.

Asked by: Hon James TIEN Pei-chun (Member Question No. 47)

Reply:

- (1) There are a total of 3 506 environment-friendly vehicles in the Government at present, accounting for about 54% of the government fleet.
- (2) The number of government vehicles replaced in each of the past 5 years and the respective expenditure are as follows:

Year	Number of vehicles replaced	Expenditure involved
2015-16	342	\$136 million
2014-15	364	\$146 million
2013-14	357	\$131 million

2012-13	369	\$134 million
2011-12	375	\$129 million

- (3) It is estimated that the Government will replace 326 vehicles in 2016-17 and the expenditure involved is about \$159 million. The Government Logistics Department (GLD) assesses whether vehicles are due for replacement mainly on the basis of the Economic Life Model which takes into account accumulated maintenance cost, vehicle age, mileage run and replacement cost. In addition, GLD will consider the past utilisation rate of the vehicles as well as comments on the vehicles from the user departments and the Electrical and Mechanical Services Department. Regarding the replaced old vehicles, GLD will arrange through open tendering contractors to purchase them.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)027****(Question Serial No. 0751)**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. 46)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 these cases, the number of audit cases on tax avoidance and the associated amount of back tax and penalty assessed are as follows -

	2011-12	2012-13	2013-14	2014-15	2015-16 (Revised estimate)
No. of cases completed	226	207	219	217	213
Back tax and penalty assessed (\$million)	4,357*	1,524	909	1,156	796

* 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 is prohibited from commenting or disclosing 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)028

(Question Serial No.2663)

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:

This year the Government will increase the allowances for maintaining dependent parents and dependent grandparents within the age groups of 55 to 59 years old and 60 years old or above. The Government will also raise the deduction ceiling for elderly residential care expenses paid for maintaining parents/ grandparents admitted to residential care homes. Will the Government advise this Committee of:

1. the breakdowns of the numbers of taxpayers who applied for the allowances for maintaining 1 or 2 or 3 or 4 parents/ grandparents residing or not residing with them for the past 3 years of assessment with the figures listed by two categories, i.e. parents/ grandparents aged between 55 and 59; and parents/ grandparents aged 60 or above;
2. the respective numbers of taxpayers who claimed the deduction for elderly residential care expenses paid for maintaining parents/ grandparents admitted to residential care homes for the past 3 years of assessment?

Asked by: Hon CHAN Kam-lam (Member Question No. 6)

Reply:

1. The following table sets out the number of salaries taxpayers granted one to four Dependent Parent Allowance(s) or Dependent Grandparent Allowance(s) in the past 3 years of assessment-

Years of assessment	2012-13	2013-14	2014-15(Note1)
	Number of taxpayers	Number of taxpayers	Number of taxpayers
<u>Number of Dependent Parent Allowance(s) granted (Note2)</u> - Aged 60 or above or is eligible to claim an allowance under the Government's Disability Allowance Scheme one 306 860 two 114 710 three 8 570 four 1 710 Total <u>431 850</u> - Aged 55 to 59 one 93 780 two 17 980 three 430 four 40 Total <u>112 230</u>			
<u>Number of Dependent Grandparent Allowance(s) granted (Note2)</u> - Aged 60 or above or is eligible to claim an allowance under the Government's Disability Allowance Scheme one 15 750 two 1 670 three 50 four 2 Total <u>17 472</u> - Aged 55 to 59 one 60 two 10 Total <u>70</u>			

Note1 : As at 29 February 2016

Note2 : If a taxpayer is granted Dependent Parent Allowance(s) or Dependent Grandparent Allowance(s) 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.

2. The following table sets out the number of salaries taxpayer with deduction for Elderly Residential Care Expenses allowed in the past 3 years of assessment:

Years of assessment	2012-13	2013-14	2014-15(Note)
Number of taxpayers	6 750	7 260	7 590

Note : As at 29 February 2016

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)029****(Question Serial No. 2670)**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 five 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 CHAN Kam-lam (Member Question No. 19)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 29 February 2016) –

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	93 740	90.20%	9,936	10.33%
5,000,001-10,000,000	4 260	4.10%	4,948	5.14%
10,000,001 or above	5 930	5.70%	81,299	84.53%
Total	103 930	100%	96,183	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	98 920	90.16%	9,533	8.87%
5,000,001-10,000,000	4 530	4.13%	5,200	4.84%
10,000,001 or above	6 270	5.71%	92,739	86.29%
Total	109 720	100%	107,472	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	101 620	90.18%	9,879	8.90%
5,000,001-10,000,000	4 550	4.04%	5,216	4.69%
10,000,001 or above	6 510	5.78%	95,954	86.41%
Total	112 680	100%	111,049	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	99 400	89.76%	9,873	8.30%
5,000,001-10,000,000	4 580	4.14%	5,257	4.42%
10,000,001 or above	6 760	6.10%	103,858	87.28%
Total	110 740	100%	118,988	100%

Year of Assessment 2014-15 (mainly assessed in the financial year 2015-16; the following table only reflects the number of assessments completed as at 29 February 2016, but not the number for the whole year 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	87 730	88.46%	8,792	7.06%
5,000,001-10,000,000	4 580	4.62%	5,239	4.21%
10,000,001 or above	6 860	6.92%	110,474	88.73%
Total	99 170	100%	124,505	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.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)030

(Question Serial No. 2547)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the property units that have been charged with property tax by the Government over the past 5 years, please provide a breakdown of the number of property units by property types (public rental housing, Home Ownership Scheme flats, private housing, village houses and small houses, etc.) for each year.

Asked by: Dr Hon Fernando CHEUNG Chiu-hung (Member Question No. 269)

Reply:

As the Inland Revenue Department does not keep statistics on the types of property units charged with property tax, the Department is unable to provide information about the property types of the units involved and the number involved for each type.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)031****(Question Serial No. 0277)**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 three years in the table below:

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			

2015-16			
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				

2015-16				
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. 25)

Reply:

A) Relevant details on the ad valorem stamp duty (AVD) collected in the past three years are set out as follows –

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			
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	32 107	7,269	Not Available
\$2,000,001 to \$3,000,000	13 472	48,658	1.86%
\$3,000,001 to \$4,000,000	16 414	92,045	2.61%

\$4,000,001 to \$6,000,000	20 717	174,275	3.52%
\$6,000,001 to \$20,000,000	25 351	452,317	4.83%
\$20,000,001 or above	3 926	3,633,311	6.74%

2015-16 (as at 29 February 2016)			
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	24 767	10,132	Not Available
\$2,000,001 to \$3,000,000	6 909	53,938	2.07%
\$3,000,001 to \$4,000,000	8 946	104,257	2.91%
\$4,000,001 to \$6,000,000	13 989	189,762	3.81%
\$6,000,001 to \$20,000,000	17 469	497,841	5.33%
\$20,000,001 or above	2 657	3,946,908	7.05%

Note 1 : Each instrument stamped is counted as one separate case.

Note 2 : The analysis above is based on the AVD collected at the time of initial stamping, which represents the stated consideration in the instrument or the market value provided by the Rating and Valuation Department (RVD) (where no consideration was stated). The amount involved 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), refund (because of cancellation of the property transaction), or partial refund (for acquisitions of residential properties followed by disposal of original ones, or acquisitions of properties for redevelopment).

Note 3 : The figures of AVD paid include the stamp duty paid on deeds of gift which do not have “stated consideration” (see Note 2). Besides, IRD cannot provide the average figure for properties in the value band of \$2,000,000 or below, as the exact market value was not available from RVD for such properties.

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 applications were originally subject to the previous rates as stipulated in the legislation at that time. As such, the Stamp Office could have no record showing whether these instruments were to be subject to Scale 1 or Scale 2 rates. It was only after gazettal of the Amendment Ordinance that the Stamp Office collected the additional stamp duty for all the instruments executed during the Transitional Period that were chargeable to AVD at Scale 1 rates, and processed applications for AVD to be charged at Scale 2 rates. Given the transitional nature of the arrangement for these cases, and given the constraints of the computer system involved, the Stamp Office cannot provide the breakdown by value band as set out in the question for property transactions carried out during the Transitional Period.

Regarding property transaction (residential and non-residential) instruments executed after the Transitional Period, the number of cases chargeable to Scale 1 and Scale 2 rates and the average amount of AVD collected are set out below:

2014-15 (from 25 July 2014 to 31 March 2015)				
Consideration or value of the property	Transactions charged with AVD at Scale 1 rates (i.e. double stamp duty rates)		Transactions charged with AVD at Scale 2 rates (i.e. the original AVD rates)	
	Number of transactions involved	Average amount of AVD levied (\$) (Note 2)	Number of transactions involved	Average amount of AVD levied (\$) (Note 1 and Note 2)
\$2,000,000 or below	13 908	13,099	4 010	119
\$2,000,001 to \$3,000,000	3 291	78,972	3 873	37,561
\$3,000,001 to \$4,000,000	3 034	159,236	6 784	77,783
\$4,000,001 to \$6,000,000	3 759	321,601	9 289	144,562
\$6,000,001 to \$20,000,000	6 581	754,546	9 593	329,520
\$20,000,001 or above	1 481	4,771,650	859	1,699,706

2015-16 (as at 29 February 2016)				
Consideration or value of the property	Transactions charged with AVD at Scale 1 rates (i.e. double stamp duty rates) (\$)		Transactions charged with AVD at Scale 2 rates (i.e. the original AVD rates) (\$)	
	Number of transactions involved	Average amount of AVD levied (\$) (Note 2)	Number of transactions involved	Average amount of AVD levied (\$) (Note 1 and Note 2)
\$2,000,000 or below	17 233	14,464	7 534	221
\$2,000,001 to \$3,000,000	2 985	76,041	3 924	37,125
\$3,000,001 to \$4,000,000	2 911	156,285	6 035	79,162
\$4,000,001 to \$6,000,000	4 177	293,859	9 812	145,448

\$6,000,001 to \$20,000,000	7 291	725,082	10 178	335,058
\$20,000,001 or above	1 551	5,386,890	1 106	1,927,548

Note 1: The above transactions include some cases where residential property and non-residential property were acquired under a single instrument. The relevant instruments were 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.

Note 2: The analysis above is based on the AVD collected at the time of initial stamping, which represents the stated consideration in the instrument or the market value provided by RVD (where no consideration was stated). The amount involved 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), refund (because of cancellation of the property transaction), or partial refund (for acquisitions of residential properties followed by disposal of original ones, or acquisitions of properties for redevelopment).

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)032****(Question Serial No. 0278)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ()Programme: (2) CollectionControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Will the Government inform this Committee of:

- (A) the number of tax recovery cases with recovery actions not yet completed up till now, and the main reasons for not having completed the actions;
- (B) the details of the recovery cases for financial years 2014-15 and 2015-16 as requested in the table below:

Amount of tax involving recovery cases	No. of cases				
	Salaries Tax	Profits Tax	Property Tax	Personal Assessment	Stamp Duty
below \$100					
\$100 – \$500					
\$501 – \$1,000					
\$1,001 – \$5,000					
\$5,001 – \$10,000					
\$10,001 – \$50,000					
\$50,001 – \$100,000					
\$100,001 – \$500,000					
\$500,001 – \$1,000,000					
\$1,000,001 – \$5,000,000					
Over \$5,000,000					

- (C) the details of the staff establishment for taking recovery actions, including the ranks (with salary points specified) and number of the staff concerned, and the total expenditure involved on personal emoluments;
- (D) the flow of the recovery process, and the time generally required for completion of each case for different categories of tax such as salaries tax and profits tax.

Reply:

- (A) Once a taxpayer defaults on tax payment, the Inland Revenue Department (IRD) will take recovery actions which may include imposition of surcharge, issuance of recovery notices to third parties (such as employers and banks), and initiation of court proceedings. The number of tax recovery cases to be completed in financial year 2015-16 is estimated to be 255 000.

As at 29 February 2016, there were 141 138 tax demand notes with payment overdue. For some taxpayers who encountered financial difficulties in paying their tax on time, they might have applied to IRD and obtained approval for making tax payment by instalments. As for other cases, the tax recovery work is underway. Where a case involves legal proceedings, the process would usually take a longer time, and could hardly be completed within a short period. IRD will continue to take appropriate actions to recover tax in default so as to protect government tax revenue.

- (B) The following table sets out the statistics on the surcharge notices issued by IRD for different tax types in financial years 2014-15 and 2015-16 –

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)
2014-15 financial year						
Profits Tax	16 600	78.57	1,572	3 800	66.39	632
Salaries Tax	193 400	138.05	2,761	10 600	34.42	328
Property Tax	19 000	16.32	326	2 100	4.72	45
Personal Assessment	14 200	6.56	131	800	2.53	24
Total	243 200	239.50	4,790	17 300	108.06	1,029
2015-16 financial year*						
Profits Tax	15 100	87.80	1,756	4 100	60.60	577
Salaries Tax	189 200	138.05	2,761	12 300	40.99	390
Property Tax	18 000	17.12	342	2 400	6.36	61
Personal Assessment	13 000	5.77	116	900	3.17	30
Total	235 300	248.74	4,975	19 700	111.12	1,058

* As at 29 February 2016

As for stamp duty, there were 13 944 and 12 313 late stamping cases in financial years 2014-15 and 2015-16 (as at 29 February 2016) respectively. The late penalty involved amounted to \$38 million and \$28 million respectively.

IRD has no breakdown on the tax default cases by the amount of tax in default.

- (C) The Enforcement Section is headed by an Assistant Commissioner and has an establishment of 221 staff, comprising 32 Assessor grade staff, 141 Taxation Officer grade staff, 46 clerical grade staff and 2 Common grade staff. The revised estimate of funding provision in financial year 2015-16 for the section is \$123.4 million.

- (D) The time required for tax recovery depends very much on the circumstances of individual cases and hence cannot be generalized. IRD does not maintain statistics in this regard. Regarding the flow of the recovery process, as mentioned in Part (A) above, the recovery actions which may be taken by IRD generally include imposition of surcharge, issue of warning letter, recovery from employer or other third parties, and initiation of court proceedings, etc.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)033

(Question Serial No. 3138)

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:

It is mentioned in the Budget Speech that “Hong Kong is also obliged to implement the project of the Group of Twenty against base erosion and profit shifting”. In this regard, would the Government please inform this Committee of:

- (a) the estimated expenditure for the above initiative in 2016-17;
- (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 2016-17?

Asked by: Hon SIN Chung-kai (Member Question No. 79)

Reply:

In November 2015, the Group of Twenty (“G20”) endorsed a package of measures to tackle Base Erosion and Profit Shifting (“BEPS Package”). Proposed by the Organisation for Economic Co-operation and Development, the BEPS Package covers 15 areas. It aims to ensure that multinational corporations pay a fair share of taxes in respect of their profits and to plug the loophole of “double non-taxation” among jurisdictions. The Administration is conducting analysis on the BEPS package and will set our work priorities. We will also consult the industry on the strategies for implementing the relevant proposals at an appropriate juncture and then proceed with the necessary legislative amendment exercise.

As regards the preparatory work undertaken by the Inland Revenue Department (IRD), it is mainly coordinated by a Deputy Commissioner who leads the Tax Treaty Section to take up the relevant tasks. 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 is not available.

It is anticipated that implementation of the G20's BEPS package will create additional workload for IRD. IRD will closely monitor the situation and its manpower need. To cope with the increasing workload arising from various initiatives on international tax cooperation (including the implementation of Automatic Exchange of Financial Account Information in Tax Matters, the BEPS package, and the negotiation of comprehensive agreements for the avoidance of double taxation with trading partners), IRD will create seven non-directorate posts (two of which are supernumerary posts for five years) in 2016-17 to strengthen the relevant support.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)034

(Question Serial No. 1091)

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 2016-2017 rates concession.

Asked by: Hon Albert CHAN Wai-yip (Member Question No. 2)

Reply:

Regarding the rates concession measure in the 2016-17 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 \$460,000 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)035

(Question Serial No. 2661)

Head: (162) Rating and Valuation Department

Subhead (No. & title): ()

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:

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

- (1) the number of rates concession cases, together with the number of cases that involve private domestic premises and commercial properties and the respective concession amounts involved;
- (2) the amounts enjoyed by each of the top 100 organisations receiving the highest amounts of rates concession in table form;
- (3) for cases with rates concession reaching the ceiling level, the number of cases that involve private domestic premises and commercial properties and the respective concession amounts involved;
- (4) the number of rates concession 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, and the amount involved.

Asked by: Hon Albert CHAN Wai-yip (Member Question No. 64)

Reply:

The above questions are not relevant to Head of Expenditure 162.

- (1) For the 2016-17 financial year, around 3.17 million properties will benefit from rates concession, of which about 1.76 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 \$6.7 billion and \$1.4 billion respectively.
- (2) For the 2016-17 financial year, the top 100 ratepayers (excluding organisations providing subsidized housing) that are estimated to receive the highest amounts of rates concession, involving about \$0.25 billion, are as follows -

Ratepayer	Amount of Rates Concession (\$million)
1 - 50	203.0
51 - 100	43.5
Total	246.5

- (3) For the 2016-17 financial year, it is estimated that about 1.38 million private domestic properties and about 0.29 million non-domestic properties will enjoy rates concession at the ceiling level, involving concession amounts of about \$5.5 billion and \$1.2 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 on subsidiary companies, affiliated companies and holding companies of ratepayers.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)036****(Question Serial No. 2926)**Head: (162) Rating and Valuation DepartmentSubhead (No. & title): ()Programme: Not SpecifiedControlling Officer: Commissioner of Rating and Valuation (TANG Ping Kwong)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Regarding the rates concession announced in the Budget in the past five years, please provide information on the top 100 ratepayers (ratepayers 1-10, 11-50, 51-100) that received the largest estimated amounts of rates concession (including the total amount of rates concession enjoyed and the total number of rateable properties held by the ratepayers in each category).

Asked by: Dr Hon Fernando CHEUNG Chiu-hung (Member Question No. 258)Reply:

The Rating and Valuation Department does not maintain information on the top 100 ratepayers that were estimated to receive the highest amounts of rates concession in 2013-14 and the years before. The following table sets out the relevant information for 2014-15 and 2015-16 -

Ratepayers (excluding organisations providing subsidized housing)	2014-15		2015-16	
	Amount of Rates Concession (\$ million)	Number of Rateable Tenements	Amount of Rates Concession (\$ million)	Number of Rateable Tenements
1-10	86.4	40 946	126.9	40 333
11 – 100 *	85.4	37 787	124.5	36 637
Total	171.8	78 733	251.4	76 970

* For ratepayers ranked from the 11th to 100th, the Department does not have the breakdown on tenement figures.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)037

(Question Serial No. 0102)

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:

Estate duty was abolished on 11 February 2006. Regarding the Rating and Valuation Department's valuations provided for estate duty cases, the 2015-16 revised estimate is 600, which is the same as the 2016-17 estimate. What are the reasons?

When are all the cases expected to complete?

Asked by: Hon IP Kwok-him (Member Question No. 54)

Reply:

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006. Since then, no estate duty is chargeable when a person applies for the grant of representation in respect of deaths occurring on or after that date. However, since there is no statutory time limit for such application, the Estate Duty Office (EDO) of the Inland Revenue Department still receives new cases in respect of the estates of persons who died before 11 February 2006. As such new cases often involve immovable properties in Hong Kong, the Rating and Valuation Department (RVD) will need to continue to provide valuation for such properties. The estimated number of the valuation cases that RVD has to handle is based on the number of outstanding cases and the forecast of new cases referred from EDO.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)038

(Question Serial No. 2191)

Head: (162) Rating and Valuation Department

Subhead (No. & title):

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:

With regard to allocating building numbers to new buildings, please advise on the total number of cases which the Rating and Valuation Department failed to allocate building numbers within the target time in the past three years, and the reasons for exceeding the target time. Why are there different achievement rates for allocating building numbers in urban and rural areas? Are there any plans to adopt a standard achievement rate?

Asked by: Hon LEUNG Che-cheung (Member Question No. 38)

Reply:

It is the target of the Rating and Valuation Department (RVD) to allocate building numbers to 95% of new buildings in the urban area within 1 month upon receipt of the completion documents. For the rural area, the target is 90%.

In the past three financial years, RVD allocated building numbers for a total of more than 3 000 cases. RVD completed all cases within the target timeframe, with the exception of only one case (which took a longer time as it involved a building with shops abutting four streets).

Building numbers in the rural area are allocated mainly with reference to the name of the place or village in which the houses are located. If the name of the location is unclear, RVD would need to spend time to consult the departments concerned, so as to ascertain the correct name involved before a building number can be allocated. Furthermore, as some villages are developed sporadically and houses are scattered around, the allocation work is more complicated and takes a longer time to complete, when compared with cases in the urban area generally. RVD would review the working targets from time to time, having regard to the actual circumstances, with a view to enhancing its services.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)039

(Question Serial No. 2180)

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 2016-17.

- 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. 2037)

Reply:

In 2016-17, 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	12
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	665
Total	868

In 2016-17, RVD's estimates for annual emoluments, expenses for duty visit and expenses for entertainment are \$0.4 billion, \$100,000 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)040****(Question Serial No. 2662)**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:

1. In the past five years, how many Personalised Vehicle Registration Marks (PVRMs) were successfully auctioned each year under the PVRM Scheme? What is the average auction price in each year? How many PVRMs were auctioned at reserve price each year? What is the highest auction price in each year? Please list out separately.

2. What are the monetary and manpower resources involved in the scheme last year and this year respectively? What is the amount of proceeds brought to the Treasury each year since the implementation of the scheme?

Asked by: Hon CHAN Kam-lam (Member Question No. 5)Reply:

- (1) In the past five years (i.e. 2011-2015), the number of PVRM allocated through auction, the number of PVRM allocated at reserve price, the average auction price and the highest auction price 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)
2011	2 665	1 871	11,111	800
2012	2 877	2 065	10,857	1,250
2013	2 086	1 567	10,591	440
2014	2 728	2 061	10,747	1,520
2015	2 758	2 011	11,760	550

- (2) Since the applications and auctioning of PVRMS and the traditional vehicle registration marks are processed by staff in 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 emoluments of about \$4.07 million and \$4.25 million in 2014-15 and 2015-16 respectively.

In the past five years, the proceeds of the PVRM Scheme each year are tabulated below –

Year	2011	2012	2013	2014	2015
Proceeds (\$ '000)	29,610	31,236	22,092	29,318	32,435

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

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2170)

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 for the coming year:

- 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. 2027)

Reply:

The estimated establishment in 2016-17 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	10
Accounting Officer I	28
Accounting Officer II	31
Chief Executive Officer	1
Senior Executive Officer	1
Executive Officer I	2
Executive Officer II	1
Senior Personal Secretary	1
Personal Secretary I	5
Personal Secretary II	3
Confidential Assistant	2
Senior Clerical Officer	27
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	6

Motor Driver	1
Property Attendant	1
Workman II	5

The estimate of the amount required in 2016-17 for personal emoluments of the Treasury is around \$209 million while those for duty visits and entertainment are \$50,000 and \$10,000 respectively.

Since the expenditure on housing allowance is not included under Head 188 - Treasury, we cannot provide the estimate on housing allowance for staff of the Treasury for 2016-17.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)042

(Question Serial No. 1159)

Head: (106) Miscellaneous Services

Subhead (No. & title): (789) Additional commitments

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:

As regards the provision of \$23.653 billion under Subhead 789 Additional commitments, please advise the respective estimated funding for supporting healthcare reforms, setting up an Innovation and Technology Venture Fund, injection into the HKSAR Government Scholarship Fund, and one-off proposals announced in the Budget Speech.

Asked by: Hon Albert HO Chun-yan (Member Question No. 68)

Reply:

The provision of about \$23.7 billion under Subhead 789 Additional commitments is to meet funding for initiatives under planning and also any unavoidable non-recurrent expenditure that may arise during the year in excess of the amounts provided under other heads and subheads of the Estimates. From time to time during the year, when additional provision chargeable to other heads of expenditure is approved by the Finance Committee (FC), normally an equivalent amount will be deducted/drawn from this Subhead.

Major expenditures under this Subhead include funding for initiatives under planning, including funding for supporting healthcare reforms (\$10 billion), setting up an Innovation and Technology Venture Fund (\$2 billion), injection into the HKSAR Government Scholarship Fund (\$1 billion), and the initiatives announced in the Budget such as providing an extra allowance to recipients of the Comprehensive Social Security Assistance, Old Age Allowance, Old Age Living Allowance or Disability Allowance (\$2.8 billion). All of them are subject to approval by the FC of the Legislative Council.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)043

(Question Serial No. 2185)

Head: (184) Transfers To Funds

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:

This year, a provision of \$3.8 billion will be made as Payment to the Civil Service Pension Reserve Fund to maintain a balance of not less than the estimated pension expenditure of the budget year. As for last year, the annual estimated expenditure on pensions was \$297 million and a provision of \$100 million was made as Payment to the Civil Service Pension Reserve Fund under this Head. We see an astonishing surge this year. What are the reasons for the one-off provision of \$3.8 billion for the fund?

Asked by: Hon LEUNG Kwok-hung (Member Question No. 40)

Reply:

Civil Service Pension Reserve Fund is established to provide a reserve to meet payment of civil service pension in the unlikely event that Government cannot meet its liabilities for such payment from the General Revenue Account.

Provision of \$3,800 million under Subhead 991 Payment to the Civil Service Pension Reserve Fund is to maintain a balance of not less than the estimated pension expenditure of the budget year.

The increase in the 2016-17 estimate under this Subhead is mainly because that having regard to the estimated number of recipients eligible for receiving pension, there is an increase of 2016-17 estimated pension expenditure of some \$3 billion over the 2015-16 original estimate.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)044

(Question Serial No. 2188)

Head: (184) Transfers To Funds

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:

The estimate of the amount required in 2016-17 in respect of transfers from the General Revenue Account to the various funds is 44,864 million, representing a substantial increase of 1 310.8% over the revised estimate for 2015-16. This is mainly due to the transfers of \$25,000 million to the Capital Works Reserve Fund, \$9,000 million to the Capital Investment Fund and \$5,000 million to the Innovation and Technology Fund, and the increase in transfer of \$3,700 million to the Civil Service Pension Reserve Fund. Please advise us of the following:

- (a) What criteria does the Financial Services and the Treasury Bureau adopt in deciding the transfers and the amounts?
- (b) What are the reasons for raising substantially the level of transfers to funds in 2016-17?

Asked by: Hon LEUNG Kwok-hung (Member Question No. 43)

Reply:

- (a) The level of transfers to funds is assessed with regard to the commitments of each Fund and its forecast cash flow.
- (b) Provision of \$25,000 million under *Subhead 984 Payment to the Capital Works Reserve Fund* is to reserve additional funds for the Capital Works Reserve Fund to meet estimated expenditure during 2016-17 on the Public Works Programme, land acquisition, capital subventions and major systems and equipment and computerization.

Provision of \$9,000 million under *Subhead 987 Payment to the Capital Investment Fund* is for investments in statutory bodies and other organisations to finance major infrastructure and other capital projects.

Provision of \$5,000 million under *Subhead 992 Payment to the Innovation and Technology Fund* is to enable the Innovation and Technology Fund to provide sustained and comprehensive support for the development of innovation and technology in Hong Kong.

Provision of \$3,800 million under *Subhead 991 Payment to the Civil Service Pension Reserve Fund* is to maintain a balance of not less than the estimated pension expenditure of the budget year. The Fund is established to provide a reserve to meet payment of civil service pension in the unlikely event that Government cannot meet its liabilities for such payment from the General Revenue Account.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2509)

Head: (184) Transfers to Funds

Subhead (No. & title): (984) Payment to the Capital Works Reserve Fund

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:

On page 15 in the Consolidated Summary of Estimates, the 2016-17 Estimate of expenditure in respect of the Capital Works Reserve Fund (\$84.546 billion) minus the corresponding Revenue (\$69.202 billion) makes a deficit of over \$15.340 billion, with the expenditure exceeding the revenue. What are the reasons for the increase in the estimated expenditure? Last year's figures also result in a deficit (\$16.146 billion). What are the reasons for making a deficit for 2 consecutive years?

Last year's deficit was offset by the balance of the Fund, but \$25 billion is transferred to the Capital Works Reserve Fund in the 2016-17 Estimate under Head 184 this year. What actually is the anticipated use of the \$25 billion? Why can't it be offset by the balance of the Fund?

Asked by: Hon LEUNG Kwok-hung (Member Question No. 104)

Reply:

The 2016-17 estimated expenditure of \$84.5 billion for Capital Works Reserve Fund (CWRP) is higher than the 2015-16 revised estimate of \$78.1 billion. With many major projects at their construction peaks, the estimated annual capital works expenditure in recent years will continue to stay at a high level. As the 2015-16 and 2016-17 estimated expenditure for CWRP are higher than their respective estimated revenue, it is expected that there will be deficits for these two consecutive years for the Fund.

Provision of \$25,000 million under Subhead 984 Payment to the Capital Works Reserve Fund is to reserve additional funds for the CWRP to meet estimated expenditure during 2016-17 on the Public Works Programme, land acquisition, capital subventions and major systems and equipment and computerization. As the 2016-17 estimated expenditure for CWRP cannot be fully offset by its existing fund balance, there is a need to transfer funds from General Revenue Account to CWRP.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)046

(Question Serial No. 3202)

Head: (184) Transfers to Funds

Subhead (No. & title): (987) Payment to the Capital Investment Fund

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:

Provision of \$9 billion under *Subhead 987 Payment to the Capital Investment Fund* is for investments in statutory bodies and other organisations to finance major infrastructure and other capital projects. The estimated expenditure for this year is \$11.15 billion, representing an increase of 3 956% over the expenditure of \$275 million last year. Please advise on the reasons for the shocking rate of increase.

Asked by: Hon LEUNG Kwok-hung (Member Question No. 48)

Reply:

The estimated total payments of Capital Investment Fund in 2016-17 are \$11,156 million, including the anticipated loan drawdown of \$1,220 million for the Hong Kong Science and Technology Parks Corporation (HKSTPC) to proceed with the development of the Science Park Phase 3 and \$442 million for Hongkong International Theme Parks Limited to implement a new hotel development project at the Hong Kong Disneyland. Approval of the Finance Committee of the Legislative Council had been obtained for the relevant financial arrangements. Besides, the Government has earmarked an additional commitment of \$9,476 million as equity injection to the HKSTPC to enable it to take forward Stage 1 of the Science Park Expansion Programme and two pilot projects in the Tseung Kwan O Industrial Estate. The Government will seek the approval of the Finance Committee of the Legislative Council for the above financial arrangements.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)047****(Question Serial No. 2459)**

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 Administration fill out the table provided below about total government expenditure in each of the financial years since 2010/11?

	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)
10/11							
11/12							
12/13							
13/14							
14/15							
15/16							
16/17							

Asked by: Hon Abraham SHEK Lai-him (Member Question No.21)

Reply:

The information on recurrent government expenditure from 2011-12 to 2016-17 is set out on page 21 of 2016-17 Estimates (Volume I) which is available at the following link:

http://www.budget.gov.hk/2016/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 2010-11 to 2014-15 are available at the following link:

http://www.try.gov.hk/internet/eharch_annu_statend15.html#p

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)048

(Question Serial No. 1151)

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 34 of the Budget Speech that the Government will introduce a number of short-term relief measures. Please provide the information of the one-off/short-term relief measures provided from 2013-14 to 2016-17 in the following table.

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

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

Reply:

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

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)049

(Question Serial No. 1519)

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 2016-17:

- (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 the numbers of days off taken by the Secretary, the Under Secretary and the Political Assistant respectively in 2015-16?

Asked by: Hon Albert CHAN Wai-yip (Member Question No. 20)

Reply:

- (1) The estimated operational expenses of the Office of the Secretary for Financial Services and the Treasury in 2016-17 are \$14.1 million.
- (2) The estimated salary provisions for the Secretary, the Under Secretary and the Political Assistant in 2016-17 are \$3.58 million, \$2.68 million and \$1.25 million respectively.

- (3) The estimated provision for entertainment expenses of the Office of SFST in 2016-17 is \$130,000.
- (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 entitled to paid vacation leave of 22 working days per year of service as prescribed in the employment contract or such proportion of it on a pro rata basis. They all took their vacation leave according to corresponding regulations.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)050

(Question Serial No. 3235)

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 studies conducted by consultancy firms or research institutions commissioned by the Financial Services and the Treasury Bureau (The Treasury Branch) over the past 3 years, will the Bureau set out in the table below their details and estimated provisions?

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. 124)

Reply:

The Financial Services and the Treasury Bureau (The Treasury Branch) has not commissioned any consultancy firm or research institution to conduct studies in the past three years.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)051

(Question Serial No. 2669)

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:

1. Regarding the Future Fund established this year, please advise us of the latest financial position and investment portfolio performance of the fund, and provide a breakdown of its investment placed with the Exchange Fund.
2. What are the estimated expenditure and manpower required for administering the fund this year?

Asked by: Hon CHAN Kam-lam (Member Question No. 18)

Reply:

1. The Future Fund was established administratively as a notional savings account within the fiscal reserves on 1 January 2016. It has an initial endowment of \$219.7 billion notionally held against the Land Fund. It remains an integral part of the fiscal reserves and is placed with the Exchange Fund for an initial 10-year investment period. It was established with a view to securing higher investment returns for the fiscal reserves. The Government may provide periodic top-ups for the Future Fund, and the Financial Secretary has decided to inject one-third of the actual surplus in 2015-16 later this year.

About 50 per cent of the Future Fund will be set aside for incremental placement with the Exchange Fund's Long-Term Growth Portfolio to be built up gradually over a period of around three years, which includes private equities and investments in properties outside Hong Kong. The rest will be placed with the Exchange Fund's Investment Portfolio or other investment assets.

2. The expenditure and manpower involved in the Future Fund will be absorbed within the existing resources of the Financial Services and the Treasury Bureau (The Treasury Branch).

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)052

(Question Serial No. 2521)

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:

1. What is the rationale behind the withdrawal of the relief measure of rent waiver for eligible public rental housing (PRH) tenants in this year's Budget?
2. What were the number of households benefited from the rent waiver for PRH tenants and the financial resources used in the past 3 years?
3. Will the Government consider resuming the relief measure of rent waiver for PRH tenants in response to the economic instability in the coming year?

Asked by: Hon Christopher CHUNG Shu-kun (Member Question No. 33)

Reply:

The Government has taken into account all relevant factors when drawing up the one-off relief measures, including the current macro environment, Government's fiscal capacity, the need to boost the economy in the short term as well as the existing and newly added recurrent measures to assist the grassroots. In respect of recurrent government expenditure, the estimate for 2016-17 has increased 6.7% over the revised estimate for 2015-16, or \$22 billion. Spending on education, social welfare and healthcare services, which directly helps the grassroots, accounts for 60% of recurrent government expenditure.

The Budgets in the past three years (i.e. 2013-14, 2014-15 and 2015-16) respectively proposed various measures to pay rent for eligible tenants of the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society (HKHS). The number of tenants benefitted from the measures and the amount of expenditure involved are as follows -

Year	Total number of HA & HKHS' tenants	Total amount of expenditure
2013-14	About 750 000 tenants	About \$2,146 million
2014-15	About 760 000 tenants	About \$1,062 million
2015-16	About 740 000 tenants	About \$1,146 million*

* Figure as a revised estimate.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)053

(Question Serial No. 2941)

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:

1. As at the end of February 2016, how much in total did the Government inject into the Future Fund?
2. As at the end of February 2016, how much investment return did the Future Fund generate?

Asked by: Hon Christopher CHUNG Shu-kun (Member Question No. 41)

Reply:

1. The Future Fund was established administratively as a notional savings account within the fiscal reserves on 1 January 2016. It has an initial endowment of \$219.7 billion notionally held against the Land Fund. It remains an integral part of the fiscal reserves and is placed with the Exchange Fund for an initial 10-year investment period. It was established with a view to securing higher investment returns for the fiscal reserves. The Government may provide periodic top-ups for the Future Fund, and the Financial Secretary has decided to inject one-third of the actual surplus in 2015-16 later this year.
2. In line with the long-term investment objectives, the investment returns arising from the Future Fund during the course of the placement shall be retained by the Exchange Fund for reinvestment. Interest on the Future Fund placement with the Exchange Fund shall be due for payment to the Government upon completion of the placement period.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)054****(Question Serial No. 1222)**

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 2015-16. Please tabulate the tax evasion cases investigated and prosecuted by types over the year. Are there performance indicators for 2016-17? Will additional funding and manpower be deployed for this purpose?

Asked by: Hon CHUNG Kwok-pan (Member Question No. 28)

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 2015-16 are as follows:

	<u>2015-16</u> (Revised Estimate)
Cases completed	1 800
Total back tax and penalty assessed(\$m)	2,500

In the financial year 2016-17, the estimated number of field audit and investigation cases to be completed and the amount of back tax and penalty involved will be similar to those of 2015-16. While the manpower required for processing the above cases will be the same as in 2015-16, the financial provision is higher than the revised estimate for 2015-16 by 1.0%, amounting to \$226 million.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)055

(Question Serial No. 0503)

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 123 of the Budget Speech that “the Hong Kong Housing Authority (HKHA) requires substantial resources to implement the ten-year public housing construction programme. It is estimated that HKHA’s cash and investment balance will drop to \$16 billion by the end of March 2020. I have set aside the investment returns of \$45 billion in 2015 as an injection into the Housing Reserve. Taking this injection together with the 2014 allocation and accumulated investment returns, the balance of the Housing Reserve now stands at \$74 billion. When Government and HKHA have reached consensus on the necessary government financial support arrangements, we shall seek approval from the Finance Committee for funding to be drawn from the Housing Reserve to support the long-term public housing development.” Will the Government inform this Committee: of the justifications for making an injection to the Housing Reserve for the second year; whether an injection is made to the Housing Reserve when the Treasury records a surplus exceeding the expected level of the year; of the basis on which the amount of injection is determined; and whether a target is set for the balance of the Housing Reserve?

Asked by: Hon Frederick FUNG Kin-kee (Member Question No. 33)

Reply:

This question is not directly relevant to Head 147.

The Government has issued press release for the injection to the “Housing Reserve” for the second year. For details, please refer to the following link –

http://www.fstb.gov.hk/tb/en/docs/pr20151218a_e.pdf

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)056

(Question Serial No. 0504)

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 153 of the Budget Speech that “with a relatively sound fiscal position, Government has recorded successive years of surpluses. Fiscal reserves are estimated to be \$860 billion by the end of March 2016, equivalent to 24 months of government expenditure”. Will the Government inform this Committee of the following: What criteria does the current-term Government use to determine whether fiscal reserves are adequate or not? Will the Government conduct reviews and studies on a reasonable level of fiscal reserves? Will the Government consider setting a ceiling for the fiscal reserves? If not, what are the reasons?

Asked by: Hon Frederick FUNG Kin-kee (Member Question No. 35)

Reply:

The question is not directly relevant to Head 147.

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)057

(Question Serial No. 0505)

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 144 of the Budget Speech that “I initiated a three-year measure as from 2015-16 to contain expenditure by requiring policy bureaux to achieve more efficient use of resources through re-engineering, phasing out dated procedures and re-prioritising. We aim to reduce operating expenditure by two per cent in three financial years. Resources saved have all been re-allocated to policy bureaux for new services.” In this regard, will the Government advise this Committee of: the details of the work above and the latest progress; the policy bureaux and departments involved in measures to cut expenditure; and the way to ensure that resources saved can be re-allocated to the affected policy bureaux and departments?

Asked by: Hon Frederick FUNG Kin-kee (Member Question No. 40)

Reply:

This question is not directly relevant to Head 147.

In the face of an ageing population, shrinking labour supply and slowing economic growth, we need to contain the growth of government expenditure to ensure fiscal sustainability.

"0-1-1" envelope savings programme is a fiscal planning tool aimed at achieving more efficient use of public resources through greater efforts in re-engineering and reprioritization such that the savings can be re-deployed to the implementation of enhanced and new services. The programme comprises both the cessation of lump sum allocation for addressing price adjustments as from 2015-16 and reduction of 1% from the respective operating expenditure envelopes of policy bureaux for 2016-17 and 2017-18. The cessation of lump sum allocation involves around \$1.2 billion to \$1.4 billion each year from 2015-16 whilst the 1% reduction in envelope provisions involves around \$1.5 billion each year from 2016-17. Upon completion of the envelope savings programme in 2017-18, it is expected that over \$6 billion could be saved for re-allocation, which is about 2% of the estimated government operating expenditure of \$325 billion in 2014-15.

Envelope holders are expected to deliver savings through re-engineering and reprioritization measures in their bureaux and departments for implementing new services.

Recurrent government expenditure for 2016-17 is estimated to increase by 6.7% over 2015-16, reflecting that efficiency savings under the 0-1-1 programme up to 2016-17 have been re-allocated to bureaux and departments for implementing new and additional services.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)058

(Question Serial No. 0506)

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 148 of the Budget Speech that “recent fluctuations in construction costs have occasionally resulted in higher-than-expected tender prices. To avoid the need to seek additional funding for unexpectedly high tender prices, we have urged departments to invite tenders before submitting funding applications to the Legislative Council (LegCo) for less controversial projects, such as schools and hospitals, which are livelihood-related. We can then present more accurate project estimates to LegCo.” Will the Government inform this Committee: of the justifications for the proposed “tendering before funding application”; whether it has assessed and made reference to the impact of such practice on construction costs in the past; and whether the purpose of avoiding cost overrun is served?

Asked by: Hon Frederick FUNG Kin-kee (Member Question No. 41)

Reply:

If the relevant bureaux or departments could reflect in the funding submissions to the Finance Committee (FC) the return tender prices, it can provide the FC with more accurate cost estimate, thus reducing the risk and level of cost overrun arising from higher-than-expected tender prices. In addition, the “tendering before funding application” arrangement can help shorten the pre-construction lead-time of projects. The Government may award such contracts as soon as the FC has approved the funding applications to press ahead with projects that are conducive to promoting the development of Hong Kong and enhancing the quality of people’s lives. We have briefed the LegCo on the “tendering before funding application” arrangement vide LC Paper Nos. FCRI(2007-08)2 and PWSCI(2001-02)37.

The Government respects FC's decisions on funding approval, and will not award any contract before securing funding from the FC. Bidders are also fully aware that the Government will not be responsible for their tendering preparation costs.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)059

(Question Serial No. 2879)

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 34 of the Budget Speech that the Government will “reduce salaries tax and tax under personal assessment for 2015-16 by 75 per cent, subject to a ceiling of \$20,000. This proposal will benefit 1.96 million taxpayers and reduce government revenue by \$17 billion”. Will the Government inform this Committee of the operational expenses and manpower involved in the said tax reduction measure?

Asked by: Hon Frederick FUNG Kin-kee (Member Question No. 34)

Reply:

The Inland Revenue Department will implement the tax reduction measure with existing staff and through internal redeployment of resources.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)060

(Question Serial No. 1802)

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 2016-17, 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 the total estimated expenditure of minor building works; and
- (2) the basis for prioritisation?

Asked by: Hon James TIEN Pei-chun (Member Question No. 22)

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 does **not** form part of the Appropriation Bill. This being the case, questions relating to expenditure under the Fund are **not** relevant to the examination of the Estimates of Expenditure or the Appropriation Bill.

Around 1 840 minor building works projects are expected to incur expenditure in 2016-17. These include on-going projects as well as new projects proposed to commence in 2016-17, involving an estimated expenditure of around \$739 million.

In approving the funding applications of minor building works, the approving officers concerned will set priorities having regard to the urgency of the projects.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)061

(Question Serial No. 2470)

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 indicated in paragraphs 138 and 158 of the Budget Speech that the Government will earmark \$50 billion to improve the retirement protection for the elderly in need, \$45 billion to set up the Housing Reserve and \$200 billion for the ten-year hospital development plan. In this regard, will the Government advise this Committee of the following:

- 1) Are the above provisions segregated from the Government accounts? Will the respective income, expenditure and net assets be included in the Government's annual accounts and fiscal reserves? If not, what are the reasons?
- 2) Are the financial situations of the provisions subject to monitoring by government departments other than those to which the provisions belong (e.g. regular audit by the Audit Commission)? If so, what are the details? If not, what are the reasons?
- 3) What measures are in place to ensure the achievement of the effectiveness objectives set at the time of establishment?

Asked by: Hon James TIEN Pei-chun (Member Question No. 32)

Reply:

The two provisions earmarked for improving the retirement protection of the elderly in need and implementing the ten-year hospital development plan are part of the Government Accounts. The Housing Reserve, which is the Government's investment income receivable, is temporarily not included in the Government Accounts.

When the Government has specific needs for using or drawing down the provisions, funding proposals (with monitoring measures) will be submitted to the Finance Committee for deliberation in accordance with the established procedures.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)062****(Question Serial No. 3127)**

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:

1. Regarding the overseas duty visits made by officers of the Financial Services and the Treasury Bureau and departments under its purview in the past 5 years, please list each of them by year and provide details of the visits including place, purpose, number of participating officials and expenditure involved in the table below.

Year	Work item and place of visit	Purpose of visit	Number of participating officials	Expenditure involved

2. For each of these overseas duty visits, please list by year the data of total carbon footprints (including carbon footprints made by flight as well as on-site transportation) and the method of estimation in the table below.

Year	Work item of visit	Total carbon footprints	Carbon footprints made by flights	Carbon footprints made by on-site transportation

3. Has carbon offsetting for the above overseas duty visits been met by public funds or private money of the Secretary or officials? If yes, please list by year the data for the past 5 years in the table below:

Year	Work item of visit	Carbon dioxide emission having been offset	Method of carbon offsetting	Expenditure involved

Asked by: Hon Kenneth LEUNG (Member Question No. 3.27)

Reply:

1. Details of the overseas duty visits made by the officers of the Financial Services and the Treasury Bureau (FSTB) and departments under its purview in the past five years is as follows: :

Year	Purposes of visits	Places visited	Number of Officials	Expenditure (\$)
2011-12	FSTB: 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. Departments under FSTB: To participate in business-related conferences, forums and seminars; to meet with relevant officials in the industry to exchange views and to understand the latest business developments; to attend international meetings to share experience and conduct interflows on policies, regulations and related agenda relevant to the business of departments; and to attend import and export fairs of the industry.	Mainland China, Taiwan, Macao, Japan, South Korea, India, Indonesia, Singapore, Malaysia, Philippines, Thailand, Cambodia, Nepal, Sri Lanka, Vietnam, Saudi Arabia, Pakistan, Kazakhstan, Australia, New Zealand, the United States, Canada, Barbados, Mexico, Brazil, Argentina, Peru, South Africa, Morocco, Russia, United Kingdom, France, Portugal, Germany, Italy, Switzerland, Belgium, Denmark, the Netherlands, Norway, Finland, the Czech Republic, Luxembourg, Sweden, Georgia, Spain, Malta , Bermuda, Ireland, Scotland, Mauritius, Ukraine, Israel, Mongolia, Sultanate of Oman, United Arab Emirates	269	8,354,610
2012-13			225	5,118,686
2013-14			225	5,064,654
2014-15			232	5,955,396
2015-16 (as at 29 Feb 2016)			202	4,315,606

2. Our Bureau has not calculated the total carbon footprint made during overseas duty visits.
3. At present, the Government does not require officials to make any carbon offsetting for their duty visits.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)063

(Question Serial No. 2039)

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 2015-16, as well as the estimate for salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Secretary in 2016-17.

Asked by: Dr Hon KWOK Ka-ki (Member Question No. 564)

Reply:

The expenditure on salaries for the Secretary for Financial Services and the Treasury (SFST) in 2015-16 is \$3.58 million. The salary provision earmarked for SFST in 2016-17 is the same as 2015-16. There is no expenditure or estimate in 2015-16 and 2016-17 to cater for the regularly-paid allowances, job-related allowances and non-accountable entertainment allowances payable to SFST.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)064

(Question Serial No. 2040)

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 Under Secretary in 2015-16, as well as the estimate for salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Under Secretary in 2016-17.

Asked by: Dr Hon KWOK Ka-ki (Member Question No. 566)

Reply:

The expenditure on salaries for the Under Secretary for Financial Services and the Treasury (USFST) is \$2.68 million. The salary provision earmarked for USFST in 2016-17 is the same as 2015-16. There is no expenditure or estimate in 2015-16 and 2016-17 to cater for the regularly-paid allowances, job-related allowances and non-accountable entertainment allowances payable to USFST.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)065

(Question Serial No. 2041)

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 2015-16, as well as the estimate for salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Political Assistant in 2016-17.

Asked by: Dr Hon KWOK Ka-ki (Member Question No. 568)

Reply:

The expenditure on salaries for the Political Assistant to the Secretary for Financial Services and the Treasury (SFST) in 2015-16 is \$1.25 million. The salary provision earmarked for the Political Assistant to SFST in 2016-17 is the same as 2015-16. There is no expenditure or estimate in 2015-16 and 2016-17 to cater for the regularly-paid allowances, job-related allowances and non-accountable entertainment allowances payable to the Political Assistant to SFST.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)066

(Question Serial No. 0537)

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 mentioned a three-year measure as from 2015-16 to contain expenditure by requiring policy bureaux to achieve more efficient use of resources through re-engineering, phasing out dated procedures and re-prioritising, with the aim of reducing operating expenditure by 2% in 3 financial years. Resources saved have all been re-allocated to policy bureaux for new services. In this connection, will the Government inform this Committee of:

1. the expenditure-containing measures implemented by various departments in the last financial year;
2. the amount of operating expenditure saved in various departments;
3. the new services being planned or already implemented by various departments with the resources saved?

Asked by: Hon KWOK Wai-keung (Member Question No. 15)

Reply:

This question is not directly relevant to Head 147.

In the face of an ageing population, shrinking labour supply and slowing economic growth, we need to contain the growth of government expenditure to ensure fiscal sustainability.

"0-1-1" envelope savings programme is a fiscal planning tool aimed at achieving more efficient use of public resources through greater efforts in re-engineering and reprioritization such that the savings can be re-deployed to the implementation of enhanced and new services. The programme comprises both the cessation of lump sum allocation for addressing price adjustments as from 2015-16 and reduction of 1% from the respective operating expenditure envelopes of policy bureaux for 2016-17 and 2017-18. The cessation of lump sum allocation involves around \$1.2 billion to \$1.4 billion each year from 2015-16 whilst the 1% reduction in envelope provisions involves around \$1.5 billion each year from 2016-17. Upon completion of the envelope savings programme in 2017-18, it is expected that over \$6 billion could be saved for re-allocation, which is about 2% of the estimated government operating expenditure of \$325 billion in 2014-15.

Envelope holders are expected to deliver savings through re-engineering and reprioritization measures in their bureaux and departments for implementing new services.

Recurrent government expenditure for 2016-17 is estimated to increase by 6.7% over 2015-16, reflecting that efficiency savings under the 0-1-1 programme up to 2016-17 have been re-allocated to bureaux and departments for implementing new and additional services.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)067

(Question Serial No. 1209)

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

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

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 advise on the justifications for extending the operation of Items 835 and 881 under Subhead 700 to 30 June 2018 and the estimated expenditures for 2016-17.

Asked by: Hon LEE Cheuk-yan (Member Question No. 20)

Reply:

In response to the views expressed by some political parties, Members and concerned groups on the unused subsidies under the electricity charges subsidy scheme (the Scheme), the Financial Secretary announced in 2016-17 Budget the extension of the validity period of the Scheme for the last time for 2 years to 30 June 2018. The unused subsidies can be used to pay billed electricity charges of eligible households up to 30 June 2018 or the close of the account, whichever is earlier.

Since the implementation of total 4 rounds of the Scheme from 1 September 2008, Government has extended the validity period of the Scheme for 4 times in total to 30 June 2018, i.e. up to a maximum period of about 10 years. Low electricity consumption households with unused subsidies can continue to be benefited with this extension.

The estimated expenditure of the Scheme for 2016-17 is \$140,040,000.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)068

(Question Serial No. 2153)

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 2016-17, with information on establishment, ranks, salaries and relevant allowances for politically appointed officials and directorate civil servants, as well as the amount of personnel related expenses:

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

Asked by: Hon LEUNG Kwok-hung (Member Question No. 2010)

Reply:

1. In 2016-17, 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. The establishment of the Office of the SFST also includes one Administrative Officer Staff Grade C post and the relevant salary provision earmarked is \$1.97 million.
- 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 A1) 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 2016-17, salary provisions earmarked for the above 17 directorate civil servants are \$34.91 million.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)069

(Question Serial No. 2498)

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:

Please provide information on the operation and use of each of the funds (including funds outside the Accounts of the Government and those 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. 92)

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_statend15.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/en/about_us/corp_info/publications/annual/index.html

<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)070****(Question Serial No. 1634)**

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:

“Recent fluctuations in construction costs have occasionally resulted in higher-than-expected tender prices. To avoid the need to seek additional funding for unexpectedly high tender prices, we have urged departments to invite tenders before submitting funding applications to LegCo for less controversial projects, such as schools and hospitals, which are livelihood-related. We can then present more accurate project estimates to LegCo.” In this regard, will the Government advise this Committee:

(1) of the total number of public works projects for which tenders were invited “after submitting funding applications to LegCo”, their original costs and additional funding sought in 2011-12, 2012-13, 2013-14, 2014-15 (actual expenditure), 2015-16 (revised estimate) and 2016-17 (estimate); and such details of public works projects for which tenders are invited “before submitting funding applications to LegCo”;

(2) of the merits of and reasons for inviting tenders before submitting funding applications to LegCo, comparing with the traditional approach of inviting tenders after submitting funding applications to LegCo;

(3) why less controversial projects are chosen for inviting tenders before submitting funding applications to LegCo;

(4) why more controversial projects, being more in need of accurate estimates to reduce controversies and filibusters, are not chosen for inviting tenders before submitting funding applications to LegCo; and

(5) whether and how, apart from the discrepancy between government internal estimates and market prices, other possible causes of cost overruns have been reviewed, and what improvement measures were adopted accordingly?

Reply:

This question is not directly relevant to Head 147.

- (1) Public works projects for which tenders were not invited or returned tender prices had not been reflected on the funding applications when submitting funding applications to LegCo

Legislative session @	Total number of new projects endorsed by the Finance Committee (FC) #	The amount of project estimates approved by the FC# (\$ million)	The amount of additional funding, if any, approved so far by the FC in respect of the new projects funded in the respective legislative session (\$ million) *
2011-12	40	143,800	23,300
2012-13	25	11,100	0
2013-14	12	2,000	0
2014-15	53	61,200	0
2015-16*	2	200	0

Public works projects for which tenders were invited before submitting funding applications to LegCo, and returned tender prices had been reflected on the funding applications

Legislative session @	Total number of new projects endorsed by the Finance Committee (FC) #	The amount of project estimates approved by the FC# (\$ million)	The amount of additional funding, if any, approved so far by the FC in respect of the new projects funded in the respective legislative session (\$ million) *
2011-12	9	16,900	0
2012-13	14	79,800	0
2013-14	1	1,600	0
2014-15	15	24,200	0
2015-16*	0	0	0

@ Estimated figures in respect of projects by tendering arrangement are not available for the 2016-17 legislative session.

The figures do not include funding applications for Capital Works Reserve Fund block allocations and for increasing approved project estimates.

* As of 30 March 2016.

- (2) If the relevant bureaux or departments could reflect in the funding submissions to the FC the return tender prices, it can provide the FC will more accurate cost estimate, thus reducing the risk and level of cost overrun arising from higher-than-expected tender prices. In addition, the “tendering before funding application” arrangement

can help shorten the pre-construction lead-time of projects. The Government may award such contracts as soon as the FC has approved the funding applications to press ahead with projects that are conducive to promoting the development of Hong Kong and enhancing the quality of people's lives. We have briefed the LegCo on the "tendering before funding application" arrangement vide LC Paper Nos. FCRI(2007-08)2 and PWSCI(2001-02)37.

- (3) &(4) In deciding whether the arrangement of "tendering before funding application" should be adopted for individual works projects, the Government will consider:
- (a) if the scope of the consultancy agreement or detailed design for the works contract has been finalised; and
 - (b) the risks of having to delay or abort the procurement exercise due to lack of funding or substantive last-minute changes to project scope, and the risks for being regarded as pre-empting the FC.

The Government respects FC's decision on funding approval. In general, the aforesaid risks of less controversial projects (including schools and hospitals which are livelihood-related) are relatively low. As such, we encourage that these projects to consider more positively the use of parallel tendering having regard to the project-specific risk-appraisals. For other projects, the relevant bureaux and departments may also proceed with tendering before funding application where risks are assessed as low or where the merits of the relevant arrangement have been assessed as outweighing the potential risks.

- (5) Generally speaking, the major reasons for increasing the approved project estimates are as follows:
- (a) increased project contingencies to account for circumstances that may arise from the date the project obtained funding approval to tendering stage as well as during construction stage of the project. These circumstances include worse-than-expected geotechnical conditions, extra works to meet local concerns, special needs for environmental conservation, and additional costs that may be incurred during the construction period;
 - (b) increased provisions for price adjustments to cover higher-than-expected increases in labour and material costs during the construction period; and
 - (c) higher-than-expected tender return prices, in particular the usually higher tender premiums for major capital infrastructure projects.

The Government is very concerned about project costs running higher than the approved estimates, and will conduct more detailed advance work taking into account the actual circumstances of works projects for better assessment of project risks and more accurate estimate of project costs. We will also review and enhance, from time to time, the current methodology for the estimation of project costs. Colleagues in works departments would continue to upgrade their skills and knowledge in project management and cost estimation.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)071

(Question Serial No. 2903)

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:

On “Capital Works Reserve Fund”, please advise this Committee of the following:

(1) The proposed funding for the Capital Works Reserve Fund block allocations for 2016-17 was approved at the Legislative Council Public Works Subcommittee meeting on 17 February 2016, and is still pending approval from the Finance Committee. However, it is not very promising that such approval can be obtained by the end of March. Under the Capital Works Reserve Fund block allocations, there are over a hundred projects in progress, such as slope stabilisation works. Please explain how expenditure is to be made for these projects before the approval of funds, and provide information on the number of projects with payments in arrears, the total outstanding project costs payable by the Government, the additional amount payable by the Government to the contractors arising from project costs in arrears, and how wages are to be paid by the contractors to the workers before government payment of project costs.

(2) A deficit estimate is made under the Capital Works Reserve Fund for the 6 years from 2015-16 to 2020-21. Will advance payment be made by the Bureau?

(3) Please advise the latest date by which funding should be approved for the Capital Works Reserve Fund block allocations for 2016-17. What are the consequences if funding is not approved by that date? What contingency plan does the Government have?

Asked by: Hon Michael TIEN Puk-sun (Member Question No. 24)

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 (the 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.

- (1) & (3) The proposed provision for block allocations under the Fund for 2016-17 was approved by the Finance Committee on 19 March 2016.
- (2) With the various major infrastructure projects at their construction peak, capital works expenditure is expected to maintain at a high level for the next few years. As the estimated expenditures from 2015-16 to 2020-21 will be higher than the estimated revenues for the same period, we forecast a deficit in the Fund. If the balance available in the Fund cannot fully offset the estimated expenditure, additional funding will be set aside and transferred from the General Revenue Account to the Fund in accordance with the established practice, to meet the estimated expenditure on public works programme, land acquisition, capital subventions and major systems and equipment, as well as computerisation.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3291)

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:

Please set out the following information in table form:

- (1) The expenditure incurred by the Financial Services and the Treasury Bureau (The Treasury Branch) on publicity on the Internet/social media in 2015-16, the manpower involved and the percentage this item accounts for in the total expenditure. Please provide a breakdown by publicity channel.
- (2) The means to be adopted by the Branch to assess the effectiveness and value for money of the above initiatives.
- (3) The estimated expenditure to be incurred by the Branch on the above initiatives in 2016-17 and the manpower to be involved.

Asked by: Hon Michael TIEN Puk-sun (Member Question No. 52)

Reply:

The Treasury Branch did not incur any expenditure on publicity through the Internet/social media in 2015-16. No provision is made for such expenditure in the coming year.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1497)

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

Subhead (No. & title): (281) Air passenger departure tax administration fees

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 estimated air passenger departure tax (APDT) administration fees for 2016-17 is about 10% higher than the actual expenditure for 2014-15. Given the anticipated further decrease in the number of visitors, what is the estimated change in the number of payments of APDT during the above period? What is the estimated increase in each payment of the administration fee during the period? What is the difference between the average administration cost of each payment of APDT and that of other government charges? Is there any room for reduction?

Asked by: Hon NG Leung-sing (Member Question No. 16)

Reply:

Under the Air Passenger Departure Tax Ordinance (Cap. 140), airlines and helicopter companies are responsible for collecting APDT from departing air passengers and handling refunds of APDT on behalf of the Government. The Government pays to the companies concerned an administration fee in respect of each passenger who has paid APDT. Given the anticipated increase in the number of departing air passengers in 2016-17, the administration fee paid to the companies concerned is expected to increase correspondingly. The estimated expenditure for APDT administration fee for 2016-17 is 4.2% higher than the revised estimate for 2015-16.

At present, for passengers departing from the Hong Kong International Airport, the administration fee paid by the Government to the airlines is 2.322% of the APDT, whereas for passengers departing by helicopters, the administration fee paid by the Government to the helicopter companies is 1.240% of the APDT. The level of the administration fee was fixed in accordance with the costing information provided by the companies concerned, and could not be compared with the average administration cost of other government charges.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)074

(Question Serial No. 2891)

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:

The Financial Secretary stated that the Future Fund's initial endowment of \$220 billion would be placed with the Exchange Fund for higher returns through long-term investments. As a result of the external economic downturn, the Exchange Fund recorded an annual investment loss of \$18.3 billion (a negative return of 0.6%). The investment performance was disappointing.

To avoid investment loss, will the Financial Secretary consider alternative investment options which are more conservative and principal-protected in nature, rather than relying solely on the Hong Kong Monetary Authority's investments?

Asked by: Hon Paul TSE Wai-chun (Member Question No. 6)

Reply:

Since April 2007, Government's fiscal reserves has been placed with the Exchange Fund's Investment Portfolio (IP) for earning investment income. The investment income on fiscal reserves is calculated on the basis of the higher of –

- (a) the average annual investment return of the Exchange Fund's IP for the past six years; and
- (b) the average annual yield of three-year Exchange Fund Notes (EFN)¹ for the previous year, subject to a minimum of zero percent.

¹ Upon cessation of the issuance of three-year EFN in January 2015, the "average annual yield of three-year EFN" in the formula is replaced by "average annual yield of three-year government bond" with effect from 1 January 2016.

The above investment arrangement seeks to preserve capital and meet short-term liquidity needs.

The Future Fund was established administratively as a notional savings account within the fiscal reserves on 1 January 2016. It has an initial endowment of \$219.7 billion notionally held against the Land Fund. It remains an integral part of the fiscal reserves and is placed with the Exchange Fund for an initial 10-year investment period. It was established with a view to securing higher investment returns for the fiscal reserves.

About 50 per cent of the Future Fund will be set aside for incremental placement with the Exchange Fund's Long-Term Growth Portfolio (LTGP) to be built up gradually over a period of around three years, which includes private equities and investments in properties outside Hong Kong. The rest will be placed with the Exchange Fund's IP or other investment assets.

The LTGP of the Exchange Fund provides an alternative investment option for the Future Fund, which aims to achieve within acceptable risks a return that is higher over the medium to long term than the return for the rest of the fiscal reserves under the present arrangements between the Government and the Hong Kong Monetary Authority.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)075

(Question Serial No. 2217)

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 the estimated provision for the emoluments for the Secretary and Under Secretary for Financial Services and the Treasury, and the Political Assistant to Secretary for Financial Services and the Treasury in 2016-17 respectively.

Asked by: Hon SIN Chung-kai (Member Question No. 1)

Reply:

The salary provisions earmarked for the Secretary, the Under Secretary and the Political Assistant in 2016-17 are \$3.58 million, \$2.68 million and \$1.25 million respectively.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)076

(Question Serial No. 3142)

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 has mentioned in the Budget Speech that “to tackle the problems that come with an anticipated structural deficit, I have established the Future Fund to set aside part of our fiscal reserves for long-term investments when we can still afford to do so”. In this connection, will the Government inform this Committee of the following:

- (a) Has it studied under what financial circumstances the Future Fund will be used? If yes, what are the details? If not, what are the reasons?
- (b) Has it assessed the public expenditure required for the next decade before deciding on the amount of funding and time of withdrawal? If yes, what are the details? If not, what are the reasons?
- (c) What principles are adopted in determining the proportion of the consolidated surplus to be transferred to the Future Fund every year?
- (d) What is the estimated expenditure for the initiative in 2016-17?
- (e) How many officers will be responsible for the initiative and what are their ranks?

Asked by: Hon SIN Chung-kai (Member Question No. 83)

Reply:

The Future Fund was established administratively as a notional savings account within the fiscal reserves on 1 January 2016. It has an initial endowment of \$219.7 billion notionally held against the Land Fund. The remaining part of the fiscal reserves is referred to as Operating and Capital Reserves (OCR).

The Future Fund remains an integral part of the fiscal reserves and is placed with the Exchange Fund for an initial 10-year investment period. As a long-term savings scheme, withdrawal of the Future Fund before 31 December 2025 is not allowed except in emergencies. Where it is envisaged that OCR is likely to drop to or below six months' equivalent of gross government expenditure, and where the Financial Secretary sees a need to withdraw funding from the Future Fund, the Financial Secretary may direct that the placement be aborted, in whole or in part, whereupon the Future Fund placement shall be released to the Land Fund and the General Revenue Account respectively within a reasonable period.

The Financial Secretary may determine each year to provide periodic top-up, which will be notionally held against the General Revenue Account. The Government will inject one-third of the 2015-16 actual surplus in 2016-17. The relevant proportion is depended on the current financial situation, the relative needs in the short, medium and long term, and the amount involved, etc.

The expenditure and manpower involved in the Future Fund will be absorbed within the existing resources of the Financial Services and the Treasury Bureau (The Treasury Branch).

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)077

(Question Serial No. 0901)

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:

- (1) In his Budget Speech, the Financial Secretary has proposed to make forward planning to meet the long-term needs of Hong Kong, mainly in the aspects for public housing, the ten-year hospital development plan and the development of a long-term investment strategy for the Future Fund,. However, while huge financial commitments are required to support the development planning for the first two items, namely public housing and healthcare services, no information was given in the Budget on how to maintain Hong Kong's long-term economic growth and yield steady revenue in the long run. Apart from implementing measures to help relieve the pressure arising from economic adjustment, will the Financial Secretary have any forward planning in respect of economic development and government revenue?
- (2) What is the long-term investment strategy for the Future Fund?

Asked by: Hon Vincent FANG Kang (Member Question No. 9)

Reply:

- (1) As pointed out in the Budget, the global economic landscape is changing. In order to sustain Hong Kong's competitive edge, we must act swiftly and get prepared. The Financial Secretary has proposed in this year's Budget Speech to "nurture innovation" and "find new markets" as two directions for development. The Government will implement various measures to assist different sectors to seize the opportunities, including promoting the application of research and development results, developing financial technologies, improving the ecosystem for start-ups, supporting the growth of creative industries, expanding our trade network and trading ties around the world, establishing a "single window" and strengthening our offshore Renminbi market etc.

- (2) The Future Fund was established administratively as a notional savings account within the fiscal reserves on 1 January 2016. It has an initial endowment of \$219.7 billion notionally held against the Land Fund. It remains an integral part of the fiscal reserves and is placed with the Exchange Fund for an initial 10-year investment period. It was established with a view to securing higher investment returns for the fiscal reserves. About 50 per cent of the Future Fund will be set aside for incremental placement with the Exchange Fund's Long-Term Growth Portfolio to be built up gradually over a period of around 3 years, which includes private equities and investments in properties outside Hong Kong. The rest will be placed with the Exchange Fund's Investment Portfolio or other investment assets. Details of the Future Fund including the long-term investment strategy are set out in the information paper submitted by the Government to the Legislative Council Panel on Financial Affairs in December 2015. The relevant hyperlink is as follows:

<http://www.legco.gov.hk/yr15-16/english/panels/fa/papers/facb1-337-1-e.pdf>

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0888)

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 in order to strengthen cost control of public works, the task force set up by the Government last year has examined the causes for the rising costs of works projects and formulated improvement measures. What are the achievements of the task force? What are the details of works projects with cost overrun at present and the amount involved? Has the Government assessed the impact on government expenditure and our competitiveness due to filibustering by some Legislative Council Members during deliberation of funding proposals, which has hindered the progress of major infrastructure projects? If yes, what are the details?

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

Reply:

The question above is not directly related to the expenditure under Head 147.

The Financial Secretary set up an inter-bureau Task Force last year to enhance cost management of public works. It is tasked to analyse causes contributing to rising costs of public works projects, examine the demand for construction labour and the factors affecting project costs in the next few years, as well as to devise cost-control measures for public works such as streamlining of project design and contractual requirements.

As recommended by the Task Force, the Government will encourage the arrangement of "tendering before funding application" for less controversial projects which are livelihood-related, such as schools and hospitals, in order to provide the Legislative Council (LegCo) with more accurate cost estimates to avoid the need to seek additional funding from the LegCo due to higher-than-expected tender prices.

In addition, the Government will continue to introduce more competition, and seek to fine-tune works procedures and enhance training to improve productivity. Subject to safeguarding priority employment of local workers and their wage levels, the Government will continue to rely on the enhanced Supplementary Labour Scheme to alleviate the delays and cost overruns caused by labour shortage. A multi-disciplinary office will also be set up under the Development Bureau to follow up on the task force's recommendations of conducting a comprehensive review of the guidelines on public works, reducing unnecessary design and contractual requirements, and scrutinising closely the cost estimates of 300 major new works projects.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)079

(Question Serial No. 3014)

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:

As mentioned in the Budget, rates would be waived for four quarters of 2016-17. Please provide the number of cases of rates concession in the past three years and the estimated number of cases in 2016-17, together with the number of cases that involves private domestic premises and commercial properties and the amounts enjoyed by them respectively.

Asked by: Hon WONG Ting-kwong (Member Question No. 50)

Reply:

The number of properties enjoying rates concession in the past three financial years and the estimated number of properties that will enjoy rates concession in 2016-17 are tabulated as follows -

Financial year	Number of properties enjoying rates concession (million)
2013-14	3.08
2014-15	3.11
2015-16	3.15
2016-17	3.17

The number of private domestic properties and non-domestic properties enjoying rates concession in the past three financial years and 2016-17, and the corresponding amount of rates concession involved are tabulated as follows -

Financial year	Private domestic properties		Non-domestic properties	
	Number of properties (million)	Amount of Rates Concession (\$billion)	Number of properties (million)	Amount of Rates Concession (\$billion)
2013-14	1.71	7.7	0.40	1.8
2014-15	1.72	4.1	0.40	0.9
2015-16	1.74	5.2	0.41	1.3
2016-17	1.76	6.7	0.41	1.4

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)080

(Question Serial No. 4631)

Head: (25) Architectural Services Department

Subhead (No. & title): ()

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 (ArchSD) will implement the Green Contractor Award Scheme to achieve continual improvement in the Department's quality and environmental performance in 2016-17. In this connection, please advise this Committee how the Scheme will help the ArchSD achieve the target and the estimated expenditure involved.

Asked by: Hon James TIEN Pei-chun (Member Question No. 63)

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 four 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 by existing resources of the ArchSD.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5888)

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (Roy TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What are the number of officers to be deployed by the Customs and Excise Department at various control points to intercept dutiable goods and the estimated provision involved in 2016-2017?

Asked by: Dr Hon KWOK Ka-ki (Member Question No. 97)

Reply:

In 2016-17, the expenditure for the work under Programme (1) Control and Enforcement by the Customs and Excise Department (C&ED) is estimated to be about \$2,541.8 million, involving 4 649 posts. Since interception of dutiable goods at control points in Hong Kong is part of the overall work of C&ED, it would be difficult for C&ED to separately quantify the number of officers and the breakdown of expenditure involved.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)082****(Question Serial No. 5920)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

What were the actual amount of illicit cigarettes seized by the Customs and Excise Department (C&ED) at various control points, the number of staff and the actual expenditure involved in the past five years? What will be the number of staff to be deployed for combating illicit cigarette activities by C&ED and the actual expenditure in 2016-2017?

Asked by: Dr Hon KWOK Ka-ki (Member Question No. 131)Reply:

The amount of illicit cigarettes seized by the Customs and Excise Department (C&ED) at various control points in the past five years is as follows -

	2011	2012	2013	2014	2015
Amount of illicit cigarettes (million sticks)	24.7	33.1	47.2	38.3	38.4

Since interception of illicit cigarettes at control points is part of the overall work of C&ED, it would be difficult to separately quantify the number of officers and the expenditure involved.

Apart from intercepting illicit cigarettes at control points to crack down on these activities at source, C&ED will also keep up its efforts to combat the storage, distribution and peddling (including telephone ordering) of illicit cigarette. In 2016-17, C&ED will continue to deploy 61 officers to combat illicit cigarette activities on these fronts, involving an expenditure of approximately \$22.27 million.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)083****(Question Serial No. 5951)**Head: (31) Customs and Excise DepartmentSubhead: ()Programme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (Roy TANG)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

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 (C&ED) in the past five years? What are the estimated provision and the number of staff deployed for combating telephone ordering of illicit cigarettes by C&ED in 2016-2017?

Asked by: Dr Hon KWOK Ka-ki (Member Question No. 169)Reply:

Details of the cases of telephone ordering of illicit cigarettes detected by C&ED in the past five years are as follows:

	2011	2012	2013	2014	2015
Number of cases	40	134	195	318	452
Amount of illicit cigarettes seized (million sticks)	0.21	3.4	2	3	1.4
Number of persons arrested	42	167	225	329	465

In 2016-17, C&ED will dedicate a total of 26 officers to take targeted actions against telephone ordering of illicit cigarettes. The expenditure involved is approximately \$9.5 million.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)084

(Question Serial No. 4606)

Head: (51) Government Property Agency

Subhead (No. & title):

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator (Tommy Yuen)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Audit Commission publishes reports annually and audits government accounts. Will the Government inform the criteria for selecting former public rental housing sites, former civil servants' quarters (including disciplined services quarters), former government office buildings, as well as other former government buildings and facilities for sale since Report No. 50 of the Director of Audit was published in 2008?

Asked by: Hon Claudia MO (Member Question No. 84)

Reply:

The Government Property Agency ("Agency") reviews annually sites of various policy bureaux and departments (excluding for public rental housing sites) with a view to identifying under-utilised sites and optimising the use of land resources, and where feasible, releases the development potential of appropriate government properties/sites through land sale, redevelopment or revitalisation. In the review 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 other 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 result indicates that the site is suitable for other uses, the department concerned will hand over the site to the Lands Department for disposal.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 6256)

Head: (51) Government Property Agency

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator (Tommy Yuen)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is noted that the Government will purchase private properties for use as civil service quarters. In this connection, will the Government inform this Committee of the information on:

- a) government-owned properties in private housing estates being used as civil service quarters, including the number of such properties (broken down by housing estates) and the names of buildings or estates concerned;
- b) whether the Government is paying management fee of private properties used as civil service quarters, and if so, the expenditure in the past 3 years?

Asked by: Dr Hon Kenneth CHAN Ka-lok (Member Question No. 391)

Reply:

- a) There are currently 9 867 government-owned quarters within developments on private lots. The details are set out at Annex.
- b) Management fee in respect of the above quarters is paid by the Government. The total expenditure of the relevant management fee in the past 3 years (i.e. 2013 to 2015) was about \$340 million.

Government-owned Quarters ^{Note 1}
Within Developments on Private Lots

	Name of Property	No. of Quarters
Hong Kong Island		
1	South Horizons	580
2	Heng Fa Chuen	193
3	Aberdeen Centre	187
4	Koway Court	176
5	Elegance Court	50
6	Kornhill	42
7	Ching Fai Terrace	40
8	Chun Fai Building	23
9	Macdonnell House	18
10	Manderly Garden	15
11	Others ^{Note 2}	28
Kowloon		
12	Yau Mei Court	1 992
13	Ko Cheung Court	1 000
14	Telford Gardens	926
15	Whampoa Garden	144
16	Bay View Garden	134
17	Wylie Court	78
18	The Crescent	68
19	Jubilant Place	53
20	Tang Court	39
21	Yue Man Centre	33
22	Fulrich Garden	19
23	Hill Top Gardens	12
24	Others ^{Note 2}	12
New Territories		
25	Kwai Fuk Court	800
26	Melody Garden	550
27	Kwai Yung Court	512
28	Luk Yeung Sun Chuen	376
29	Riviera Gardens	301
30	Union Plaza	278
31	Jubilee Garden	198

	Name of Property	No. of Quarters
32	Kingswood Villas, Kenswood Court	152
33	Hanford Garden	134
34	Sun Tuen Mun Centre	93
35	Waterside Plaza	92
36	City One Shatin	80
37	Happy Villa	74
38	Tai Po Plaza	72
39	Greenpark Villa	50
40	Hong Kong Baptist University Staff Quarters	41
41	Tuen Mun Town Plaza	40
42	63 - 93 Man Nin Street	39
43	Serenity Park	26
44	Eden Gardens	20
45	Rainbow Garden	19
46	Classical Gardens	19
47	Parc Versailles	12
48	Others ^{Note 2}	27
	Total	9 867

Note 1: Including quarters for civil servants, judges and judicial officers.

Note 2: Developments with 10 or less government-owned quarters.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)086****(Question Serial No. 5662)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (3) Estate UtilisationControlling Officer: Government Property Administrator (Tommy Yuen)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please inform the contract sum and the names of successful tenderers in respect of the government-owned non-domestic premises, shops and car parks leased out in the past 5 years.

Asked by: Hon LEUNG Kwok-hung (Member Question No. 347)Reply:

The number of non-domestic government premises (including shops, canteens, advertising areas, car parks, etc.), which the Government Property Agency ("Agency") let out by way of tender or quotation in the past 5 years, and their respective annual rents are set out below:

Year	Number of properties	Total annual rent (\$ million)
2011	48	176
2012	71	172
2013	45	31
2014	36	84
2015	63	229

Results (including information of the tenants and rents) of the tender and quotation exercises conducted in the past 12 months are available on the web page of the Agency (<http://www.gpa.gov.hk/english/notice/quotation2.html>).

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)087****(Question Serial No. 4092)**Head: (51) Government Property AgencySubhead (No. & title): (000) Operational expensesProgramme:Controlling Officer: Government Property Administrator (Tommy Yuen)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

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. 73)

Reply:

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

	2015-16 (as at 29.2.2016)
Number of outsourced service contracts	9 (+28.6%)
Total amount paid to outsourced service providers	\$292,967,000 (+19.6%)
Length of contract for each outsourced service provider	3 - 4 years (—)
Number of outsourced workers engaged through outsourced service providers	1 876 (+5.6%)
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	864.5% (increase by 38.0 percentage point^)

	2015-16 (as at 29.2.2016)
Percentage of amount paid to outsourced service providers out of the total departmental staff costs	216.9% (increase by 26.7 percentage point [#])
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 stipulated by the Labour Department in which employment details including monthly salaries, number of working days per week and the provision or otherwise for paid meal breaks, etc. are specified.
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	Since the contracts for the engagement of outsourced service do not require services providers to inform the Agency of information on severance payments/long service payments/contract gratuities of their workers, we do not have such information.
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	

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

Remarks:

[^] In 2014-15, the percentage of outsourced workers out of the total number of staff in the department was 826.5%.

[#] In 2014-15, the percentage of amount paid to outsourced service providers out of the total departmental staff costs was 190.2%.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)088****(Question Serial No. 4093)**Head: (51) Government Property AgencySubhead (No. & title): (000) Operational expensesProgramme:Controlling Officer: Government Property Administrator (Tommy Yuen)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

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. 74)

Reply:

The Government Property Agency has not used the service of any employment agency in 2015-16.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)089****(Question Serial No. 4094)**Head: (51) Government Property AgencySubhead (No. & title): (000) Operational expensesProgramme:Controlling Officer: Government Property Administrator (Tommy Yuen)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

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	()
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	()

	2015-16 (the latest position)
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. 75)

Reply:

The information on the employment of full-time NCSC staff in the Government Property Agency ("Agency") for 2015-16 is tabulated as follows:

	2015-16 (as at 31.12.2015)
Number of NCSC staff	2 (+100%)
Breakdown of positions held by NCSC staff	
• Contract Architect	1
• Contract Solicitor	1
Expenditure on salaries of NCSC staff	\$1,011,900 (+238%)
Monthly salary range of NCSC staff	
• \$30,001 or above	2 (+100%)
• \$16,001 to \$30,000	0 (-)
• \$8,001 to \$16,000	0 (-)
• \$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 (-)
• 3 to 5 years	0 (-)
• 1 to 3 years	1 (+100%)
• under 1 year	1 (-)
Number of staff converted to civil servants	0 (-)

	2015-16 (as at 31.12.2015)	
Percentage of NCSC staff out of the total number of staff in the department	0.9%	(increase of 0.4 percentage point [#])
Percentage of staff costs for NCSC staff out of the total departmental staff costs	1.0%	(increase of 0.7 percentage point [^])
Number of staff who have received severance payments/long service payments/contract gratuities	1	(+100%)
Amount of severance payments/long service payments/contract gratuities paid	\$62,000	(-)
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	2	(+100%)
Number of staff without paid meal break	0	(-)
Number of staff on five-day week	2	(+100%)
Number of staff on six-day week	0	(-)

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

Remarks:

[#] In 2014-15 (as at 31.12.2014), the percentage of NCSC staff out of the total number of staff in the Agency was 0.5%.

[^] In 2014-15 (as at 31.12.2014), the percentage of staff costs for NCSC staff out of the total departmental staff costs was 0.3%.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)090****(Question Serial No. 4715)**Head: (51) Government Property AgencySubhead (No. & title):Programme: (3) Estate UtilisationControlling Officer: Government Property Administrator (Tommy Yuen)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please inform this Committee of:

- 1) the details, by district, in respect of the sites identified for review in 2015-16, including their locations, floor areas and the dates on which they have become idle; and
- 2) the information of the sites which are ready to be released for disposal, redevelopment or other purposes.

Asked by: Hon WU Chi-wai (Member Question No. 137)Reply:

- 1) The Government Property Agency assists government bureaux and departments in reviewing their sites with a view to optimising the use of land resources. In 2015, we reviewed a total of 85 sites. Their locations and areas are as follows:

Geographical Region/District of the Sites		Total Site Area (m²) (approx.)
Hong Kong Island	Central and Western District, Eastern District, Southern District, Wan Chai, Happy Valley and Pok Fu Lam	73 000 (involving 22 sites)
Kowloon	Kowloon City, Kwun Tong, Sham Shui Po and Yau Tsim Mong	467 000 (involving 28 sites)
New Territories	Islands, Kwai Tsing, North District, Sai Kung, Sha Tin, Tsuen Wan, Tuen Mun, Yuen Long and Sha Tau Kok	136 000 (involving 35 sites)
	Total:	676 000 (involving 85 sites)

The above government sites are currently in use. They are not idle sites.

- 2) The Government Property Agency will assist, where feasible, in releasing suitable government properties/sites for disposal, redevelopment or alternative uses. Details of the 4 sites which we plan to release in 2016 are as follows:

	Site Area (m²) (approx.)	Current Use	New Use
Ex-Perowne Barracks, So Kwun Wat (Part)	42 600	Social welfare	Private residential
Ex-Victoria Road Detention Centre (Part)	6 430	Pending	Non profit-making tertiary institution
Ex-Sai Kung Central Primary School	3 850	Government storage	Social welfare
Murray Road Multi-storey Carpark Building	2 880	Car park, government offices and public toilets	Commercial

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5468)

Head: (59) Government Logistics Department

Subhead (No. & title): ()

Programme: (4) Printing Services

Controlling Officer: Director of Government Logistics (Miss Mary CHOW)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government has pledged to further digitalise operations and actively implement paperless solutions. The Government Logistics Department (GLD) has all along produced a wide range of printed materials, including publications, government forms and paper stationery, for government departments. In this connection, please inform this Committee of the following:

- (1) the volume of printed materials, in tabular form, produced by GLD for different government departments last year;
- (2) the volume of printed materials produced by GLD for the 2016 Policy Address;
- (3) the volume of printed materials produced by GLD for the 2016-17 Budget;
- (4) the volume of printed materials produced by GLD for the Basic Law; and
- (5) the measures to encourage government departments to go paperless.

Asked by: Hon CHAN Chi-chuen (Member Question No. 227)

Reply:

- (1) The Government Logistics Department (GLD) produces a wide variety of printed materials for bureaux and departments, including publications, leaflets, forms and paper stationery, etc. The volume of printed materials produced in 2015 (by bureau/department) is tabulated in the Annex.

- (2) The volume of printed materials produced by GLD for the 2016 Policy Address is as follows:

Item	Volume (copy)
Policy Address (Chinese and English versions)	53 000
Policy Agenda (Chinese and English versions)	42 000
Policy Address leaflet (bilingual version)	243 000
“Caring for the Elderly” leaflet (Chinese and English versions)	150 000

- (3) The volume of printed materials produced by GLD for the 2016-17 Budget is as follows:

Item	Volume (copy)
Budget Speech (Chinese and English versions)	79 000
Budget leaflet (Chinese and English versions)	307 000

- (4) The volume of printed materials produced by GLD for the Basic Law in 2015 is as follows:

Item	Volume (copy)
Basic Law booklet (Chinese and English versions)	73 000

- (5) GLD provides printing services according to the requirements of bureaux/departments and will render professional advice as far as possible in the course of providing the services. Presently, when formulating their printing requirements, bureaux/departments will try to strike a balance between readers’ needs and environmental considerations before determining on the suitable forms and channels (including electronic means) for publishing the information.

Bureau/Department	Volume of printed materials in 2015 (copy/set)
Administration Wing	125 000
Agriculture, Fisheries and Conservation Department	3 618 000
Architectural Services Department	236 000
Audit Commission	12 000
Auxiliary Medical Service	103 000
Buildings Department	1 672 000
Census and Statistics Department	4 429 000
Chief Executive's Office	193 000
Civil Aid Service	15 000
Civil Aviation Department	442 000
Civil Engineering and Development Department	546 000
Civil Service Bureau	842 000
Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)	42 000
Commerce and Economic Development Bureau (Communications and Creative Industries Branch)	31 000
Companies Registry	1 566 000
Constitutional and Mainland Affairs Bureau	1 953 000
Correctional Services Department	105 000
Customs and Excise Department	1 088 000
Department of Health	30 997 000
Department of Justice	373 000
Development Bureau (Planning and Lands Branch)	53 000
Development Bureau (Works Branch)	270 000
Drainage Services Department	198 000
Education Bureau	12 540 000
Electrical and Mechanical Services Department	1 613 000
Environment Bureau	15 000
Environmental Protection Department	3 189 000
Financial Services and the Treasury Bureau (Financial Services Branch)	111 000
Financial Services and the Treasury Bureau (The Treasury Branch)	238 000
Fire Services Department	856 000
Food and Environmental Hygiene Department	5 132 000
Food and Health Bureau (Food Branch)	42 000
Food and Health Bureau (Health Branch)	726 000
Government Flying Service	40 000
Government Laboratory	29 000
Government Logistics Department	286 000
Government Property Agency	118 000
Highways Department	30 000
Home Affairs Bureau	1 997 000

Home Affairs Department	1 617 000
Hong Kong Observatory	74 000
Hong Kong Police Force	15 196 000
Hongkong Post	16 176 000
Housing Department	6 308 000
Immigration Department	159 920 000
Independent Commission Against Corruption	6 267 000
Information Services Department	2 095 000
Inland Revenue Department	86 808 000
Innovation and Technology Commission	125 000
Intellectual Property Department	283 000
Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	9 000
Judiciary	4 120 000
Labour and Welfare Bureau	631 000
Labour Department	8 145 000
Land Registry	3 734 000
Lands Department	3 612 000
Legal Aid Department	502 000
Leisure and Cultural Services Department	7 186 000
Marine Department	879 000
Office of the Communications Authority	56 000
Office of the Government Chief Information Officer	764 000
Official Receiver's Office	752 000
Planning Department	374 000
Public Service Commission	6 000
Radio Television Hong Kong	190 000
Rating and Valuation Department	19 052 000
Registration and Electoral Office	27 169 000
Secretariat, Commissioner on Interception of Communications and Surveillance	3 000
Security Bureau	121 000
Social Welfare Department	3 290 000
Trade and Industry Department	443 000
Transport and Housing Bureau (Transport Branch)	93 000
Transport Department	5 708 000
Treasury	831 000
University Grants Committee Secretariat	60 000
Water Supplies Department	11 240 000
Working Family and Student Financial Assistance Agency	12 143 000

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)092****(Question Serial No. 4588)**Head: (59) Government Logistics DepartmentSubhead (No. & title): ()Programme: (3) Land TransportControlling Officer: Director of Government Logistics (Miss Mary CHOW)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please provide the types of additional vehicles and replacement vehicles to be procured by the Government Logistics Department and list the user departments in the following table:

Type of vehicles	Number of additional vehicles	Number of replacement vehicles	User departments

Asked by: Hon Claudia MO (Member Question No. 66)Reply:

The details of the additional vehicles and replacement vehicles to be procured in 2016-17 are as follows:

Type of vehicles	Number of additional vehicles	Number of replacement vehicles	User departments
Van	1	90	Agriculture, Fisheries and Conservation Department, Civil Aviation Department, Correctional Services Department, Customs and Excise Department, Department of Health, Drainage Services Department, Environmental Protection Department, Food and Environmental Hygiene Department, Fire Services Department, Government Logistics Department, Home Affairs Department, Hong Kong Police Force, Highways Department, Independent Commission Against Corruption, Inland Revenue Department, Legal Aid Department, Lands Department, Leisure and Cultural Services Department, Labour Department, Planning

			Department, Transport Department and Water Supplies Department
Truck	1	9	Agriculture, Fisheries and Conservation Department, Food and Environmental Hygiene Department, Government Logistics Department and Hong Kong Police Force
Bus	21	33	Auxiliary Medical Service, Customs and Excise Department, Department of Health, Food and Environmental Hygiene Department, Fire Services Department, Hong Kong Police Force, Immigration Department and Leisure and Cultural Services Department
Car	7	155	Agriculture, Fisheries and Conservation Department, Architectural Services Department, Civil Aviation Department, Commerce and Economic Development Bureau, Civil Engineering and Development Department, Chief Executive's Office, Constitutional and Mainland Affairs Bureau, Correctional Services Department, Administration Wing, Central Policy Unit, Customs and Excise Department, Department of Health, Department of Justice, Drainage Services Department, Education Bureau, Environmental Protection Department, Fire Services Department, Financial Services and the Treasury Bureau, Government Logistics Department, Government Property Agency, Home Affairs Department, Hong Kong Police Force, Independent Commission Against Corruption, Immigration Department, Invest Hong Kong, Inland Revenue Department, Information Services Department, Innovation and Technology Bureau, Innovation and Technology Commission, Judiciary, Lands Department, Labour Department, Marine Department, Office of the Government Chief Information Officer, Official Receiver's Office, Planning Department, Secretariat, Commissioner on Interception of Communications and Surveillance, Social Welfare Department, Transport Department, Transport and Housing Bureau, Trade and Industry Department and Water Supplies Department
Cross country vehicle	-	11	Agriculture, Fisheries and Conservation Department, Civil Engineering and Development Department, Food and Environmental Hygiene Department, Fire Services Department and Lands Department
Motorcycle	-	28	Civil Aid Service, Food and Environmental Hygiene Department and Fire Services Department
Total	30	326	

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)093

(Question Serial No. 4714)

Head: (59) Government Logistics Department

Subhead (No. & title): ()

Programme: (3) Land Transport

Controlling Officer: Director of Government Logistics (Miss Mary CHOW)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please inform this Committee of the following:

The reasons why the provision for 2016-17 is \$39.1 million higher than the revised estimate for 2015-16, including details of the increased requirement in salaries and allowances as well as additional provision for procurement of general purpose vehicles.

Asked by: Hon WU Chi-wai (Member Question No. 136)

Reply:

Of the additional provision of \$39.1 million for 2016-17, \$37 million will be used for the procurement of general purpose vehicles. The increase in the estimated expenditure on vehicle procurement is mainly due to the rise in vehicle price and retrofitting cost (up to a 10% rise for certain vehicle types) as well as the need to procure vehicle types which are relatively more expensive, including non-emergency ambulances and medium buses. The remaining sum of about \$2 million will be spent on salaries and provident fund contributions arising mainly from the filling of vacancies.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)094****(Question Serial No. 6521)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ()Programme: Not SpecifiedControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

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. 1101)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 to 2014-15, the distribution of charities by legal forms is as follows -

Form	2012-13	2013-14	2014-15
Corporation	5 651	5 898	6 192
Society	796	857	868
Trust	428	454	489
Others*	717	835	941
Total	7 592	8 044	8 490

*“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)095

(Question Serial No.3682)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: Not Specified

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 property owners liable to property tax across the territory for the past 5 years by listing the figures for each year according to the numbers of properties owned by the property owners (i.e. owners of 1 property; owners of 2 to 10 properties; owners of 11 to 30 properties; owners of 31 to 50 properties; owners of 51 to 100 properties; and owners of over 100 properties).

Asked by: Dr Hon Fernando CHEUNG Chiu-hung (Member Question No. 272)

Reply:

The Inland Revenue Department does not maintain the statistics concerned, and therefore cannot provide the information requested.

The above question is not directly related to the expenditure provision under Head 76 in the 2016-17 Estimates.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)096

(Question Serial No. 3684)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: Not Specified

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 property owners liable to property tax across the territory for the past 5 years by listing the figures for each year according to the amounts of property tax paid (i.e. below \$500; \$500 to below \$1,000; \$1,000 to below \$3,000; \$3,000 to below \$5,000; and \$5,000 or above).

Asked by: Dr Hon Fernando CHEUNG Chiu-hung (Member Question No. 274)

Reply:

The Inland Revenue Department does not maintain the statistics concerned, and therefore cannot provide the information requested.

The above question is not directly related to the expenditure provision under Head 76 in the 2016-17 Estimates.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)097****(Question Serial No. 6457)**Head: (76) Inland Revenue DepartmentSubhead (No. & title): ()Programme: Not SpecifiedControlling Officer: Commissioner of Inland Revenue (WONG Kuen Fai)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please show the number of properties held by individuals over the past five years (Please provide the latest figures based on the question with the Question Serial No. 4799 in 2014-15)

Asked by: Dr Hon Fernando CHEUNG Chiu-hung (Member Question No. 279)Reply:

According to the information gauged by the Inland Revenue Department during its daily administration of the tax laws, the distribution of the numbers of properties solely owned and jointly-owned or co-owned by individuals at the end of each financial year (i.e. 31 March) in the past five financial years (i.e. 2010-11 to 2014-15) is as follows -

Number of Property(ies)	As at 31 March 2011 (No. of people)*	As at 31 March 2012 (No. of people)*	As at 31 March 2013 (No. of people)*	As at 31 March 2014 (No. of people)*	As at 31 March 2015 (No. of people)*
1	1 544 930	1 548 440	1 551 081	1 563 885	1 580 232
2	293 713	295 595	297 219	296 429	294 237
3	87 363	88 698	89 654	89 338	88 908
4	34 295	34 996	35 823	36 227	36 006
5	15 925	16 381	16 815	17 004	17 275
6 to 10	19 834	20 407	20 879	21 416	21 797
11 to 30	5 255	5 377	5 509	5 778	6 029
31 to 50	473	478	488	507	562
51 to 90	193	196	206	220	231
91 to 100	13	12	10	11	13
101 or above	37	39	28	29	34

* Each individual owner of a jointly-owned or co-owned property is regarded as owning one property. Therefore, the total number of people would be larger than the total number of properties.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)098****(Question Serial No. 5663)**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 inform the Committee of the respective numbers of organisations which applied for recognition as charitable institutions or 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. 348)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	2010-11	2011-12	2012-13	2013-14	2014-15
Number of applications received	635	670	629	721	758

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)099

(Question Serial No.5664)

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 recognition as charitable institutions or trusts of a public character under section 88 of the Inland Revenue Ordinance for the past 3 years.

Asked by: Hon LEUNG Kwok-hung (Member Question No. 349)

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)100

(Question Serial No. 5665)

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 recognition as charitable institutions or trusts of a public character under section 88 of the Inland Revenue Ordinance for the past 3 years.

Asked by: Hon LEUNG Kwok-hung (Member Question No. 350)

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)101****(Question Serial No.5666)**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 inform the Committee of the numbers and ranks of the officers of the Inland Revenue Department responsible for processing the applications for recognition as charitable institutions or trusts of a public character under section 88 of the Inland Revenue Ordinance for the past 5 years.

Asked by: Hon LEUNG Kwok-hung (Member Question No.351)Reply:

For the five financial years from 2011-12 to 2015-16, the numbers of 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	2011-12	2012-13	2013-14	2014-15	2015-16
Assessor grade staff	5	5	6	6	6
Taxation Officer grade staff	1	1	2	2	2
Clerical grade staff	2	2	2	2	2

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)102

(Question Serial No. 5059)

Head: (76) Inland Revenue Department

Subhead (No. & title): ()

Programme: (-) Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In paragraph 148 of the Budget Speech of 2015-16, the Financial Secretary mentions, “ ...I asked all policy bureaux ... to achieve more efficient use of resources through re-engineering and re-prioritising. I have also launched the “0-1-1” envelope savings programme to reduce operating expenditure by a total of two per cent over the next three financial years. Resources saved will be re-allocated for new services.” Please inform this Committee of how the “0-1-1” envelope savings programme is being carried out by the Inland Revenue Department in 2015-16 and 2016-17, the services affected and the details of the expenditure involved.

Asked by: Hon SIN Chung-kai (Member Question No. 89)

Reply:

In the face of an ageing population, shrinking labour supply and slowing economic growth, we need to contain the growth of government expenditure to ensure fiscal sustainability. "0-1-1" envelope savings programme is a fiscal planning tool aimed at achieving more efficient use of public resources through greater efforts in re-engineering and reprioritization such that the savings can be re-deployed to the implementation of enhanced and new services.

On the premise that the services provided to the public are not affected, the Inland Revenue Department (IRD) will redeploy internal resources and implement different measures to achieve cost savings. These include changing the mode of software application maintenance by relying on internal support rather than external contractor, and making use of IRD's website to publicise e-Stamping service and release certain public announcements with a view to reducing advertisement expenditure. Nevertheless, in the light of the need to cope with new tasks, the recurrent expenditure of IRD in 2016-17 is estimated to increase by 1.2% (about \$18,429,000) as compared with the revised estimate of 2015-16.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)103****(Question Serial No. 3675)**Head: (162) Rating and Valuation DepartmentSubhead (No. & title): ()Programme: ()Controlling Officer: Commissioner of Rating and Valuation (TANG Ping Kwong)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Regarding the rates concession announced in the Budget in the past five years, please provide information on the top 10 ratepayers that received the largest estimated amounts of rates concession (including the amount of rates concession enjoyed and the number of rateable properties held by the ratepayers concerned).

Asked by: Dr Hon Fernando CHEUNG Chiu-hung (Member Question No. 257)Reply:

The Rating and Valuation Department does not maintain information on the top 10 ratepayers that were estimated to receive the highest amounts of rates concession in 2013-14 and the years before. The following table sets out the relevant information for 2014-15 and 2015-16 –

The top 10 ratepayers (excluding organisations providing subsidized housing)	Amount of Rates Concession (\$ million)	Number of Rateable Tenements
2014-15	86.4	40 946
2015-16	126.9	40 333

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)104

(Question Serial No. 7114)

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 five 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: Dr Hon Fernando CHEUNG Chiu-hung (Member Question No. 675)

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)
2011-12	1.27
2012-13	1.38
2013-14	1.61
2014-15	1.76
2015-16	1.72

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)105

(Question Serial No. 7177)

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:

Regarding the property information enquiry service provided to the public, will the Department provide such service (including the enquiry service for rates information of older properties) to non-profit-making organisations free of charge for research and educational purposes, as in the case of some other departments? If yes, were there such enquiries in the past three years and how many properties were involved? How much revenue was received if payment was required? If not, will the Department consider providing this service free of charge, and what are the estimated revenue involved and resources required?

Asked by: Hon James To Kun-sun (Member Question No. : 90)

Reply:

The charge for users of the property information enquiry service of the Rating and Valuation Department (RVD) is set in accordance with the cost-recovery principle. At present, RVD has no plan to offer free service to any specific category of users.

The electronic provision of property information through the Property Information Online generated a revenue of about \$1.4 million in total in the past three financial years (from 2012-13 to 2014-15).

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)106

(Question Serial No. 5064)

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:

The Financial Secretary mentioned in paragraph 148 of the 2015-16 Budget Speech that he had “asked all policy bureaux... to achieve more efficient use of resources through re-engineering and re-prioritising” and “launched the ‘0-1-1’ envelope savings programme to reduce operating expenditure by a total of two per cent over the next three financial years. Resources saved will be re-allocated for new services.” Please inform this Committee of the implementation of the “0-1-1” envelope savings programme by the Rating and Valuation Department in 2015-16 and 2016-17, the services affected by the programme and details of the expenditure involved.

Asked by: Hon SIN Chung-kai (Member Question No. 93)

Reply:

In the face of an ageing population, shrinking labour supply and slowing economic growth, we need to contain the growth of government expenditure to ensure fiscal sustainability. "0-1-1" envelope savings programme is a fiscal planning tool aimed at achieving more efficient use of public resources through greater efforts in re-engineering and reprioritization such that the savings can be re-deployed to the implementation of enhanced and new services.

On the premise of not affecting the services provided to the public as far as practicable, the Rating and Valuation Department (RVD) will redeploy internal resources and implement different measures to achieve savings. Among these measures, RVD plans to deliver demand notes for rates and/or Government rent by using Hongkong Post's delivery arrangement for bulk economy letters, and will streamline some of its services and manpower resources, with a view to reducing expenditure. Nevertheless, the recurrent expenditure of RVD in 2016-17 is estimated to increase by 2.9% (about \$14,223,000) as compared with the revised estimate of 2015-16.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)107****(Question Serial No. 3305)**Head: (188) TreasurySubhead (No. & title): (000) Operational expensesProgramme: (4) Management of FundsControlling Officer: Director of Accounting Services (Martin M. T. SIU)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please advise the annual investment returns for the past 5 years of the 7 funds under Programme (4) Management of Funds, and the annual investment management fees and other expenses of the 6 funds therein.

Asked by: Hon Albert HO Chun-yan (Member Question No. 84)Reply:

The investment returns for the past five years of the funds the investments of which are managed by the Treasury are set out as follows -

Fund	2011 %	2012 %	2013 %	2014 %	2015 %
Financial year ending at 31 August					
Grant and Subsidized Schools Provident Funds	6.9	2.3	6.6	10.4	-3.0
Quality Education Fund	6.4	4.0	8.8	12.2	-0.7
HKSAR Government Scholarship Fund	6.6	4.1	2.7	9.2	-3.3
Self-financing Post-secondary Education Fund	Not applicable*	1.1	1.2	8.9	-2.5
Financial year ending at 31 March					
Sir David Trench Fund for Recreation	6.7	-3.1	5.5	4.3	6.2
Beat Drugs Fund	1.9	4.6	7.5	6.1	6.5

Fund	2011 %	2012 %	2013 %	2014 %	2015 %
AIDS Trust Fund	0.5	1.3	1.1	1.1	1.3

* The Self-financing Post-secondary Education Fund was established in August 2011. The actual expenditure incurred by the Treasury for managing the investments of these funds in 2014-15 was about \$7.30 million. The amount did not include the actual expenditure on investment and management fees paid out of the funds (including investment management fees, asset custodian fees and investment transaction costs, which were equivalent to about 0.24% of the total net asset value of the funds).

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)108

(Question Serial No. 3306)

Head: (188) Treasury

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

Programme: (4) Management of Funds

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Provision of \$5,993,000 under *Subhead 003 Recoverable salaries and allowances (General)* is for salaries and allowances of civil servants working for the Schools Provident Funds and the Self-financing Post-secondary Education Fund. Please advise on the number of civil servants involved.

Asked by: Hon Albert HO Chun-yan (Member Question No. 84)

Reply:

14 civil servants are involved in the provision under Subhead 003 Recoverable salaries and allowances (General).

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)109****(Question Serial No. 6750)**Head: (188) TreasurySubhead (No. & title): ()Programme: (2) Payment of Salaries, Pensions and BenefitsControlling Officer: Director of Accounting Services (Martin M. T. SIU)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please set out the expenditure on the Chief Executive C Y LEUNG's monthly salary and allowances since he took office. Please also advise on the amount of his monthly pension when he retires and the total expenditure on his pension payment.

Asked by: Dr Hon Fernando CHEUNG Chiu-hung (Member Question No. 342)Reply:

The expenditure on the salary and allowances of the Chief Executive (CE) is met from the provision under Head 21 - Chief Executive's Office.

According to the remuneration package for the CE, the expenditure on the CE's monthly salary and non-accountable entertainment allowance is as follows:

Date	Monthly salary expenditure	Monthly expenditure on non-accountable entertainment allowance
July 2012 - March 2013	\$351,880	\$64,025
April 2013 - March 2014	\$351,880	\$66,650
April 2014 - March 2015	\$351,880 (restored to \$371,885 as from February 2015, i.e. the level before voluntary pay cut in 2009)	\$69,516
April 2015 - March 2016	\$371,885	\$72,575

The CE will not be provided with pension benefits.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)110****(Question Serial No. 6753)**Head: (188) TreasurySubhead (No. & title): ()Programme: (2) Payment of Salaries, Pensions and BenefitsControlling Officer: Director of Accounting Services (Martin M. T. SIU)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please set out the Chief Secretary for Administration Mrs Carrie LAM's salary, allowance and other expenses in each month of the past 5 years. Please also advise on the amount of her monthly pension when she retires and the total expenditure on her pension payment.

Asked by: Dr Hon Fernando CHEUNG Chiu-hung (Member Question No. 346)Reply:

The expenditure on the salary and allowance of the Chief Secretary for Administration (CS) is met from the provision under Head 142 – Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary.

According to the remuneration package for politically-appointed officials serving in the fourth-term HKSAR Government, the expenditure on CS's monthly salary and non-accountable entertainment allowance is as follows:

Date	Monthly salary expenditure [#]	Monthly expenditure on non-accountable entertainment allowance* (rounded down to the nearest whole number)
July 2012 - March 2013	\$312,785	\$32,016
April 2013 - March 2014	\$312,785	\$33,333
April 2014 - January 2015	\$312,785	\$34,766
February - March 2015	\$330,565	
April 2015 - March 2016	\$330,565	\$36,300

- # Since the endorsement of the remuneration package for politically-appointed officials by the Finance Committee and its coming into force on 1 July 2002, the CS's monthly salary of \$330,565 has remained unchanged. Between July 2009 and January 2015, there was a voluntary pay reduction of 5.38% for all politically-appointed officials.
- * Apart from the non-accountable entertainment allowance (related to official residence) which is adjusted for inflation annually, the CS does not receive other allowances.

For the CS post, no pension benefits are provided other than the Government's contribution to the Mandatory Provident Fund.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)111****(Question Serial No. 6754)**Head: (188) TreasurySubhead (No. & title): ()Programme: (2) Payment of Salaries, Pensions and BenefitsControlling Officer: Director of Accounting Services (Martin M. T. SIU)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Please set out the Financial Secretary John TSANG's salary, allowance and other expenses in each month of the past 5 years. Please also advise on the amount of his monthly pension when he retires and the total expenditure on his pension payment.

Asked by: Dr Hon Fernando CHEUNG Chiu-hung (Member Question No. 347)Reply:

The expenditure on the salary and allowance of the Financial Secretary (FS) is met from the provision under Head 142 – Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary.

According to the remuneration package for politically-appointed officials serving in the fourth-term HKSAR Government, the expenditure on FS's monthly salary and non-accountable entertainment allowance is as follows:

Date	Monthly salary expenditure [#]	Monthly expenditure on non-accountable entertainment allowance* (rounded down to the nearest whole number)
July 2012 - March 2013	\$302,205	\$24,541
April 2013 - March 2014	\$302,205	\$25,550
April 2014 - January 2015	\$302,205	\$26,650
February - March 2015	\$319,385	
April 2015 - March 2016	\$319,385	\$27,825

- # Since the endorsement of the remuneration package for politically-appointed officials by the Finance Committee and its coming into force on 1 July 2002, the FS's monthly salary of \$319,385 has remained unchanged. Between July 2009 and January 2015, there was a voluntary pay reduction of 5.38% for all politically-appointed officials.
- * Apart from the non-accountable entertainment allowance (related to official residence) which is adjusted for inflation annually, the FS does not receive other allowances.

For the FS post, no pension benefits are provided other than the Government's contribution to the Mandatory Provident Fund.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)112

(Question Serial No. 7077)

Head: (188) Treasury

Subhead (No. & title): ()

Programme: (2) Payment of Salaries, Pensions and Benefits

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please list the estimated expenditures on salaries and fringe benefits (including housing benefits, education allowances for children, leave passage allowance, etc.) of all managerial posts in various government-funded non-departmental public bodies and subvented organisations in the past 5 years.

Asked by: Dr Hon Fernando CHEUNG Chiu-hung (Member Question No. 633)

Reply:

There is no direct relationship between the information requested and Head 188. We therefore do not have such information.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)113****(Question Serial No. 4637)**Head: (188) TreasurySubhead (No. & title): (-) not specifiedProgramme: (4) Management of FundsControlling Officer: Director of Accounting Services (Martin M. T. SIU)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

It is stated that the Treasury will continue to review and refine the strategic asset allocation of the funds consistent with the risk and return perspectives and market development. In this connection, would the Government inform of the following:

- (1) the name, net asset value and administrative expenses of the respective funds concerned;
- (2) how it will conduct the review and refinement for funds which are established by the Government for specific purposes with Government injections but are segregated from the Government accounts.

Asked by: Hon James TIEN Pei-chun (Member Question No. 70)Reply:

- (1) The funds the investments of which are managed by the Treasury and their net asset values are set out as follows —

Fund	Net asset value as at 31 December 2015 (\$ million)
Grant and Subsidized Schools Provident Funds	71,366
Quality Education Fund	8,155
Sir David Trench Fund for Recreation	3,194
Beat Drugs Fund	4,061
AIDS Trust Fund	331
HKSAR Government Scholarship Fund	2,243

Fund	Net asset value as at 31 December 2015 (\$ million)
Self-financing Post-secondary Education Fund	3,528

The actual expenditure incurred by the Treasury for managing the investments of these funds in 2014-15 was about \$7.30 million. The amount did not include the actual expenditure on investment and management fees paid out of the funds (including investment management fees, asset custodian fees and investment transaction costs, which were equivalent to about 0.24% of the total net asset value of the funds).

- (2) Investments of the respective funds have adopted prudent and diversified investment strategies in accordance with the investment objectives and instructions set by the respective governing committees or their investment committees, and are regularly reported to the respective committees. The investment committees will review and refine the investment strategies, asset allocation and other investment issues regularly and whenever necessary having regard to the market condition, striking a balance between investment risk and return.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5066)

Head: (188) Treasury

Subhead (No. & title): Not Specified

Programme: Not Specified

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary mentioned in paragraph 148 of the 2015-16 Budget Speech that he had “asked all policy bureau...to achieve more efficient use of resources through re-engineering and re-prioritising” and “launched the ‘0-1-1’ envelope savings programme to reduce operating expenditure by a total of two per cent over the next three financial years. Resources saved will be re-allocated for new services.” Please inform this Committee of the implementation of the “0-1-1” envelope savings programme by the Treasury in 2015-16 and 2016-17, the services affected by the programme and details of the expenditure involved.

Asked by: Hon SIN Chung-kai (Member Question No. 96)

Reply:

The Government has to contain expenditure growth in the face of an ageing population, a shrinking labour force and the slowing economy to ensure fiscal sustainability. The “0-1-1” envelope savings programme is a fiscal planning tool to encourage bureaux and departments to enhance productivity and effectiveness through re-engineering and re-prioritisation, hence releasing more resources for internal re-distribution for new and improved public services.

In this regard, the Treasury is committed to enhancing work efficiency through increased use of e-services and enhancements to our internal systems and procedures in order to cope with the increasing workload. For example, apart from the existing e-payment channels for revenue collection, the Treasury has joined the Electronic Bill Presentment and Payment (EBPP) platform, which is co-developed by the Hong Kong Monetary Authority and the banking industry. The first phase of EBPP service was launched in September 2015 to cover rates and/or government rents as well as water charges. Based on the outcome of the first phase implementation, the Treasury will invite other bureaux/departments to join the EBPP service with a view to encouraging more people to use e-payment service.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)115****(Question Serial No. 7270)**Head: (106) Miscellaneous ServicesSubhead (No. & title): (284) CompensationProgramme: ()Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Ms Elizabeth TSE)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Regarding accident cases involving the Government and third party injuries in the past three years, please list the types of cases, the number of compensation cases as well as the highest, lowest and total amounts of compensation involved.

Asked by: Hon IP Kin-yuen (Member Question No. 113)Reply:

The number of compensation cases as well as the total amounts of compensation arising from accidents involving the Government and third party injuries in the past three financial years were as follows:

	2013-14	2014-15	2015-16 (As at 29 February 2016)
Number of cases	58	51	39
Total amounts of compensation (\$'000)	34,910	12,080	9,780

The major types of cases included compensation for public injuries caused by government vehicles in traffic accidents, and for those injuries arising from the use of public facilities and services. As the actual circumstances varied amongst individual cases, the amounts of compensation were also different. For the cases in the past three financial years, the highest and lowest amounts of compensation were around \$16 million and \$100 respectively.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)116****(Question Serial No. 7185)**Head: (184) Transfers to FundsSubhead (No. & title): ()Programme: Not SpecifiedControlling Officer: Permanent Secretary for Financial Services and the Treasury (Treasury) (Ms Elizabeth TSE)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

In paragraph 15 of Appendix A to the speech on moving the Appropriation Bill 2016, Table 3 shows the relationship amongst the sum to be appropriated in the 2016-17 Budget, government expenditure and public expenditure. Please explain why the amount in respect of Transfer to Funds is 1433% more than the figure shown in the table last year.

Asked by: Hon Albert HO Chun-yan (Member Question No. 74)Reply:

The 2016-17 estimated expenditure for Head 184 Transfers to Funds is \$41.7 billion (equivalent to 1 433% on the 2015-16 original estimate) higher than the 2015-16 original estimate as set out below :

Fund	2016-17 Transfer (\$million)	2015-16 Transfer (\$million)	Variance (\$million) (+increase/ -decrease)	Reasons
Capital Works Reserve Fund	25,000	0	+25,000	The increase in 2016-17 transfer of funds is to meet estimated expenditure on 2016-17 Public Works Programme, land acquisition, capital subventions and major systems and equipment and computerization which is higher than 2015-16 original estimate.

Fund	2016-17 Transfer (\$million)	2015-16 Transfer (\$million)	Variance (\$million) (+increase/ -decrease)	Reasons
Capital Investment Fund	9,000	0	+9,000	For investments in statutory bodies and other organisations (for example : Hong Kong Science and Technology Parks Corporation) to finance major infrastructure and other capital projects.
Innovation and Technology Fund	5,000	0	+5,000	The Finance Committee of Legislative Council had approved the injection of \$5 billion into the Innovation and Technology Fund in February 2015. The transfer of \$5 billion into the Fund will be effected in April 2016.
Civil Service Pension Reserve Fund	3,800	100	+3,700	Having regard to the estimated number of recipients eligible for receiving pension, there is an increase of 2016-17 estimated pension expenditure of some \$3 billion over the 2015-16 original estimate.
Loan Fund	2,000	3,000	-1,000	To grant loans or advances mainly for education and health (for example : Non-means-tested loan scheme). The estimated transfer of funds is lower than 2015-16 original estimate.
Disaster Relief Fund	64	30	+34	To reserve more funds for making payment for humanitarian aid in relief of disasters that occur outside Hong Kong.
Total	44,864	3,130	+41,734	

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)117

(Question Serial No. 4483)

Head: (184) Transfers to Funds

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:

Provision of \$2 billion under *Subhead 988 Payment to the Loan Fund* is to enable the Loan Fund to grant loans or advances mainly for education and health. Please provide the reasons for an almost one-fold increase in this year's estimated expenditure of \$6.69 billion over last year's \$3.412 billion.

Asked by: Hon LEUNG Kwok-hung (Member Question No. 159)

Reply:

The total payments of \$6,690 million under Loan Fund in 2016-17 are \$3,278 million more than the total payments of \$3,412 million in 2015-16, mainly due to the anticipated loan drawdown of \$1,815 million for the CUHK Medical Centre Limited to develop a non-profit-making private teaching hospital, to be named the CUHK Medical Centre and the anticipated loan drawdown of \$1,740 million for the Ocean Park Corporation to proceed with the Tai Shue Wan Development Project of the Ocean Park. Approval of the Finance Committee of the Legislative Council had been obtained for the above financial arrangements.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)118

(Question Serial No. 7209)

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:

According to paragraph 148 of the Budget Speech, “We have urged departments to invite tenders before submitting funding applications to LegCo for less controversial projects, such as schools and hospitals, which are livelihood-related.” will the Administration inform this Committee of the criteria and mechanism for deciding which projects shall be deemed less controversial? Are projects relating to schools and hospitals shall always be deemed less controversial? About the definition of “livelihood-related”, will the number of jobs to be created directly under a project considered a compelling factor? What other factors will be taken into account and their weight? Has the Administration formulated specific guidelines for departments to draw reference to; if it hasn’t, how can the Administration ensure that no arbitrary decisions will be reached among different departments?

Asked by: Hon Abraham SHEK Lai-him (Member Question No. 18)

Reply:

If the relevant bureaux or departments could reflect in the funding submissions to the Finance Committee (FC) the return tender prices, it can provide the FC with more accurate cost estimate, thus reducing the risk and level of cost overrun arising from higher-than-expected tender prices. In addition, the “tendering before funding application” arrangement can help shorten the pre-construction lead-time of projects. The Government may award such contracts as soon as the FC has approved the funding applications to press ahead with projects that are conducive to promoting the development of Hong Kong and enhancing the quality of people’s lives. We have briefed the LegCo on the “tendering before funding application” arrangement vide LC Paper Nos. FCRI(2007-08)2 and PWSCI(2001-02)37.

In deciding whether to invite tenders before securing funding, the Government will consider:

- (a) if the scope of the consultancy agreement or detailed design for the works contract has been finalised; and
- (b) the risks of having to delay or abort the procurement exercise due to lack of funding or substantive last-minute changes to project scope, and the risks for being regarded as pre-empting the FC.

In general, for less controversial projects (including schools and hospitals which are livelihood-related) with lower risks under the above considerations, we encourage bureaux and departments to invite tenders before submitting funding applications to the LegCo, provided that independent risk-appraisals have been conducted. The final decision rests with the controlling officer of the project.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 7260)

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:

While the Administration plans to submit 72 potential capital works items to PWSC in the 2015-16 Legislative Council session, only a handful of them have been approved by the Finance Committee as at the end of February 2016. In this connection, will the Administration inform this Committee:

- a) What are the updated target contract start dates of the 72 capital works items?
- b) Since paragraph 148 of the Budget Speech says, "We have urged departments to invite tenders before submitting funding applications to LegCo for less controversial projects, such as schools and hospitals, which are livelihood-related", will the Administration provide a list of the projects for the 2015-16 LegCo Session to be included under this new initiative and the timetable for inviting and awarding tenders for these projects?

Asked by: Hon Abraham SHEK Lai-him (Member Question No. 17)

Reply:

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.

As at 30 March 2016, the Finance Committee (FC) has approved a total of two new works items in the 2015-16 legislative session. For these two items, when submitting the funding applications to the Legislative Council (LegCo), the tenders had not been invited; thus the tender prices were not reflected in the funding applications. As for the other items intended to be submitted to the LegCo for funding approval in the 2015-16 legislative session, the Controlling Officers concerned will consider the invitation of tender in accordance with the established mechanism and reflect the tender prices in the funding applications to the FC.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)120****(Question Serial No. 4422)**

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:

- 1) Please set out in table form the duty visits made by the politically appointed officials of the Bureau since the current-term Government took office, including the destination, purpose and programme of each visit, the list of the politically appointed officials and the number of civil servants in the entourage, and the total expenditure.
- 2) Please set out in table form the dates of vacation leave taken by the politically appointed officials of the Bureau since the current-term Government took office, and whether they were outside Hong Kong during their leave.

Asked by: Hon Alan LEONG Kah-kit (Member Question No.85)

Reply:

- 1) Since the current-term Government took office, duty visits made by the politically appointed officials of our bureau are detailed as follow:

Financial Year	Purposes of visits	Places visited	Total Expenditure ^{Note 1} (\$)
2012-13 ^{Note 2} (13 Visit)	To attend seminars / forums, meet with relevant financial and monetary officials and business	Switzerland (Geneva, Bern, Lugano, Zurich), USA (Washington DC, New York), Beijing, Tianjin, Chang Sha, Haikou, Sanya, Guangzhou, Shenzhen and Taipei	616,000
2013-14 (12 Visit)		USA (Washington DC, Chicago), South Korea (Seoul), Beijing,	642,000

	leaders in order to promote Hong Kong as China's global financial centre and to discuss matters of bilateral accounting and financial cooperation.	Shanghai, Wuhan and Taipei	
2014-15 (18 Visit)		USA (Washington DC, San Francisco), Canada (Toronto, Ottawa), UK (London), France (Paris), Belgium (Brussel), Kazakhstan (Almaty), Beijing, Shanghai, Qionghai, Xiamen, Guangzhou and Taipei	980,000
2015-16 (13 Visit)		UK (London), Sweden (Stockholm), Germany (Frankfurt), Georgia (Tbilisi), Australia (Sydney), Singapore, Indonesia (Jakarta), South Korea (Seoul), Beijing and Shanghai	834,000

Note :

- (1) Including expenses incurred by the entourage, i.e. Administrative Assistant to Secretary for Financial Services and the Treasury (SFST) and/or Press Secretary to SFST.
 - (2) Counting from 1 July 2012.
- 2) The Secretary, the Under Secretary and the Political Assistant are entitled to paid vacation leave of 22 working days per year of service as prescribed in the employment contract or such proportion of it on a pro rata basis. They all took their vacation leave according to corresponding regulations.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)121

(Question Serial No. 7183)

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:

Please explain the method for calculating the percentage increase/decrease in real terms in the recurrent public/government expenditure by policy area group in Section II of Appendix B to the speech on moving the Appropriation Bill 2016.

Asked by: Hon Albert HO Chun-yan (Member Question No. 74)

Reply:

This question is not directly relevant to Head 147.

The estimates for 2016-17 are compiled based on the price level of 2016-17. As such, in calculating the percentage increase/decrease in real terms, the estimates for 2016-17 by policy area group are adjusted to the price level of 2015-16, which are then compared with the revised estimates for 2015-16 to work out the percentage increase/decrease in real terms in the estimated expenditure for the 2 years based on the same price level.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5373)

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:

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 2016-17?

Asked by: Hon CHAN Chi-chuen (Member Question No. 131)

Reply:

In 2016-17, 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)123****(Question Serial No. 5269)**

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:

Would the Government inform this Committee of the following:

- (1) How many additional civil service Information Technology (IT) posts were applied by the Financial Services and the Treasury Bureau (the Treasury Branch) from the Civil Service Bureau in the past 3 years? How many of these posts applied were approved by the Civil Service Bureau (please list by department, year and post title)?
- (2) What were the justifications of the Civil Service Bureau if application requests of such IT posts were revised or rejected?

Asked by: Hon Charles Peter MOK (Member Question No. 43)

Reply:

- (1) The number of civil service posts approved for creation in the grades of information technology (IT) staff (the IT grades include (1) Analyst/Programmer; (2) Computer Operator and (3) Data Processor) in Financial Services and the Treasury Bureau (The Treasury Branch) in the past three years is set out below :

Financial Year	Number of posts approved
2013-14	-
2014-15	1
2015-16	-

- (2) The Government's guiding principles for considering the creation of additional civil service posts are as follows: when the operational need is fully justified; and the work involved cannot be handled by streamlining the procedures, re-organisation, re-deployment of existing staff or any other means. The above principles are applicable across all the civil service grades, including the IT grades. Manpower in the IT grades will be increased as and when it is fully justified on the grounds of maintaining effective operation and addressing the manpower needs arising from new and improved services.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)124****(Question Serial No. 5291)**

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 respect of the public relations expenditure of government departments, please inform this Committee of the following:

(1) the total expenditure of the Financial Services and the Treasury Bureau (The Treasury Branch) for publishing advertisements, sponsored content or advertorials in newspapers registered under the Registration of Local Newspapers Ordinance in the past year as well as the relevant details:

Date of publish (Day/Month/Year)	Status (one-off/ ongoing/done) (as at 29 February 2016)	Government or public organisation (including policy bureau/ department/ public organisation/ government advisory body)	Name and purpose of advertisement	Name of media organisation and newspaper	Frequency (as at 29 February 2016)	Expenditure (as at 29 February 2016)

(2) the expenditure of the Financial Services and the Treasury Bureau (The Treasury Branch) for sponsoring local free-to-air television stations, paid television stations and radio stations to provide information and produce programmes or materials in the past year as well as the relevant details:

Date of broadcast (Day/Month/Year)	Status (one-off/ ongoing/ done) (as at 29 February 2016)	Government or public organisation (including policy bureau/ department/ public organisation/ government advisory body)	Name and purpose of advertisement	Media organisation	Frequency (as at 29 February 2016)	Expenditure (as at 29 February 2016)

(3) the media organisations which published or broadcast advertisements/sponsored content of the Financial Services and the Treasury Bureau (The Treasury Branch) in the past 3 years, as well as the frequency and the total expenditure involved (in descending order of amount spent):

Name of media organisation	Frequency	Total expenditure (\$)

(4) the websites/network platforms on which the Financial Services and the Treasury Bureau (The Treasury Branch) had published online advertisements/sponsored content in the past 3 years, as well as the frequency, the duration (days) and the total expenditure involved (tabulated in descending order of amount spent):

Website/ network platform	Content of advertisement	Frequency	Duration (days)	Hit rate, frequency of exposure and number of viewers	Total expenditure (\$)

Asked by: Hon Charles Peter MOK (Member Question No. 65)

Reply:

The Financial Services and the Treasury Bureau (The Treasury Branch) did not have any relevant advertisement expenses nor public relations expenses in the past 3 years.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)125****(Question Serial No. 5312)**

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:

(1) Please tabulate the details concerning the social media platforms set up and operated by the Financial Services and the Treasury Bureau (the Treasury Branch) and agencies under its commission (including outsourced contractors or consultants) in 2015-16 (as at 29 February 2016).

Commencement date (month/year)	Status (updating in progress/ceased updating)	Bureau/agencies under its commission	Name	Social media platforms	Purpose of establishment and contents	No. of "likes"/subscribes / average monthly visits	Regular compilation of summary of comments and follow-up (yes/no)	Average no. of posts per day and average no. of interactions per post (total no. of "likes", comments and shares)	Ranks and no. of officers responsible for running the platforms	Expenditure for setting up the platforms and daily operational expenses

(2) Please provide the number of deleted messages and blocked accounts on the above social media platforms.

Asked by: Hon Charles Peter MOK (Member Question No. 86)

Reply:

The Treasury Branch did not set up or operate any social media platform last year.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)126****(Question Serial No. 5731)**

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:

- (1) Please provide, in table form, the number of requests for information under the Code on Access to Information received by the Financial Services and the Treasury Bureau (the Treasury Branch) and its subvented organisations in 2015-16 as well as the relevant details:

Bureau/ Department/ Organisation	Number of requests received	Information involved (items)	Number of requests being handled	Number of requests in which all information was provided	Number of requests in which some information was provided	Average number of days taken to handle the requests (working days)

- (2) the 3 pieces of information most frequently requested by the public and the number of such requests;
- (3) the 5 requests for information which took the longest time to handle, the number of days taken to handle such requests and the reasons; and
- (4) the content of the requests refused, the reasons for the refusal and the number of requests for reviews lodged by the public.

Asked by: Hon Charles Peter MOK (Member Question No. 165)

Reply:

During the period from January to September 2015, the Financial Services and the Treasury Bureau (The Treasury Branch) received 6 requests for information under the Code on Access to Information. The details are as follows:

	Information involved	Result	Number of days taken to handle the request (working days)	Reason for taking longer processing time
1	Financial circulars	Request withdrawn	4 days	
2	Information related to the review of Inland Revenue Ordinance	Request met in full	22 days	The requested information was related to the Budget which had not yet been delivered at that time. Given the confidentiality principle, the Treasury Branch had to wait for the delivery of the Budget before the information could be released as requested.
3	Financial circulars	Request withdrawn	4 days	
4	Stores and Procurement Regulations	Request met in full	3 days	
5	Contract Award Notice	Request referred to Government Logistics Department for follow up	5 days	
6	Stores and Procurement Regulations	Request met in full	5 days	

During the above period, the Treasury Branch did not receive any requests for conducting internal review of the cases handled.

- End -

CONTROLLING OFFICER'S REPLY**FSTB(Tsy)127****(Question Serial No. 6862)**

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:

Regarding the consultancy studies commissioned by the Financial Services and the Treasury Bureau (the Treasury Branch) 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 with funds allocated from 2011-16.

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 up by the Government and their progress (if any)	For completed studies, have they been made public? If yes, through what channels? If no, why?
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- b. Regarding the consultancy studies commissioned by the Financial Services and the Treasury Bureau (the Treasury Branch) 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 2016-17? 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 up by the Government and their progress (if any)	For completed studies, have they been made public? If yes, through what channels? If no, why?
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Asked by: Hon CHEUNG Kwok-che (Member Question No. 1090)

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 studies from 2011-12 to 2015-16:

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 up by the Government and their progress (if any)	For completed studies, 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	Oct 2010	Completed (Mar 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	Mar 2012	Completed (Oct 2012)	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 Financial Services and the Treasury Bureau (The Treasury Branch) did set aside provisions for hiring of consultancy services for 2016-17. The provisions will be used to appoint financial consultant to conduct a review on the target rates of return on Government utilities and trading funds and the Branch is now working on the relevant procurement arrangements.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)128

(Question Serial No. 7206)

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 148 of the Budget that for less controversial projects, tenders will be invited before submitting funding applications. What are the details and the estimated amount of money that can be saved? As it is impossible to predict the deliberation time and tenderers may thus request for higher construction costs, will the Government increase the funding involved?

Asked by: Hon Emily LAU Wai-hing (Member Question No. 49)

Reply:

If the relevant bureaux or departments could reflect in the funding submissions to the Finance Committee (FC) the return tender prices, it can provide the FC with more accurate cost estimate, thus reducing the risk and level of cost overrun arising from higher-than-expected tender prices. In addition, the “tendering before funding application” arrangement can help shorten the pre-construction lead-time of projects. The Government may award such contracts as soon as the FC has approved the funding applications to press ahead with projects that are conducive to promoting the development of Hong Kong and enhancing the quality of people’s lives. We have briefed the Legislative Council on the “tendering before funding application” arrangement vide LC Paper Nos. FCRI(2007-08)2 and PWSCI(2001-02)37.

In deciding whether to invite tenders before securing funding, the Government will consider:

- (a) if the scope of the consultancy agreement or detailed design for the works contract has been finalised; and

- (b) the risks of having to delay or abort the procurement exercise due to lack of funding or substantive last-minute changes to project scope, and the risks for being regarded as pre-empting the FC.

The procuring department will inform all the bidders that the Government will not be responsible for their tendering preparation costs. The procuring department will not enter into any contractual commitment with any bidders, nor will it inform the successful tenderer of the acceptance of its tender before securing funding from the FC.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3642)

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 the "0-1-1" envelope savings programme put forward by the Government, please provide details of its implementation in all government departments and its impact on public services.

Asked by: Dr Hon Fernando CHEUNG Chiu-hung (Member Question No. 544)

Reply:

This question is not directly relevant to Head 147.

In the face of an ageing population, shrinking labour supply and slowing economic growth, we need to contain the growth of government expenditure to ensure fiscal sustainability.

"0-1-1" envelope savings programme is a fiscal planning tool aimed at achieving more efficient use of public resources through greater efforts in re-engineering and reprioritization such that the savings can be re-deployed to the implementation of enhanced and new services. The programme comprises both the cessation of lump sum allocation for addressing price adjustments as from 2015-16 and reduction of 1% from the respective operating expenditure envelopes of policy bureaux for 2016-17 and 2017-18. The cessation of lump sum allocation involves around \$1.2 billion to \$1.4 billion each year from 2015-16 whilst the 1% reduction in envelope provisions involves around \$1.5 billion each year from 2016-17. Upon completion of the envelope savings programme in 2017-18, it is expected that over \$6 billion could be saved for re-allocation, which is about 2% of the estimated government operating expenditure of \$325 billion in 2014-15.

Envelope holders are expected to deliver savings through re-engineering and reprioritization measures in their bureaux and departments for implementing new services.

Recurrent government expenditure for 2016-17 is estimated to increase by 6.7% over 2015-16, reflecting that efficiency savings under the 0-1-1 programme up to 2016-17 have been re-allocated to bureaux and departments for implementing new and additional services.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)130

(Question Serial No. 6454)

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 mentioned under Programme (2): Revenue and Financial Control that “in 2015, the Treasury Branch continued to co-ordinate the resource allocation, Estimates compilation and Budget preparation processes, and helped ensure that the financial implications of proposals from bureaux and departments were assessed with due diligence.”

As stated in paragraph 6 of Introduction to the Estimates, the ambit of *Subhead 661 Minor plant, vehicles and equipment (block vote)* under the *Capital Account* has been revised to cover “minor capital expenditure on plant and equipment (except administrative computer systems)” with the cost of individual items above \$200,000 but not exceeding \$10 million (updated from the previous range of above \$150,000 but not exceeding \$2 million), and “specialised vehicles, dinghies and launches with unit cost of \$10 million or less” (updated from the previous maximum of \$2 million).

Under this new arrangement, there will be a substantial increase of expenditure under *Subhead 661 Minor plant, vehicles and equipment (block vote)* for various departments, and a large number of items for minor plant, vehicles and equipment previously treated as separate items can only be absorbed by the block vote. Please advise on the intention for such a change.

Asked by: Dr Hon Fernando CHEUNG Chiu-hung (Member Question No. 260)

Reply:

We would review the thresholds of recurrent and non-recurrent expenditure and various block vote subheads under the General Revenue Account from time to time. Previous technical adjustments and that for 2016-17 are set out below –

	(per unit)	1985-86 (per unit)	1987-88 (per unit)	1991-92 (per unit)	1994-95 (per unit)	2003-04 (per unit)	2016-17 (per unit)
Ambit of recurrent expenditure(stores and equipment)	not more than \$10,000 since the coming into operation of Public Finance Ordinance in 1983	not more than \$30,000	not more than \$50,000	not more than \$50,000	not more than \$100,000	not more than \$150,000	not more than \$200,000
Ambit of subhead 661 (block vote)	not more than \$250,000 since the introduction of standard subhead 661 in 1988-89	not applicable	not applicable	above \$50,000 but not more than \$250,000	above \$100,000 but not more than \$2 million	above \$150,000 but not more than \$2 million	above \$200,000 but not more than \$10 million

There are numerous items under Capital Account block vote *Subhead 661 Minor plant, vehicles and equipment (block vote)*. Expenditure of most of these items (such as replacement of refuse collection vehicle, replacement of escalator, replacement of air-conditioning system, etc) does not involve policy changes.

The technical adjustments for 2016-17 mainly reflect the price changes and increases in government expenditure over past years. 2016-17 government expenditure is estimated to be \$486.9 billion and each item with unit cost not more than \$10 million only accounts for 0.002% of government expenditure.

These adjustments are irrelevant to any increase or decrease in the relevant total expenditure.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)131

(Question Serial No. 7076)

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: Dr Hon Fernando CHEUNG Chiu-hung (Member Question No. 632)

Reply:

Upon publication of phase two report in December 2014, the task of the Working Group on Long-Term Fiscal Planning has completed.

The expenditure and manpower involved in pursuing the recommendations of the Working Group will be absorbed within the existing resources of this bureau and the relevant government departments.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 7221)

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 152 of the Budget Speech, “over the past three years, we have made strenuous efforts to remind all government departments to regularly review their fees and charges. Unless justified on policy ground, all fees and charges for government services have been set in accordance with the ‘cost-recovery’ and ‘user pays’ principles. The review mechanism has been re-activated in most of the departments. Relevant fees and charges have registered an average annual increase of \$400 million in the 3 years since 2012-13.” Will the Government advise this Committee of the following: as the Government will continue to review the fees and charges related to people’s livelihood under the cost-recovery and user pays principles, please provide the list of items to be reviewed; and whether the affordability of the public will be taken as an important factor to be considered?

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

Reply:

Government services are generally charged in accordance with the “user pays” principle to achieve full cost recovery for services provided. This is a long-established fee charging principle and an important measure of fiscal discipline. If service fee levels are lower than service costs, individual service users will be subsidised by the revenue, which is unfair to taxpayers.

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. If full cost recovery for certain services can only be achieved through a substantial increase in fees and charges, upward fee revisions will be made by phases over a period of years instead of 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.

To prevent cost-recovery items from being turned into heavily subsidised items, policy bureaux and departments will review their respective fees and charges in accordance with the “cost-recovery” and “user pays” principles in a timely manner, and make proposals for fee revisions having regard to their review outcomes when necessary.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)133

(Question Serial No. 7222)

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 143 of the Budget speech reads: "Government revenue will be built around a simple and low tax regime, avoid over reliance on one or two types of tax and adhere strictly to the 'user pays' principle". Given that financial and monetary officials as well as the Financial Secretary have repeatedly emphasised Hong Kong's narrow tax base, will the Government inform this Committee of the meaning of "avoiding over reliance on one or two types of tax"; and whether the Government has any plan to review the tax base and tax regime, and if so, of the details and timetable of the review?

Asked by: Hon Frederick FUNG Kin-kee (Member Question No. 48)

Reply:

Given Hong Kong's narrow tax base, it is of utmost importance for the Government to stabilise and broaden the revenue base. Tax reform is by no means simple and straightforward, and it takes time to have thorough consideration. So, it is not possible to introduce any structural change in the near future. The issue deserves rational and comprehensive discussion in the community. At this time when the Government is having consolidated surpluses, it is not easy to forge a consensus towards any measure to broaden the tax base or introduce new taxes. At present, we do not have any timetable for a review on the tax base or the tax regime.

That said, the Government adopts an open mind towards any proposals to broaden the revenue base and welcomes more discussion in the community. In considering any options on broadening tax revenue in future, the Government will pay regard to whether the option is effective in providing stable revenue to meet its future needs, whether it is fair and in line with the "capacity to pay" principle, and whether it is in line with Hong Kong's simple and low tax regime to maintain our competitiveness.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4642)

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:

The Treasury Branch indicated that it will continue to consider major investment and loan proposals in support of economic and social development in 2016-17, and ensure that government fees and charges imposed under the “cost recovery” and “user pays” principles are reviewed in a timely manner. In this connection, will the Government inform this Committee of the details of the proposals, the implementation progress and the estimated expenditure (in tabular form)?

Asked by: Hon James TIEN Pei-chun (Member Question No. 75)

Reply:

The Government has earmarked \$9,476 million in the Capital Investment Fund in 2016-17 as the equity injection for the Hong Kong Science and Technology Parks Corporation to enable it to take forward Stage 1 of the Science Park Expansion Programme and two pilot projects in the Tseung Kwan O Industrial Estate. The Government will seek the approval of the Finance Committee of the Legislative Council for the above financial arrangements.

The Treasury Branch will consider investment and loan proposals from other Bureaux as and when they arise, and when necessary, will assist the relevant bureaux in working out details of the investment and loan proposals.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3512)

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:

As announced by the Financial Secretary in the 2015-16 Budget, there would be a 1% cut in the recurrent expenditures for both 2016-17 and 2017-18. Given that the Government estimated that there would still be surpluses in our public finances from 2015-16 to 2017-18, the amount of which would be big enough to offset the supposed cuts in recurrent expenditures for the next few years, will the Government consider halting the cuts in recurrent expenditures of items involving the provision of direct services to the public for 2016-17 and 2017-18? If yes, what are the details? If no, what are the reasons?

Asked by: Dr Hon Kenneth CHAN Ka-lok (Member Question No. 175)

Reply:

This question is not directly relevant to Head 147.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)136

(Question Serial No. 6164)

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:

Surpluses have been recorded in our public finances for the past few years and are anticipated to be sustained in the coming 1 or 2 years. We have repeatedly expressed strong reservation in the Legislative Council (LegCo) when deliberating proposals of raising livelihood-related government fees and charges in the last year. In this regard, will the Government continue to put forward such proposals to the LegCo in the new financial year? If yes, what are the details?

Asked by: Dr Hon Kenneth CHAN Ka-lok (Member Question No. 176)

Reply:

Government services are generally charged in accordance with the “user pays” principle to achieve full cost recovery for services provided. This is a long-established fee charging principle and an important measure of fiscal discipline. If service fee levels are lower than service costs, individual service users will be subsidised by the revenue, which is unfair to taxpayers.

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. If full cost recovery for certain services can only be achieved through a substantial increase in fees and charges, upward fee revisions will be made by phases over a period of years instead of 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.

To prevent cost-recovery items from being turned into heavily subsidised items, policy bureaux and departments will review their respective fees and charges in accordance with the “cost-recovery” and “user pays” principles in a timely manner, and make proposals for fee revisions having regard to their review outcomes when necessary.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)137

(Question Serial No. 4429)

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

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

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:

The Financial Secretary approved the provision of electricity charges subsidy for eligible households in 2016. As announced in his Budget Speech this year, the validity period of this scheme, originally to last until 30 June 2016, will be extended for 2 years due to the reduced cash flow requirements for the scheme and the fact that some households have not fully utilised the subsidy. Will the Bureau inform me of the number of households with unused subsidy, and whether it has information on the particulars of these households, e.g. household income, household size, whether they are single elderly households, and type of housing (public housing, privately owned housing, private rental housing, sublet units/sub-divided flats, etc.)?

Asked by: Hon LEUNG Kwok-hung (Member Question No. 103)

Reply:

As at end October 2015, there were some 188 000 electricity accounts with unused subsidy, accounting for about 7% of the total number of domestic electricity accounts. The Government does not have any information on the household particulars of the electricity accounts with unused subsidy.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4430)

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:

It is mentioned in paragraph 157 of the Budget Speech that one-third of the actual surplus in 2015-16 will be injected into the Future Fund. Will this be shown under "Head 184 - Transfers to Funds"? If yes, which part of Head 184 is it? If not, what are the reasons?

Asked by: Hon LEUNG Kwok-hung (Member Question No. 105)

Reply:

The Future Fund was established administratively as a notional savings account within the fiscal reserves for placement in longer-term investments with a view to securing higher returns.

The Future Fund itself is not an expenditure item. Expenditure from the Future Fund would require prior approval of the Legislative Council.

The information on the periodic top-ups and balance of the Future Fund will be disclosed in the Accounts of the Government tabled at the Legislative Council annually and is not related to the Head 184.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)139

(Question Serial No. 4448)

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 under 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 are their percentage changes over the previous year?
4. Please list out the total expenditure of each of the items mentioned in point (2) above and its percentage to the related expenditure under this Programme.
5. Please list out the amount of departmental expenses, and the non-recurrent expenses, if any, under this Programme.

Asked by: Hon LEUNG Kwok-hung (Member Question No. 123)

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 2016-17, 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 mentioned above are \$3.58 million, \$2.68 million, \$1.25 million and \$1.97million respectively.
- 3-4. The total salary provision earmarked for the politically appointed officials and the directorate officer of the Office in 2016-17 is about \$9.49million, which is almost the same as the revised estimates for 2015-16 and roughly accounts for 67% of the total estimated operational expenses of the Office.
5. The estimated total operational expenses of the Office in 2016-17 are \$14.1million. There are no non-recurrent expenses under this Programme.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(Tsy)140

(Question Serial No. 7251)

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:

In his Budget Speech, the Financial Secretary said “I shall adjust two categories of allowances under salaries tax and personal assessment from 2016-17”. In this regard, will the Government advise this Committee whether there is any plan to improve the taxation system and avoid over-reliance on 1 or 2 types of tax revenues; if yes, what is the specific work plan and the estimated manpower and expenditure involved?

Asked by: Hon SIN Chung-kai (Member Question No. 6)

Reply:

Given Hong Kong's narrow tax base, it is of utmost importance for the Government to stabilise and broaden the revenue base. Tax reform is by no means simple and straightforward, and it takes time to have thorough consideration. So, it is not possible to introduce any structural change in the near future. The issue deserves rational and comprehensive discussion in the community. At this time when the Government is having consolidated surpluses, it is not easy to forge a consensus towards any measure to broaden the tax base or introduce new taxes. At present, we do not have any timetable for a review on the tax base or the tax regime.

That said, the Government adopts an open mind towards any proposals to broaden the revenue base and welcomes more discussion in the community. In considering any options on broadening tax revenue in future, the Government will pay regard to whether the option is effective in providing stable revenue to meet its future needs, whether it is fair and in line with the “capacity to pay” principle, and whether it is in line with Hong Kong's simple and low tax regime to maintain our competitiveness.

- End -