

**Replies to initial written questions raised by Finance Committee Members in examining the Estimates of Expenditure 2013-14**

**Director of Bureau : Secretary for Financial Services and the Treasury  
Session No. : 4**

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<a href="#">FSTB(Tsy)213</a>	3531	LEE Wai-king, Starry	162	(2) Collection and Billing of Rates and Government Rent
<a href="#">FSTB(Tsy)214</a>	3669	HO Sau-lan, Cyd	188	
<a href="#">FSTB(Tsy)215</a>	4916	TIEN Puk-sun, Michael	188	(4) Management of Funds
<a href="#">FSTB(Tsy)216</a>	3589	TONG Ka-wah, Ronny	188	(1) Central Accounting, Collections and Payments
<a href="#">FSTB(Tsy)217</a>	3591	TONG Ka-wah, Ronny	188	(3) Accounting and Financial Information Systems
<a href="#">FSTB(Tsy)218</a>	3592	TONG Ka-wah, Ronny	188	(4) Management of Funds

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

**FSTB(Tsy)001**

Question Serial No.

1867

Head: - Subhead (No. & title): -

Programme: -

Controlling Officer: -

Director of Bureau: -

Question:

The Financial Secretary stated in paragraph 128 of the Budget that he is inclined to adopt a simple and direct approach through one-off tax reduction and increase in tax allowance as a response to the various aspirations of the middle class, while negating the idea of providing specific tax measures for the middle class. I would like to ask the Financial Secretary whether he will conduct a comprehensive analysis or comparison in relation to the tax burden and household expenses (including expenses on housing, medical care and children's education) of the middle class? Will the Government also take this opportunity to review the current definition of middle class or middle class family?

Asked by: Hon. CHEUNG Wah-fung, Christopher

Reply:

The question raised does not directly relate to Head 147.

As we understand, the Government does not have a specific policy definition of "middle class or middle class family". However, the Census and Statistics Department (C&SD) conducts a Household Expenditure Survey (HES) every five years and the data so collected may show the variations in expenditure patterns of households in different income groups in Hong Kong. In addition, the Government also makes use of the information collected in the Population Census/ By-census in 2001, 2006 and 2011 to analyse the tax burden of different households. Results are detailed in the Thematic Report : Household Income Distribution in Hong Kong published by C&SD in June 2012.

Name in block letters: Ms Elizabeth TSE

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

Date: 3.4.2013

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

**FSTB(Tsy)002**

Question Serial No.

2558

Head: - Subhead (No. & title): -

Programme: -

Controlling Officer: -

Director of Bureau: -

Question:

It is stated in paragraph 161 of the Budget Speech that "Wealth redistribution seems to be a quick fix to improve the livelihood of the grass roots. But the lesson in Europe in recent years tells us that welfarism is not sustainable".

In this connection, please advise the Committee on the following:

- (a) please list all the Budget Speeches that have commented on "welfarism";
- (b) as the meaning of the term "welfarism" varies, please explain what kind of data (say public expenditure accounts for 22 per cent or above of Gross Domestic Product) will be used by the SAR Government as a benchmark indicating the dangerous road leading to "welfarism"; and
- (c) please explain with real data (such as economic data of individual countries) what lesson such "welfare countries" in Europe and the United States have learnt, verifying the claim that "welfarism is not sustainable".

Asked by: Hon. LEUNG Kwok-hung

Reply:

There is no direct relationship between the question and Head 147. We are unable to answer the question.

Name in block letters: Ms Elizabeth TSE

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

Date: 2.4.2013

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

Reply Serial No.

**FSTB(Tsy)003**

Question Serial No.

2453

Head: - Subhead (No. & title): -

Programme: -

Controlling Officer: -

Director of Bureau: -

Question:

Please list the funds administered by the government bureaux, departments and units, together with information on their operation and use.

Asked by: Hon. MA Fung-kwok

Reply:

Please refer to the **Appendix** for information on the operation and use of funds administered by government bureau, departments and units.

Name in block letters: Ms Elizabeth TSE

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

Date: 3.4.2013



## Funds administered by bureaux, departments and units

## A. Funds outside the Accounts of the Government

Name of Fund	Fund Balance as at 31.3.2012 (\$M)	2012-13 Government Injection (\$M)	2012-13 Estimated Total Expenditure (\$M)
<b><u>Commerce and Economic Development Bureau</u></b>			
1. Consumer Legal Action Fund	18	-	2
2. Applied Research Fund <sup>1</sup>	254	-	1
<b><u>Education Bureau</u></b>			
1. Early Retirement Ex-gratia Payment Fund for Aided Secondary School Teachers	214	-	128
2. Education Development Fund	653 <sup>2</sup>	- <sup>4</sup>	88 <sup>3</sup>
3. HKSAR Government Scholarship Fund	2,305 <sup>2</sup>	500 <sup>4</sup>	79 <sup>3</sup>
4. Language Fund	1,319	-	444
5. Quality Education Fund	6,924 <sup>2</sup>	- <sup>4</sup>	93 <sup>3</sup>
6. Self-financing Post-secondary Education Fund	3,485 <sup>2</sup>	20 <sup>4</sup>	57 <sup>3,5</sup>
7. Research Endowment Fund	25,318 <sup>2</sup>	- <sup>4</sup>	789 <sup>6</sup>
<b><u>Environment Bureau</u></b>			
1. Environment and Conservation Fund	1,194 <sup>7</sup>	-	206
<b><u>Food and Health Bureau</u></b>			
1. Samaritan Fund	882	10,000	343
2. AIDS Trust Fund	89	-	27
3. Health Care and Promotion Fund	50	-	4
4. J.E. Joseph Trust Fund	19	-	2
5. Kadoorie Agricultural Aid Loan Fund	15	-	6

Name of Fund	Fund Balance as at 31.3.2012 (\$M)	2012-13 Government Injection (\$M)	2012-13 Estimated Total Expenditure (\$M)
<b><u>Home Affairs Bureau</u></b>			
1. Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas	2,130	-	128
2. Supplementary Legal Aid Fund	88	100	4
3. Cantonese Opera Development Fund	81	-	10
4. Sir David Trench Fund for Recreation (SDTFR) – Main Fund	145	-	4
5. SDTFR – Sports Aid for the Disabled Fund	8	-	-
6. SDTFR – Sports Aid Foundation Fund	61	-	-
7. SDTFR – Hong Kong Athletes Fund	31	-	-
8. SDTFR – Arts and Sport Development Fund	3,084	-	94
9. SDTFR – Arts Development Fund	14	-	3
10. Elite Athletes Development Fund	6,934	-	280
11. Community Care Fund	6,268 <sup>8</sup>	-	790 <sup>8</sup>
<b><u>Labour and Welfare Bureau</u></b>			
1. Elder Academy Development Foundation	18	-	2
2. Queen Elizabeth Foundation for the Mentally Handicapped	198	-	3
3. Emergency Relief Fund	89	10	4
4. Traffic Accident Victims Assistance Fund	1,250	32	196
5. Hong Kong Paralympians Fund	37	-	3
6. Trust Fund for Severe Acute Respiratory Syndrome	67	-	10
7. Pneumoconiosis Ex Gratia Fund	55	-	8
<b><u>Security Bureau</u></b>			
1. Beat Drugs Fund	3,661	-	47

## B. Funds under the Accounts of the Government

Name of Fund	Commitment Balance as at 31.3.2012 (\$M)	Commitment Increased in 2012-13 (\$M)	2012-13 Revised Estimate Expenditure (\$M)
<b><u>Civil Services Bureau</u></b>			
1. Pensioners' Welfare Fund	Not applicable <sup>9</sup>	Not applicable <sup>9</sup>	1
<b><u>Commerce and Economic Development Bureau</u></b>			
1. SME Export Marketing and Development Funds	1,198	-	280
2. Dedicated Fund on Branding, Upgrading and Domestic Sales	-	1,000	68
3. Film Development Fund	144	-	41
4. Film Guarantee Fund	29	-	-
5. Mega Events Fund	-	150	25
6. Community Involvement Broadcasting Fund	-	45	-
<b><u>Environment Bureau</u></b>			
1. Pilot Green Transport Fund	298	-	12
2. Sustainable Development Fund	69	-	6
<b><u>Food and Health Bureau</u></b>			
1. Health and Medical Research Fund	1,397	-	59
2. Fisheries Development Loan Fund	280	-	- <sup>10</sup>
<b><u>Labour and Welfare Bureau</u></b>			
1. Child Development Fund	255	-	25
2. Community Investment and Inclusion Fund	137 <sup>11</sup>	200	30
3. Partnership Fund for the Disadvantaged	258	-	47
4. Social Welfare Development Fund	148	330	81
5. Continuing Education Fund	2,938	-	236

Notes:

- 1 With the consent of the Legislative Council, the Government started to wind down the fund gradually and ceased making any new investment since 2005.
- 2 Fund balance as at 31.8.2012.

- 3 Estimated expenditure in the 2012/13 school year, i.e. 1.9.2012 to 31.8.2013.
- 4 Estimated injection in the 2012/13 school year, i.e. 1.9.2012 to 31.8.2013.
- 5 Excluding the expenditure to be incurred by disbursement of grants under the Quality Enhancement Support Scheme as the selection process for the project proposals under the Scheme is still undergoing and the estimated expenditure of the scheme will be assessed nearer the time.
- 6 Expenditure from 1.9.2011 to 31.8.2012.
- 7 This is the cash balance of the fund. The uncommitted balance of the fund as at 31.3.2012 (i.e. after deducting the committed funds for approved projects and funds set aside for designated schemes) is \$159 million.
- 8 Including balance as at 31.3.2012 and the 2012-13 estimated expenditure for the programme to provide a one-off allowance to new arrivals.
- 9 Pensioners' Welfare Fund is funded under recurrent subhead, approved commitment and increase in commitment are not applicable.
- 10 Five loan applications at a total of \$38 million were approved in 2012-13. It is expected that payment will be made in April 2013.
- 11 Out of the \$137 million commitment balance, \$100 million is funded by the General Revenue Account and the remaining balance of \$37 million is by the Lotteries Fund.

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

**FSTB(Tsy)004**

Question Serial No.

1652

Head: - Subhead (No. & title): -

Programme: -

Controlling Officer: -

Director of Bureau: -

Question:

Will the Administration explain in detail the reasons for injecting an additional \$40 billion into the Community Care Fund, Environment and Conservation Fund, Language Fund and Employees Retraining Board when they all have substantial disposable surplus/reserves?

Is there an urgent need to inject \$40 billion? Is there any performance indicator for the injection to ensure its cost-effectiveness?

Asked by: Hon. TSE Wai-chun, Paul

Reply:

The Community Care Fund, Environment and Conservation Fund, Language Fund and Employees Retraining Board are managed by the Home Affairs Bureau, Environment Bureau, Education Bureau and Labour and Welfare Bureau respectively. According to the information provided by the respective bureaux, the reply is as follows:

**Community Care Fund**

The proposed additional injection of \$15 billion into the Community Care Fund (CCF) will support the Commission on Poverty and its CCF Task Force in their efforts to alleviate poverty. It will mainly serve three purposes -

- (i) provide assistance to those who could not benefit from the relief measures set out in the Budget, i.e. those colloquially known as the “n have-nots”;
- (ii) plug the gaps in the existing system and launch more targeted assistance programmes and pilot projects to assist the needy; and
- (iii) continue to implement those programmes that are proven effective but are yet to be incorporated into the Government’s regular assistance, pending study of related policies.

Apart from continuing its existing programmes, the CCF Task Force will, among other things, expedite the evaluation of its “Subsidy for Elderly Tenants in Private Housing” and “Subsidy for low-income persons who are inadequately housed” programmes with a view to launching an integrated programme in the latter half of 2013. In 2013-14 and beyond, the CCF Task Force will also, taking into account experience gained and views collected from the public and stakeholders, roll out more programmes to help the underprivileged and low-income families.

## **Environment and Conservation Fund**

As at end 2012, the uncommitted balance of the Environment and Conservation Fund (ECF) stood at about \$70 million. Taking into account the applications received and under processing, the uncommitted balance of ECF is expected to be depleted by around mid-2013. As a long-term commitment to environmental protection and conservation, we propose to inject \$5 billion into the ECF so that investment returns of the fund can provide long term sustained support for community green actions.

ECF has a monitoring system to ensure that supported projects meet funding requirements as well as their planned objectives. Project proponents are required to set out targets and deliverables in the funding applications. For approved projects, proponents are required to submit regular progress reports to the Secretariat of the ECF Committee for review. Instalment payments are made only upon satisfactory progress. The ECF Committee and the Secretariat may carry out inspections and surprise checks to examine the progress of the projects. Depending on the nature of activities and works involved, completion inspections are also conducted for certain projects. Final instalment will only be paid to the project proponent after satisfactory completion of the project as evidenced by a completion report together with a duly certified statement of account.

## **Language Fund**

Over the past three years, the Language Fund introduced 23 new projects each year at an annual expenditure of about \$200 million on average. As at end January 2013, the disposable balance of the Fund was approximately \$95 million. The \$5 billion to be injected into the Language Fund as proposed in the 2013-14 Budget Speech will serve as seed money, to enable the Fund to embark on longer-term and more diversified planning. The Standing Committee on Language Education and Research (SCOLAR) advises the Government on language education issues and on the use of the Fund. Members of the SCOLAR comprise scholars from tertiary institutions and representatives from secondary and primary schools, as well as eminent persons from the commercial sector and society to ensure that the Fund is properly used.

## **Employees Retraining Board**

As at January 2013, the balance of the Employees Retraining Board (ERB) was \$2.19 billion. In his Budget, the Financial Secretary proposed to inject \$15 billion into the ERB as seed money to provide it with long-term support. The Administration will discuss the injection arrangements, the future investment and management of the funds as well as the monitoring mechanism with the ERB and other relevant parties.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 2.4.2013

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

**FSTB(Tsy)005**

Question Serial No.

1653

Head: - Subhead (No. & title): -

Programme: -

Controlling Officer: -

Director of Bureau: -

Question:

Excluding the large sum of injection mentioned in the Budget Speech, what are the respective amounts of estimated unspent surplus/reserves of the Community Care Fund, Environment and Conservation Fund, Language Fund and Employees Retraining Board as at 1 April 2013?

Excluding any additional receipts and the injection, for how long can the unspent surplus/reserves support the operation of the three Funds and the Retraining Board?

Asked by: Hon. TSE Wai-chun, Paul

Reply:

The Community Care Fund, Environment and Conservation Fund, Language Fund and Employees Retraining Board are managed by the Home Affairs Bureau, Environment Bureau, Education Bureau and Labour and Welfare Bureau respectively. According to the information provided by the respective bureaux, the reply is as follows:

**Community Care Fund**

As at end February 2013, the balance of the Community Care Fund (CCF) was around \$5.93 billion (excluding the balance of the Programme to provide a one-off allowance to new arrivals, the balance of which has to be returned to the Government upon completion of the Programme). The estimated expenditure for 2012-13 amounts to \$5 billion (excluding the expenditure on the Programme to provide a one-off allowance to new arrivals). Taking into account experience gained and views collected from the public and stakeholders, the CCF will roll out appropriate programmes to help the underprivileged and low-income families continuously and incur the relevant expenditure.

**Environment and Conservation Fund**

As at end 2012, the uncommitted balance of the Environment and Conservation Fund (ECF) stood at about \$70 million. Taking into account the applications received and under processing, the uncommitted balance of ECF is expected to be depleted by around mid-2013.



## **Language Fund**

Over the past three years, the Fund introduced 23 new projects each year at an annual expenditure of about \$200 million on average. As at end January 2013, the disposable balance of the Language Fund only amounted to \$95 million. The Standing Committee on Language Education and Research will soon make recommendations to the Government in relation to the use of the Fund.

## **Employees Retraining Board**

As at January 2013, the balance of the Employees Retraining Board (ERB) was \$2.19 billion. It is envisaged that the balance should be able to sustain the services of ERB until end-2015.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 2.4.2013

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

**FSTB(Tsy)006**

Question Serial No.

1659

Head: - Subhead (No. & title): -

Programme: -

Controlling Officer: -

Director of Bureau: -

Question:

At a time when interest rate, as opined by the media, is consistently low, the Financial Secretary makes injections in the form of seed money into a number of funds in a bid to generate return via investments and maintain the funds' operation in the long run. In this regard, would the Administration inform this Committee:

What is the estimated investment return of the (1) \$15 billion injection into the Community Care Fund, (2) \$15 billion injection into the Employees Retraining Board, (3) \$5 billion injection into the Environment and Conservation Fund, and (4) \$5 billion injection into the Language Fund in 2013-14 and the five financial years afterwards?

Asked by: Hon. TSE Wai-chun, Paul

Reply:

The Community Care Fund, Environment and Conservation Fund, Language Fund and Employees Retraining Board are managed by the Home Affairs Bureau, Environment Bureau, Education Bureau and Labour and Welfare Bureau respectively. According to the information provided by the respective bureaux, the reply is as follows:

**Community Care Fund**

With the additional injection of \$15 billion into the Community Care Fund (CCF), there will be additional investment returns generated to finance various assistance programmes. The Commission on Poverty and its CCF Task Force will continue to review the financial position of the CCF in the light of actual experience, and consider appropriate investment plans for the funds.

**Environment and Conservation Fund**

Upon the approval of injection of \$5 billion into the Environment and Conservation Fund (ECF) by the Finance Committee of the Legislative Council, the Administration will, together with the ECF Committee and ECF Investment Committee, work out suitable investment and financial management strategies as well as funding allocation arrangements, with a view to ascertaining a pragmatic budget to meet the cash flow requirements of the ECF's various funding schemes in the years ahead.

## **Language Fund**

The \$5 billion to be injected into the Language Fund as proposed in the 2013-14 Budget Speech will serve as seed money, aiming at providing the Fund with more stable returns to enable it to embark on longer-term and more diversified planning. The Education Bureau is examining appropriate investment strategies.

## **Employees Retraining Board**

The Administration will discuss the injection arrangements, the future investment and management of the funds as well as the monitoring mechanism with the Employees Retraining Board and other relevant parties.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 2.4.2013

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

**FSTB(Tsy)007**

Question Serial No.

1660

Head: - Subhead (No. & title): -

Programme: -

Controlling Officer: -

Director of Bureau: -

Question:

At a time when interest rate, as opined by the media, is consistently low, the Financial Secretary makes injections in the form of seed money into a number of funds in a bid to generate return via investments and maintain the funds' operation in the long run. In this regard, would the Administration inform this Committee:

1. What investment tools will the board and funds receiving huge amount of injection use to generate return? How can the Government monitor the investments of the board and funds?

2. Instead of allowing the board and funds to make individual investments, has the Government considered commissioning the Hong Kong Monetary Authority to manage the injections amounting to \$40 billion, make professional investments and distribute the return among the board and funds? By doing so, the Authority's investment management expertise can be fully utilised to minimise the risk of depleting the injections.

Asked by: Hon. TSE Wai-chun, Paul

Reply:

The Community Care Fund, Environment and Conservation Fund, Language Fund and Employees Retraining Board are managed by the Home Affairs Bureau, Environment Bureau, Education Bureau and Labour and Welfare Bureau respectively. According to the information provided by the respective bureaux, the reply is as follows:

**Community Care Fund**

With the additional injection of \$15 billion into the Community Care Fund (CCF), there will be additional investment returns generated to finance various assistance programmes. The Commission on Poverty and its CCF Task Force will continue to review the financial position of the CCF in the light of actual experience, and consider appropriate investment plans for the funds.

**Environment and Conservation Fund**

Upon the approval of injection of \$5 billion into the Environment and Conservation Fund (ECF) by the Finance Committee of the Legislative Council, the Administration will, together with the ECF Committee and ECF Investment Committee, work out suitable investment and financial management strategies as well as funding allocation arrangements, with a view to ascertaining a pragmatic budget to meet the cash flow requirements of the ECF's various funding schemes in the years ahead. In addition, the Administration will closely monitor the investment performance of the ECF to ensure that the relevant investment arrangements would operate effectively.

## **Language Fund**

The \$5 billion to be injected into the Language Fund as proposed in the 2013-14 Budget Speech will serve as seed money, aiming at providing the Fund with more stable returns to enable it to embark on longer-term and more diversified planning. The Education Bureau is examining appropriate investment strategies.

## **Employees Retraining Board**

The Administration will discuss the injection arrangements, the future investment and management of the funds as well as the monitoring mechanism with the Employees Retraining Board and other relevant parties.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 2.4.2013

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

**FSTB(Tsy)008**

Question Serial No.

2777

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)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The one-off relief measures in the Budget, involving an expenditure of \$33 billion, do not include a re-launch of the cash payment scheme. Will the Administration advise this Committee of the total expenditure involved in the completion of "Scheme \$6,000" in 2012 and its effectiveness? Will the Administration also assess how the one-off measures in the Budget compare with the cash payment scheme in easing the financial hardship of the grass roots?

Asked by: Hon. CHAN Chi-chuen

Reply:

Under "Scheme \$6,000", payments were made to persons who were aged 18 or above and holders of a valid Hong Kong Permanent Identity Card as at 31 March 2012. The expenditure involved was about \$37.1 billion. Over 6.12 million eligible persons successfully registered under the Scheme.

"Scheme \$6,000" is a one-off measure for leaving wealth with the people. Given the different purposes, target beneficiaries and eligibility criteria between the Scheme and the relief measures proposed in the 2013-14 Budget, it is not appropriate to make comparisons.

Name in block letters: Ms Elizabeth TSE

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

Date: 21.3.2013

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

**FSTB(Tsy)009**

Question Serial No.

1705

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

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

- (1) What is the establishment of staff responsible for forecasting surplus/deficit of the Budget in the past year (i.e. 2012-13)?
- (2) What are the administration expenses involved in forecasting surplus/deficit?
- (3) What are the targets adopted in appraising the performance of staff responsible for forecasting surplus/deficit?
- (4) Will these staff members be held accountable for the fact that the revenue had been far higher than expected and the expenditure had been far lower than estimated in the past year? If so, what are the details? If not, please give reasons.
- (5) It is mentioned in Matters Requiring Special Attention in 2013-14 under this Programme that financial consultants will be appointed to carry out financial appraisals as necessary. Will the Administration consider appointing financial consultants to give a more accurate forecast on revenue and expenditure in drafting the Budget? If so, what are the details? If not, please give reasons.

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

- (1) The estimated budget surplus/deficit is the result of deducting government expenditure from government revenue. The preparation of revenue and expenditure estimates is an extensive exercise involving staff in all policy bureaux and departments responsible for finances, personnel, administration and project management etc.
- (2) The preparation of revenue and expenditure estimates is part of a department's regular management duties. The resources required for these duties constitute part of a department's expenditure estimates and are reflected in the operational expenses of the relevant head of expenditure.
- (3) For the purpose of appraising staff performance, appropriate performance indicators are set for each rank in accordance with guidelines issued by the Civil Service Bureau. For staff members involved in the preparation of the estimates, their performance in this aspect will be appraised according to the indicators of their respective ranks.



- (4) Hong Kong is a small and open economy. Our tax base is narrow. Some key revenue items are highly susceptible to economic fluctuations, very volatile and beyond the Government's control. At the same time, Government expenditure involves a wide range of policy areas and schemes, a few percentage points' difference between the actual and estimated amounts of expenditure is unavoidable. Due to these factors, we cannot achieve absolute accuracy despite making forecasts based on the information available at the time of Estimates preparation.
- (5) In preparing the Estimates every year, we draw on past experience and make the most appropriate assessments in the light of social, economic and other relevant factors. The difference between the estimates and the actual figures is inevitable and is mainly due to the combined effect of various external factors. We do not consider it necessary to appoint financial consultants for this purpose.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 19.3.2013

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

**FSTB(Tsy)010**

Question Serial No.

1706

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding this Programme, will the Administration advise this Committee that during the Estimates compilation and Budget preparation process for the year:

- (1) whether the amounts of rates and the administrative costs involved in respect of the rates concession measure as mentioned in paragraph 130 of the Budget Speech for the owners of commercial properties have been evaluated? If so, what are the details? If not, what are the reasons?
- (2) whether the amounts of rates involved in respect of the rates concession measure for Cheung Kong (Holdings) Limited, Sun Hung Kai Properties Limited, Sino Land Company Limited, Henderson Land Development Company Limited, Chinachem Group, The Wharf (Holdings) Limited, Hutchison Whampoa Limited, Hang Lung Group Limited, Wheelock and Company Limited as well as their subsidiary companies, affiliated companies and holding companies have been evaluated? If so, what are the details? If not, what are the reasons?
- (3) whether the amounts of business registration fees involved in respect of the waiver of business registration fees as mentioned in paragraph 132 of the Budget Speech for Cheung Kong (Holdings) Limited, Sun Hung Kai Properties Limited, Sino Land Company Limited, Henderson Land Development Company Limited, Chinachem Group, The Wharf (Holdings) Limited, Hutchison Whampoa Limited, Hang Lung Group Limited, Wheelock and Company Limited as well as their subsidiary companies, affiliated companies and holding companies have been evaluated? If so, what are the details? If not, what are the reasons?
- (4) whether the number of cases and the amounts of profits tax refund involved in respect of the profits tax concession proposal as mentioned in paragraph 132 of the Budget Speech for Cheung Kong (Holdings) Limited, Sun Hung Kai Properties Limited, Sino Land Company Limited, Henderson Land Development Company Limited, Chinachem Group, The Wharf (Holdings) Limited, Hutchison Whampoa Limited, Hang Lung Group Limited, Wheelock and Company Limited as well as their subsidiary companies, affiliated companies and holding companies have been evaluated?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

- (1) For the 2013-14 financial year, the estimated amount of rates concession in respect of non-domestic properties (including shops and commercial premises, offices and industrial premises) is about \$1.8 billion. To explain the rates concession arrangements, the Rating and Valuation Department (RVD) will publish a pamphlet for attachment to the demand notes. The estimated expenditure for the pamphlets is around \$430,000. This expense covers all rates-paying cases and RVD does not have separate estimates on the expenditure involved for owners of commercial properties.
- (2) According to the Code on Access to Information, without prior consent from the ratepayers concerned, RVD is unable to disclose the information requested which will reveal the identity of the ratepayers. Moreover, RVD does not have records of subsidiary companies, affiliated companies and holding companies. Hence, this Bureau is unable to assess and provide the amount of rates concession involving the subject subsidiary companies, affiliated companies and holding companies.
- (3) The secrecy provision in the Business Registration Ordinance prohibits the Inland Revenue Department (IRD) from disclosing information of individual cases.
- (4) The secrecy provision in the Inland Revenue Ordinance prohibits IRD from disclosing information of individual cases.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 19.3.2013

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

**FSTB(Tsy)011**

Question Serial No.

1707

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)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under this programme, has the Administration reviewed the implication of the "Scheme \$6,000" launched in 2011 on the economy and the disparity between the rich and the poor? If so, what are the details? If not, what are the reasons?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

Since "Scheme \$6,000" is a one-off measure, the Administration has not conducted any review on its implication on the economy and the disparity between the rich and the poor.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 26.3.2013

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

**FSTB(Tsy)012**

Question Serial No.

2853

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Budget Speech that a working group to be led by the Treasury Branch will be set up. Will the working group study whether the fiscal reserves should be capped? If not, will the Administration conduct related study or review through other channels? If not, what are the reasons?

Asked by: Hon. CHAN Yuen-han

Reply:

Fiscal reserves is all that we have at our disposal, not a reserve for backup purposes. Our aim is to maintain adequate fiscal reserves to meet daily operational needs and unfunded liabilities, cope with the fiscal pressure brought about by economic cycles, emergencies or changes in social structure (such as ageing population), and help to maintain the stability of the monetary and financial systems of Hong Kong. As fiscal reserves serves a number of purposes, setting a simple and rigid benchmark serves little purpose. In fact, the Government has been adhering to the fiscal discipline of keeping expenditure within the limits of revenue and committing resources only where justified. Fiscal reserves is not the most important factor in determining the level of expenditure.

The working group mentioned in paragraph 140 of the Budget Speech aims to assess the long-term public expenditure needs and changes in government revenue under the existing policies, as well as proposing feasible measures. Reviewing the ceiling of the fiscal reserves is not a target of the working group.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)

Date: 27.3.2013

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

**FSTB(Tsy)013**

Question Serial No.

2847

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary has set the public expenditure at a level below 20% of Gross Domestic Product (GDP) for years, and it was only last year that the public expenditure exceeded 20%, reaching a level of 21.4%. In this year's Speech to move the Appropriation Bill, it is mentioned that "public expenditure will be equivalent to 21.7% of GDP" this year. Would the Secretary advise this Committee of the criteria used for setting this percentage? Will the Administration review the percentage of public expenditure in terms of GDP? If not, what are the reasons?

Asked by: Hon. CHAN Yuen-han

Reply:

On public finance management, the overriding principle is committing resources only when justified and, as required by the Basic Law, keeping the budget commensurate with the growth rate of Gross Domestic Product (GDP). The target of 20% is not inviolable. We can go beyond this level on a need basis. In the past decade, public expenditure in terms of GDP exceeded 20% in three years.

Government revenue is around 20% in terms of GDP in recent years. In his Budget Speech, the Financial Secretary also pointed out that as we were obliged to uphold the principle of keeping expenditure within the limits of revenue, the Government would need to increase revenue if the expenditure was to be increased. This would mean raising taxes or resorting to borrowing. Both options would be controversial.

All in all, the Government is of the view that the target of keeping public expenditure at or below 20% of GDP is appropriate.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)

Date: 28.3.2013

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

**FSTB(Tsy)014**

Question Serial No.

0843

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Administration has stressed that Hong Kong maintains a simple and low tax regime while prudently controlling government expenditure to leave most of the wealth to the market and the public. The Government has been blamed for not reforming the tax regime in response to the changes and needs of our society. Please inform me of the following:

- (a) A comprehensive review on the Inland Revenue Ordinance was last conducted in 1976. The Ordinance, with only minor amendments in a piece-meal manner made since then, has been criticised as obsolete. Will a comprehensive review on the Ordinance be conducted once every 10 years to see if it can meet our social needs? If so, what are the details, manpower and expenditure to be incurred; if not, what are the reasons?
- (b) The community has been calling for the introduction of a community-wide retirement protection system to address the problem of an ageing population in Hong Kong. Will the Administration consider conducting a comprehensive review on the existing Inland Revenue Ordinance and consult the public accordingly? If so, what are the details, manpower and expenditure to be incurred; if not, what are the reasons?
- (c) There has been criticism that in the Hong Kong society, big enterprises and multinational corporations are benefited from the simple and low tax regime, hence widening the wealth gap. Please give an account of the effectiveness of the simple and low tax regime in reallocating the social resources.
- (d) Has the Administration conducted any researches on the implications of the collection of world-wide tax, capital gains tax, dividend tax, interest tax, as well as the re-imposition of estate duty on Hong Kong's economy and people's livelihood? If so, what are the details, manpower and expenditure incurred; if not, what are the reasons and will consideration be given to conduct such researches in the future?

Asked by: Hon. CHEUNG Kwok-che



Reply:

It is the Government's on-going exercise to conduct reviews on the tax system with a view to stabilising and diversifying revenue sources. For 2013-14, we have not set aside any additional resources for reviewing either the tax system or issues relating to the introduction of new taxes.

To address various social and economic problems, we could not rely solely on tax measures. Rather, it requires well-coordinated policies in different aspects and efforts to promote sustainable growth of the overall economy, thereby creating wealth for the society.

In the coming year, on the tax front, our work priorities are to complete the legislative exercises relating to the Stamp Duty Ordinance and the Inland Revenue Ordinance (IRO) for the purpose of stabilising the property market and implementing the one-off concessionary revenue measures in the Budget respectively. We also need to amend the IRO to ensure that Hong Kong will not lag behind the latest international standards on exchange of tax information. To promote the development of private equity funds and the offshore insurance business of captive insurance companies in Hong Kong, the Government proposes to provide profits tax concessions. In this regard, we plan to consult the trade on the relevant arrangements and the proposed amendments to the IRO in the coming year.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 30.3.2013

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

**FSTB(Tsy)015**

Question Serial No.

1889

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary mentioned in paragraph 140 of the Budget Speech that he will set up a working group to be led by the Treasury Branch. Scholars and experts will be invited to join the working group to explore ways to make more comprehensive planning for public finances to cope with the ageing population and the Government's other long-term commitments. Will the Administration advise us on the areas to be studied by the working group, such as the financial commitment for community-wide retirement protection? What is the size of the working group? Will a secretariat be formed and how much funds will be set aside for undertaking the work?

Asked by: Hon. CHEUNG Wah-fung, Christopher

Reply:

The working group aims to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments. It will analyse data to assess the long-term public expenditure needs and changes in government revenue under the existing policies, and will make reference to overseas experience. The working group will report to the Financial Secretary by the end of this year. Community-wide retirement protection is not a matter to be examined by the working group.

The working group will be led by the Permanent Secretary for Financial Services and the Treasury (Treasury). Its membership will be decided in due course. The working group is temporary in nature. We plan to create one or two temporary posts to provide the necessary support. The expenditure involved will be absorbed within existing resources.

Name in block letters: Ms Elizabeth TSE

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

Date: 27.3.2013

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

**FSTB(Tsy)016**

Question Serial No.

2976

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary stated in paragraph 140 of his Budget Speech that he will set up a working group to be led by the Treasury Branch, and scholars and experts will be invited to join the working group to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments. Does this have anything to do with the study on the issue of retirement protection to be carried out by the Social Security and Retirement Protection Task Force under the Commission on Poverty (CoP) as mentioned in paragraph 118? Will the report of the working group, once available, be given to the Task Force under the CoP for reference or further study?

Asked by: Hon. CHEUNG Wah-fung, Christopher

Reply:

The working group led by the Treasury Branch is to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments. It will analyse data to assess the long-term public expenditure needs and changes in government revenue under the existing policies.

The working group does not have any relationship with the Social Security and Retirement Protection Task Force under the Commission on Poverty. It will submit a report to the Financial Secretary by end of this year.

Name in block letters: Ms Elizabeth TSE

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

Date: 26.3.2013

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

**FSTB(Tsy)017**

Question Serial No.

1869

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in paragraph 147 of the Budget that the Government will review all types of licence fees and other fees related to the issue of identity documents, registration, etc. in accordance with the "user pays" principle. It is also stated that the cost recovery rate for some fees and charges is as low as 30 per cent. Will the Government recover all the costs at one go, or recover them in stages with a cap on each increase so as to avoid adding too much burden to businesses and the public?

Asked by: Hon. CHEUNG Wah-fung, Christopher

Reply:

As the Financial Secretary points out in the 2013-14 Budget, the Government will conduct a systematic review. Policy bureaux and departments will review their respective fees and charges, and submit plans for their revision for the coming 1 or 2 years. We shall first deal with fees that have not been revised for years and do not directly affect people's livelihood, and items which have low cost recovery rates. The Government will make appropriate fee revisions as and when necessary. There will not be substantial revisions at one go to avoid affecting people's livelihood. In reviewing the fees and charges, policy bureaux and departments will take into account factors including considerations relevant to the specific services provided, public affordability and acceptability, and the views of Legislative Council Members before making proposals for fee revisions.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 20.3.2013

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

**FSTB(Tsy)018**

Question Serial No.

1301

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Treasury Branch's aim under this Programme is to control government expenditure and manage the allocation of resources in line with prudent financial management principles and other policy objectives of the Government. Given that there were significant deviations between the financial performance and the estimates in the past consecutive years, will the Administration conduct a review on the existing budget preparation methods and principles so as to prepare a more accurate budget? Also, will financial consultants be appointed to give assistance or carry out financial appraisals more objectively as necessary?

Asked by: Hon. CHUNG Kwok-pan

Reply:

Hong Kong is a small and open economy. Our tax base is narrow. Some key revenue items are highly susceptible to economic fluctuations, very volatile and beyond the Government's control. At the same time, Government expenditure involves a wide range of policy areas and schemes, a few percentage points' difference between the actual and estimated amounts of expenditure is unavoidable. Due to these factors, we cannot achieve absolute accuracy despite making forecasts based on the information available at the time of Estimates preparation. In preparing the Estimates every year, we draw on past experience and make the most appropriate assessments in the light of social, economic and other relevant factors. The difference between the estimates and the actual figures is inevitable and is mainly due to the combined effect of various external factors. We do not consider it necessary to appoint financial consultants for this purpose.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)

Date: 19.3.2013

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

**FSTB(Tsy)019**

Question Serial No.

1300

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Treasury Branch's work under this Programme is to, among others, combat tax evasion and minimise opportunities for tax avoidance. Please advise this Committee on whether the cases of tax evasion are on the rise. How effective was the work of combating tax evasion in 2012-13? Please tabulate the tax evasion cases investigated and prosecuted by types over the past three years (i.e. from 2010-11 to 2012-13). Are there performance indicators for 2013-14? Will additional funding and manpower be deployed for this purpose?

Asked by: Hon. CHUNG Kwok-pan

Reply:

The Treasury Branch combats tax evasion through the Inland Revenue Department (IRD). For the 2012-13 financial year, IRD expects to complete 1 800 field audit and investigation cases, involving back tax and penalty totalling \$3.3 billion.

The number of cases completed by IRD and the associated amount of back tax and penalty assessed in the three financial years from 2010-11 to 2012-13 are as follows –

	<u>2010-11</u> (Actual)	<u>2011-12</u> (Actual)	<u>2012-13</u> (Revised Estimate)
Cases completed	1 805	1 804	1 800
Back tax and penalty assessed (\$million)	3,827	6,003#	3,300

# The amount of back tax and penalty assessed in 2011-12 was exceptionally high due to the successful settlement of a few large tax avoidance cases.

In 2013-14, IRD plans to complete 1 800 field audit and investigation cases, involving back tax and penalty totalling \$2.5 billion. While the manpower required for processing the above cases will be the same as in 2012-13, the financial provision is higher than the revised estimate for 2012-13 by 6.4%, amounting to \$206 million.

According to our available information, there is no indication that the number of tax evasion cases is on the rise.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 19.3.2013

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

**FSTB(Tsy)020**

Question Serial No.

1302

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In 2006, the Government published a consultation document on tax reform. Through the consultation, members of the public have generally gained an understanding of the problem of narrow tax base and agree that it should be addressed. As a result of the decreasing number of taxpayers and slowing economy, government revenue may drop or even fiscal deficit may be incurred. In view of this, apart from setting up a working group to explore ways to make more comprehensive planning for public finances to cope with the ageing population and other long-term commitments, will the Administration conduct a study or a consultation exercise again on government revenue and expenditure so as to improve the situation of over-reliance on non-recurrent revenue to support public finances? Will the Administration explore options to broaden the tax base and stabilise government revenue? If so, what are the details?

Asked by: Hon. CHUNG Kwok-pan

Reply:

It is the Government's on-going exercise to conduct reviews on the tax system with a view to stabilising and diversifying revenue sources. For 2013-14, we have not set aside any additional resources for reviewing either the tax system or issues relating to the introduction of new taxes.

In the coming year, on the tax front, our work priorities are to complete the legislative exercises relating to the Stamp Duty Ordinance and the Inland Revenue Ordinance (IRO) for the purpose of stabilising the property market and implementing the one-off concessionary revenue measures in the Budget respectively. We also need to amend the IRO to ensure that Hong Kong will not lag behind the latest international standards on exchange of tax information. To promote the development of private equity funds and the offshore insurance business of captive insurance companies in Hong Kong, the Government proposes to provide profits tax concessions. In this regard, we plan to consult the trade on the relevant arrangements and the proposed amendments to the IRO in the coming year.

We are determined to ensure that the Government has stable revenue by preserving tax revenue sources and preventing revenue losses. We also adhere to the "user pays" principle by conducting systematic reviews on government fees and charges to prevent cost recovery items from becoming heavily subsidised, which will in turn affect government revenue.

Name in block letters: Ms Elizabeth TSE

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

Date: 19.3.2013



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

**FSTB(Tsy)021**

Question Serial No.

2983

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

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 130 of the Budget Speech that the Government proposes “granting each residential electricity account a subsidy of \$1,800. This will cost the Government \$4.5 billion.” Will the Administration advise this Committee whether a comprehensive review of the previous provision of electricity charge subsidy has been conducted? If so, what are the findings? How will this new round of subsidy provision be operated and implemented? Has the Administration reviewed past experience and made improvement? Will the Administration consider providing incentives such as more subsidy for less consumption to encourage electricity saving? When is the subsidy expected to be given?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

Electricity consumption may be affected by many factors, such as the number of occupants, weather, the meter reading date, occupants going on a business trip or vacation, etc. and may not be directly related to the environmental awareness of households. Considering the amount of subsidy by making reference to the electricity consumption of individual households may not be fair, is complicated in operation and may cause disputes.

The Budget this year proposes to provide electricity charges subsidy to ease pressure and stimulate economic growth, so as to benefit the majority of the public. We consider it appropriate to grant the new round of electricity charges subsidy under the existing arrangements.

After the passage of the Appropriation Bill, we shall seek funding from the Finance Committee of the Legislative Council. We hope to start granting the new subsidy from July, immediately after the last credit of the existing subsidy in June this year.

Name in block letters: Ms Elizabeth TSE

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

Date: 19.3.2013

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

**FSTB(Tsy)022**

Question Serial No.

1382

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

On page 12 of the Supplement and Appendices of the Speech by the Financial Secretary moving the second reading of the Appropriation Bill 2013, it is stated that the Government's actual liabilities arising from litigation are about \$3.1 billion in 2012 and the estimated liabilities are about \$3.5 billion in 2013. Will the Administration list the litigation cases and amounts involved in the tables below?

a) 2012

Details of Litigation Cases	Amounts Involved
Case 1:	
(Please use a new row for Case 2 and thereafter)	

b) 2013

Details of Litigation Cases	Amounts Involved
Case 1:	
(Please use a new row for Case 2 and thereafter)	

Asked by: Hon. HO Chun-yan, Albert

Reply:

Paragraph 13 on page 12 of the Appendices to the 2013-14 Budget sets out the Government's contingent liabilities, one of those is contingent liabilities arising from litigation. In order not to prejudice the litigation, it would not be appropriate to disclose the details and estimated expenditure of the litigation cases

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)

Date: 19.3.2013

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

**FSTB(Tsy)023**

Question Serial No.

3108

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the records management work over the past three years (to 2012):

1. Please provide information on the number and rank of officers designated to perform such work. If there is no officer designated for such work, please provide information on the number of officers and the hours of work involved in records management duties, and the other duties they have to undertake in addition to records management;

2. Please list in the table below information on programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal:

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents

3. Please list in the table below information on programme and administrative records which have been transferred to GRS for retention:

Category of records	Years covered by the records	Number and linear metres of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents

4. Please list in the table below information on records which have been approved for destruction by GRS:

Category of records	Years covered by the records	Number and linear metres of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents

Asked by: Hon. HO Sau-lan, Cyd

Reply:

1. The Treasury Branch (Branch) has assigned a Senior Executive Officer as Departmental Records Manager to co-ordinate and undertake our records management work in accordance with the policies and guidelines on records management formulated by the Administration Wing, whilst a Principal Executive Officer is responsible for the overall planning and monitoring. On a day-to-day basis, 2 Confidential Assistants maintain and handle confidential documents and records on a full-time basis in the Branch. In each division/office/unit of the Branch, there are also managerial and supporting staff assigned for administrative duties. In addition to the work related to the Branch's business, they are also responsible for the records management work of their respective division/office/unit in support of the overall plan. Taking all of these officers into account, there are approximately 80 officers in the Branch engaging in records management work. The Branch does not have a breakdown of the number of hours spent by these officers on their routine records management duties.
2. The information on programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal in the past 3 years is as follows:

<b>Category of records</b>	<b>Years covered by the records</b>	<b>Number and linear metres of records</b>	<b>Retention period approved by GRS</b>	<b>Are they confidential documents</b>
Programme	1982-2012	3 541 files (141.64 linear metres in total)	8 to 30 years	Including 1 471 confidential files (approximately 58.84 linear metres)
Administrative	1988-2012	345 files (13.8 linear metres in total)	2 to 5 years	Including 9 confidential files (0.36 linear metres in total)

3. The Branch has not transferred any records to the GRS for retention in the past 3 years.
4. The information on the Branch's records which have been approved for destruction by the GRS in the past 3 years is as follows:

<b>Category of records</b>	<b>Years covered by the records</b>	<b>Number and linear metres of records</b>	<b>Years that the records were transferred to GRS</b>	<b>Retention period approved by GRS</b>	<b>Are they confidential documents</b>
Programme	1961-2001	550 files (22 linear metres in total)	2011	8 to 30 years	Including 1 confidential file (approximately 0.04 linear metres)
Administrative	1972-2005	953 files (38.15 linear metres in total)	2011	2 to 7 years	Including 5 confidential files (approximately 0.2 linear metres)

Name in block letters: Ms Elizabeth TSE  
Permanent Secretary for Financial  
Services and the Treasury (Treasury)

Date: 22.3.2013

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

**FSTB(Tsy)024**

Question Serial No.

2154

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As mentioned in paragraph 140 of the Budget Speech, the Government will set up a working group to be led by the Treasury Branch to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments. In this connection, please advise this Committee on:

1. the person who will lead the working group, and whether there is an invitation list of members comprising scholars, experts and other people;
2. the details of the working group and the timetable for its establishment and subsequent work, such as when to convene the first meeting and the timeframe for submitting a report to the Financial Secretary by the end of 2013 and so on;
3. the estimated number of new posts to be created in the establishment for setting up the working group in brief, and the allocation reserved for the working group.

Asked by: Hon. KWOK Wai-keung

Reply:

1. The working group will be led by the Permanent Secretary for Financial Services and the Treasury (Treasury). Its membership will be decided in due course.
2. The Treasury Branch will kick-start the work of the working group upon completion of the legislative proceedings of the Appropriation Bill 2013. The working group will analyse data to assess the long-term public expenditure needs and changes in government revenue under the existing policies, and will make reference to overseas experience. The working group will report to the Financial Secretary by the end of this year.
3. The working group is temporary in nature. We plan to create one or two temporary posts to provide the necessary support. The expenditure involved will be absorbed within existing resources.

Name in block letters: Ms Elizabeth TSE

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

Date: 22.3.2013

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

**FSTB(Tsy)025**

Question Serial No.

0736

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in paragraphs 152 and 154 of the Budget Speech that operating expenditure and total government revenue for 2013-14 are estimated to be \$352 billion and \$435.1 billion respectively. Estimated expenditure is nevertheless affected by revenue. In arriving at the estimated expenditure of \$352 billion, does the Administration take into account the impact of reduced transactions and hence stamp duty revenue caused by the tough measures to curb the property market?

Asked by: Hon. LAM Tai-fai

Reply:

The Government strives to take into account all relevant factors when preparing the revenue estimate. However, the revenue estimate is not the only consideration in preparing the expenditure estimate.

The Government prepares the expenditure estimate according to the following basic principles:

- (1) under Basic Law Article 107, "the Hong Kong Special Administrative Region shall follow the principle of keeping expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product";
- (2) committing resources pragmatically, only when justified and according to the actual needs and priorities;
- (3) keeping public expenditure at or below 20% of the gross domestic product to ensure fiscal sustainability.

Name in block letters: Ms Elizabeth TSE

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

Date: 22.3.2013

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

**FSTB(Tsy)026**

Question Serial No.

0751

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

According to programme (2), the Administration will appoint financial consultants to carry out financial appraisals as necessary in 2013-14. In respect of this, please advise this Committee whether funds have been reserved for appointing financial consultants? If so, what is the estimated amount? Please also give an account of the projects that financial consultants are required to be appointed.

Asked by: Hon. LAM Tai-fai

Reply:

The Government will appoint financial consultants to carry out financial appraisals on matters involving public finance as and when necessary. In 2013-14, the Treasury Branch has not earmarked any provision for the appointment of financial consultants to carry out financial appraisals.

Name in block letters: Ms Elizabeth TSE

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

Date: 20.3.2013

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

**FSTB(Tsy)027**

Question Serial No.

3009

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)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary has proposed 7 one-off relief measures. What criteria does the Government have for determining the provision for each of the one-off measures? Please list the details in the form of a table.

Asked by: Hon. LAM Tai-fai

Reply:

The Financial Secretary has taken into account a host of factors in deciding the one-off measures to be introduced. These factors include economic performance and outlook, inflation forecast, the Government's fiscal position, feedback from the Budget consultation, etc.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 22.3.2013



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

**FSTB(Tsy)028**

Question Serial No.

0858

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)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The chart below paragraph 141 of the Budget Speech shows that government expenditure has almost doubled (95.8%) from 1997-98 to 2012-13, far exceeding the growth of government revenue and nominal Gross Domestic Product (GDP) (48.6% and 58.4% respectively) for the same period. In this connection, will the Administration advise :

- (a) whether this situation follows the public finance management principle of “ensuring that the growth of government expenditure over time is in line with the growth rate of the economy”;
- (b) why the Government registered a surplus of over \$350 billion from 1997-98 to 2012-13 despite the fact that government expenditure far outgrew government revenue in the same period;
- (c) the growth of government expenditure, government revenue and nominal GDP from the first complete financial year after the handover of sovereignty (i.e. 1998-99) to 2012-13.

Asked by: Hon. LEE Cheuk-yan

Reply:

- (a) Article 107 of the Basic Law stipulates that the Hong Kong Special Administrative Region (HKSAR) shall follow the principle of keeping the expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its Gross Domestic Product (GDP). Though the growth rate of government expenditure may go beyond that level at times, the Government is obliged to uphold this principle in the long run.
- (b) In the past 15 years, deficits were recorded in 1998-99 and 2000-01 to 2003-04 years, amounting to \$196.2 billion in total, while a cumulative surplus of \$555.5 billion was recorded for the remaining years. As a result, an overall surplus of over \$350 billion is registered over the period.

- (c) It is more appropriate to take 1997-98 as the base year for comparing the changes in expenditure and revenue of the SAR Government and our economic growth over the years. For instance, the increase in expenditure in 1998-99 over that for 1997-98 reflects the effect of the new policies implemented by the SAR Government in the first year of its inception.  
Between 1997-98 and 2013-14 (Estimate), government expenditure, government revenue and nominal GDP have increased by 126.4%, 54.7% and 56.7% respectively.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 28.3.2013

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

**FSTB(Tsy)029**

Question Serial No.

0734

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)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

There have been significant variances between the actual revenue and the original estimates for many years. In this connection, will the Administration advise us on whether any study had been conducted (either internally or by consultants commissioned) after the Handover to explore ways for the preparation of more accurate estimates of revenue? If so, what are the results of such study and the expenditure involved? Have the methods of preparing revenue estimates been revised according to the results? If not, what are the reasons? Will the Administration consider conducting such study in 2013-14?

Asked by: Hon. LEE Cheuk-yan

Reply:

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

Name in block letters: Ms Elizabeth TSE

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

Date: 30.3.2013

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

**FSTB(Tsy)030**

Question Serial No.

0852

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

Programme: (3) Service Departments

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What were the actual amount of resources used in each of the past three years (i.e. from 2010-11 to 2012-13) and how much resources will be reserved for 2013-14 by the Financial Services and the Treasury Bureau (The Treasury Branch) and the departments under its purview in respect of the following items? What are the specific expenditure guidelines on these items?

- (a) Officials' duty visits and study tours overseas and to the Mainland, including air passages and other travelling expenses;
- (b) Entertainment expenses within Hong Kong; and
- (c) Provision of private government vehicles for officials.

Asked by: Hon. LEE Wai-king, Starry

Reply:

The actual expenditure on the following items in the three years from 2010-11 to 2012-13 and resources reserved for 2013-14 are set out in the following annexes –

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

The expenses incurred by officials on overseas duty visits are governed by relevant provisions in the Code for Officials under the Political Appointment System and Civil Service Regulations (CSRs) 734 and 1365. The entertainment expenses are in line with the provisions set out in CSRs 750 and 751 and the relevant guidelines promulgated by the Administration Wing from time to time, whereas the use of private government vehicles is subject to the arrangements specified in the General Regulations and relevant circulars.

Name in block letters: Ms Elizabeth TSE  
Permanent Secretary for Financial  
Post Title: Services and the Treasury (Treasury)

Date: 27.3.2013

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

<b>Branch/ Department</b>	<b>2010-11 Actual (\$)</b>	<b>2011-12 Actual (\$)</b>	<b>2012-13 Actual (up to 28 Feb 2013) (\$)</b>	<b>2013-14 Estimates (\$)</b>
Financial Services and the Treasury Bureau (The Treasury Branch) <sup>(Note 2)</sup>	1,525,510	1,494,449	666,204.73	1,386,000
Audit Commission	152,937	81,655	12,620	100,000
Government Property Agency	0	0	0	1,000
Government Logistics Department	0	0	10,246	37,000
Inland Revenue Department	792,494	1,649,038	805,797	1,950,000
Rating and Valuation Department	78,512	87,157	158,521	110,000
Treasury	20,322	36,419	94,919	50,000
<b>Total:</b>	<b>2,569,775</b>	<b>3,348,718</b>	<b>1,748,308</b>	<b>3,634,000</b>

## Notes:

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

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

<b>Branch/ Department</b>	<b>2010-11 Actual (\$)</b>	<b>2011-12 Actual (\$)</b>	<b>2012-13 Actual (up to 28 Feb 2013) (\$)</b>	<b>2013-14 Estimates (\$)</b>
Financial Services and the Treasury Bureau (The Treasury Branch) <sup>(Note)</sup>	161,587	145,129	109,501	270,000
Audit Commission	13,108	16,128	10,340	20,000
Government Property Agency	660	0	1,685	8,000
Government Logistics Department	8,835	7,630	3,095	3,000
Inland Revenue Department	68,773	69,030	56,820	50,000
Rating and Valuation Department	14,974	1,180	1,175	10,000
Treasury	8,685	18,029	2,887	10,000
<b>Total:</b>	<b>276,622</b>	<b>257,126</b>	<b>185,503</b>	<b>371,000</b>

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

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

<b>2010-11 Actual (\$)</b>	<b>2011-12 Actual (\$)</b>	<b>2012-13 Actual (up to 28 Feb 2013) (\$)</b>	<b>2013-14 Estimates (\$)</b>
<b>111,631</b>	<b>257,975</b>	<b>300,470</b>	<b>279,020</b>

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

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

**FSTB(Tsy)031**

Question Serial No.

0668

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 140 of the Budget Speech that the Government will “set up a working group to be led by the Treasury Branch. Scholars and experts will be invited to join the working group to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments”. Please advise us of:

- (a) the time of setting up the working group and its work plan, and the manpower and expenditure involved;
- (b) the composition of the working group;
- (c) the annual changes in fiscal surplus/deficit and reserves since reunification, and their percentages in terms of Gross Domestic Product (GDP) in the respective years;
- (d) the allocation of fiscal surplus into one-off non-recurrent expenditure items since reunification;
- (e) the annual total government expenditure and total public expenditure, and their percentages in terms of GDP in the respective years since reunification; and
- (f) the changes in shares in government expenditure, recurrent government expenditure and public expenditure for health and social welfare since reunification.

Asked by: Hon. LEE Wai-king, Starry

Reply:

- (a)&(b) The Treasury Branch will kick-start the work of the working group upon completion of the legislative proceedings of the Appropriation Bill 2013. The working group will report to the Financial Secretary by the end of this year. It will be led by the Permanent Secretary for Financial Services and the Treasury (Treasury). Its membership will be decided in due course. The working group is temporary in nature. We plan to create one or two temporary posts to provide the necessary support. The expenditure involved will be absorbed within existing resources.



(c) The consolidated surplus/deficit, the fiscal reserves as at end of March, and their percentages in terms of Gross Domestic Product (GDP) from 1997-98 to 2013-14 are as follows:

	Consolidated surplus/(deficit)		Fiscal reserves	
	(\$ billion)	(%)	(\$ billion)	(%)
2013-14 (Original estimate)	(4.9)	0.2	729.1	33.9
2012-13 (Revised estimate)	64.9	3.2	734.0	36.0
2011-12	73.7	3.8	669.1	34.6
2010-11	75.1	4.2	595.4	33.5
2009-10	25.9	1.6	520.3	31.4
2008-09	1.5	0.1	494.4	29.0
2007-08	123.6	7.5	492.9	29.9
2006-07	58.6	3.9	369.3	24.6
2005-06	14.0	1.0	310.7	22.0
2004-05	21.4	1.6	296.0	22.5
2003-04	(40.1)	3.2	275.3	21.9
2002-03	(61.7)	4.8	311.4	24.0
2001-02	(63.3)	4.8	372.5	28.2
2000-01	(7.8)	0.6	430.3	32.2
1999-00	10.0	0.8	444.3	34.5
1998-99	(23.2)	1.8	434.3	33.2
1997-98	86.9	6.3	457.5	33.3

(d) The non-recurrent expenditure from 1997-98 to 2013-14 are as follows:

	<u>Non-recurrent expenditure</u> (\$ billion)
2013-14 (Original estimate)	60.7
2012-13 (Revised estimate)	41.1
2011-12	53.9
2010-11	16.1
2009-10	13.2
2008-09	43.9
2007-08	5.3
2006-07	4.5
2005-06	5.3
2004-05	4.6
2003-04	5.9
2002-03	2.3
2001-02	3.2
2000-01	2.2
1999-00	2.0
1998-99	13.1
1997-98	11.2

- (e) The government expenditure and public expenditure and their percentages in terms of GDP from 1997-98 to 2013-14 are as follows:

	Government expenditure		Public expenditure	
	(\$ billion)	(%)	(\$ billion)	(%)
2013-14 (Original estimate)	440.0	20.4	467.1	21.7
2012-13 (Revised estimate)	380.6	18.7	405.5	19.9
2011-12	364.0	18.8	385.6	19.9
2010-11	301.4	17.0	320.6	18.0
2009-10	289.0	17.4	307.2	18.5
2008-09	312.4	18.3	331.0	19.4
2007-08	234.8	14.2	252.5	15.3
2006-07	226.9	15.1	244.9	16.3
2005-06	233.1	16.5	251.5	17.8
2004-05	242.2	18.4	263.2	20.0
2003-04	247.5	19.7	275.4	21.9
2002-03	239.2	18.4	266.5	20.5
2001-02	238.9	18.1	269.7	20.4
2000-01	232.9	17.4	275.6	20.6
1999-00	223.0	17.3	278.0	21.6
1998-99	239.4	18.3	287.0	21.9
1997-98	194.4	14.2	234.9	17.1

- (f) The percentage shares of health and social welfare policy area groups in government expenditure, recurrent government expenditure and public expenditure from 1997-98 to 2013-14 are as follows:

	Share in government expenditure		Share in recurrent government expenditure		Share in public expenditure	
	Health (%)	Social welfare (%)	Health (%)	Social welfare (%)	Health (%)	Social welfare (%)
2013-14 (Original estimate)	12.2	13.9	16.7	19.1	11.5	13.1
2012-13 (Revised estimate)	15.6	12.1	17.5	16.2	14.7	11.3
2011-12	12.4	11.9	17.1	16.6	11.7	11.2
2010-11	13.2	13.4	16.5	16.8	12.4	12.6
2009-10	13.3	14.0	16.0	17.8	12.5	13.2
2008-09	11.8	12.6	15.8	18.0	11.1	11.9
2007-08	14.3	14.9	15.9	17.0	13.3	13.8
2006-07	14.2	14.8	15.7	17.1	13.1	13.7
2005-06	13.6	14.3	15.7	17.1	12.6	13.2
2004-05	13.3	13.7	15.7	16.6	12.2	12.6
2003-04	13.8	13.5	16.1	16.2	12.4	12.1
2002-03	13.9	12.9	16.3	15.5	12.4	11.9
2001-02	14.3	12.0	16.3	14.6	12.7	11.0
2000-01	14.0	11.7	16.5	14.6	11.9	10.1
1999-00	14.3	11.9	17.2	15.2	11.5	9.8
1998-99	13.1	10.5	17.5	15.2	10.9	9.0
1997-98	14.4	10.6	17.4	13.4	11.9	9.1

Name in block letters: Ms Elizabeth TSE  
 Post Title: Permanent Secretary for Financial Services and the Treasury (Treasury)  
 Date: 26.3.2013

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

**FSTB(Tsy)032**

Question Serial No.

0613

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)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government launched "Scheme \$6,000" to give a sum of \$6,000 to each Hong Kong Permanent Identity Card holder who was aged 18 or above on 31 March 2012. The commencement date of the Scheme was 28 August 2011. There were 5 stages of registration for people of different age groups, each lasting for 2 weeks. Eligible citizens who registered on or after 1 April 2012 would receive a bonus of \$200. The Scheme ended on 31 December 2012. Will the Administration advise this Committee:

- (a) the total amount of payment made and the number of recipients;
- (b) the number of registrants for each stage;
- (c) the number of registrants who received the "bonus";
- (d) the remuneration of additional staff deployed by government departments for implementing this Scheme;
- (e) the total service charges paid by the Government to the banks;
- (f) the number of inmates and emigrants registered under the Scheme.

Asked by: Hon. LEE Wai-king, Starry

Reply:

The Government launched "Scheme \$6,000" after obtaining the approval of the Finance Committee of the Legislative Council on 8 July 2011. Persons who were aged 18 or above and holders of a valid Hong Kong Permanent Identity Card as at 31 March 2012 could receive payment after registration.

- (a) Registration for Scheme \$6,000 ended on 31 December 2012. A total of about 6.12 million eligible persons successfully registered under the Scheme, involving a total amount of about \$37 billion.

- (b) During Stage 1 of the registration period (i.e. from 28 August 2011 to 31 March 2012), there were over 4.57 million successful registrants. Among them, about 3.92 million registered by batches during the first 10 weeks upon commencement of the Scheme (i.e. from 28 August 2011 to 5 November 2011). Details are as follows:

<b>Batching period during the first 10 weeks</b>	<b>Number of successful registrants</b>
28 August 2011 to 10 September 2011	880 000
11 September 2011 to 24 September 2011	650 000
25 September 2011 to 8 October 2011	790 000
9 October 2011 to 22 October 2011	880 000
23 October 2011 to 5 November 2011	720 000

During Stage 2 of the registration period (i.e. from 1 April 2012 to 31 December 2012), there were over 1.55 million successful registrants.

- (c) There were about 1.5 million people successfully registered for the payment of \$6,000 plus a bonus of \$200.
- (d) The remuneration incurred by additional non-civil service contract staff deployed for implementing Scheme \$6,000 was about \$5.01 million, while civil service staff costs were met by redeploying internal resources.
- (e) The service charges paid to banks for implementing Scheme \$6,000 were about \$69.3 million, which were mainly for processing registration forms, processing and effecting payments through bank accounts and the provision of extra staff and counter services for encashment of order cheques.
- (f) There were specific eligibility criteria for Scheme \$6,000. The registration arrangements applied to all eligible persons in and outside Hong Kong (including emigrants and inmates). We do not have a breakdown of the number of registrants by geographical location.

Name in block letters: Ms Elizabeth TSE  
 Post Title: Permanent Secretary for Financial Services and the Treasury (Treasury)  
 Date: 21.3.2013

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

**FSTB(Tsy)033**

Question Serial No.

1783

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 126 of the Budget Speech that the Government had introduced several one-off relief measures in recent years. Please tabulate the details of the one-off relief measures over the past 5 years (i.e. from 2008-09 to 2012-13) as follows:

Year	One-off relief measures/projects	Number of beneficiaries/beneficiary households	Amount of public fund involved

Asked by: Hon. LEUNG Che-cheung

Reply:

One-off relief measures introduced from 2008-09 to 2012-13 are as follows:

Year	One-off relief measures	Beneficiaries <sup>Note 1</sup>	Estimated amount <sup>Note 1</sup>
2008-2009	Reduce 2007-08 salaries tax and tax under personal assessment by 75%, subject to a ceiling of \$25,000	Around 1.4 million taxpayers	\$12,400 million
	Reduce 2007-08 profits tax by 75%, subject to a ceiling of \$25,000	All 100 000 companies liable to profits tax	\$1,730 million
	Waive business registration fees for 2008-09	All business operators	\$1,600 million
	Reduce 2007-08 property tax by 75%, subject to a ceiling of \$25,000	Around 100 000 taxpayers	\$680 million
	Waive rates for 2008-09, subject to a ceiling of \$5,000 per quarter for	Around 99% of domestic properties and 85% of non-domestic properties	\$11,200 million

<b>Year</b>	<b>One-off relief measures</b>	<b>Beneficiaries</b> <sup>Note 1</sup>	<b>Estimated amount</b> <sup>Note 1</sup>
	each rateable property	subject to no rates in the year	
	Make a one-off injection of \$6,000 into the Mandatory Provident Fund accounts of persons who each earns not more than \$10,000 a month	Around 1.4 million people	\$8,500 million
	Provide subsidy of \$3,600 to each residential electricity account	Around 2.5 million households	\$8,800 million
	Provide an extra allowance to recipients of the Comprehensive Social Security Allowance (CSSA) and Disability Allowance (DA), equivalent to two months of the DA and standard CSSA rate	Around 620 000 people	\$2,400 million
	Give \$3,000 plus extra two months of allowance for Old Age Allowance (OAA) recipients	Around 500 000 elderly people	\$2,170 million
	Suspend Employees Retraining Levy for five years	Families employing foreign domestic workers	\$5,500 million
	Provide short-term food assistance	Families in need	\$100 million
	Subsidise the elderly people for maintenance and safety improvement works	Around 30 000 elderly people	\$1,000 million
	Pay three months' rent for lower income public housing tenants	Around 700 000 public housing tenants	\$2,520 million
	Provide an allowance of \$1,000 to students receiving CSSA or student financial assistance <sup>Note 2</sup>	Around 550 000 students	\$550 million
	Introduce Special Loan Guarantee Scheme for Small and Medium Enterprises (SME) to provide support to facilitate SME in obtaining immediate cashflow relief from the commercial lending market (period of application was subsequently extended to 31.12.2010)	Small and Medium Enterprises having liquidity problems	Guaranteed amount: \$100,000 million (estimated loan default expenditure: \$12,000 million)
	Provide the elderly with minor home maintenance and improvement services as well as the necessary fittings, subject to a cap of \$5,000	Around 40 000 elderly households	\$200 million
	Inject funds into the Samaritan Fund	Patients with financial difficulties	\$1,000 million
	Freeze government fees and charges related to people's livelihood (period of freezing was subsequently	Users of Government services	Difficult to estimate the



<b>Year</b>	<b>One-off relief measures</b>	<b>Beneficiaries</b> <sup>Note 1</sup>	<b>Estimated amount</b> <sup>Note 1</sup>
	extended to 31.3.2010)		amount
2009-2010	Reduce 2008-09 salaries tax and tax under personal assessment by 100%, subject to a ceiling of \$8,000	All 1.4 million taxpayers	\$6,110 million
	Waive rates for 2009-10, subject to a ceiling of \$1,500 per quarter for each rateable property	Around 90% domestic properties and 60% non-domestic properties subject to no rates in the year	\$8,400 million
	Waive business registration fees for 2009-10	All business operators	\$1,700 million
	Pay two months' rent for public housing tenants	Around 700 000 public housing tenants	\$2,000 million
	Provide an extra one month of OAA, DA and standard CSSA	Around 1 million eligible persons	\$1,800 million
	Carry out a special operation to remove abandoned advertising signboards	The public and around 170 jobseekers	\$18 million
	Expand internship programme and projects under the Innovation and Technology Fund	600 internship places	\$390 million
	Enhance community building activities	Whole society	\$180 million
	Launch Operation Building Bright	Eligible property owners and workers in the construction industry	\$1,700 million
	Promote volunteerism	Youth interested in volunteering	\$10 million
	Provide internship programme for university graduates	Around 4 000 university graduates	\$140 million
	Promote and organise community involvement under the theme of 'Green, Cultural, Dynamic Games'	Around 260 jobseekers	\$78 million
	Conduct an education programme to teach Internet users on how to use Internet appropriately and safely	Around 500 jobseekers	\$63 million
	Enhance and integrate various employment programmes under the Labour Department	Around 44 000 jobseekers	\$413 million
	Enhance energy efficiency of government buildings and public facilities	Around 200 jobseekers	\$130 million
Fight against pandemic	Whole society	\$300 million	
Exempt licence fees of the businesses directly hit by the	Around 200 000 licensees	\$670 million	

<b>Year</b>	<b>One-off relief measures</b>	<b>Beneficiaries</b> <sup>Note 1</sup>	<b>Estimated amount</b> <sup>Note 1</sup>
	financial crisis and the Human Swine Influenza for one year		
	For the next two years, relax the student loan repayment arrangements	Tertiary graduates and continuing education participants	\$50 million
	Provide a 20% rental reduction for most government properties and short term tenancies of government land for six months	Around 23 000 lessees	\$183 million
	Provide an allowance of \$1,000 to students receiving CSSA or student financial assistance <sup>Note 2</sup>	Around 570 000 students	\$570 million
	Assist organisers to host more attractive events in the areas of arts, culture and sports to further promote Hong Kong as an events capital of Asia and create job opportunities	Around 2 800 jobseekers	\$100 million
	Provide additional funding for Small and Medium Enterprises Export Marketing Fund	Small and Medium Enterprises	\$1,000 million
	Increase the Government's total commitment for the SME loan guarantee scheme	Small and Medium Enterprises	Additional guaranteed amount: \$7,400 million (estimated additional loan default expenditure: \$550 million)
	Increase the Government's guaranteed amount to Hong Kong Export Credit Insurance Corporation by \$15,000 million and introduce measures to provide more protection to the export trade	Export trade	Additional guaranteed amount: \$15,000 million
	Provide additional funding for Continued Education Fund	At least 120 000 individuals pursuing further studies	\$1,200 million
2010-2011	Pay two months' rent for public housing tenants	Around 700 000 public housing tenants	\$1,800 million
	Provide an extra one month of OAA, DA and standard CSSA	Around 1 million eligible persons	\$1,800 million
	Reduce 2009-10 salaries tax and tax under personal assessment by 75%, subject to a ceiling of \$6,000	Around 1.4 million taxpayers	\$4,500 million
	Waive rates for 2010-11, subject to a ceiling of \$1,500 per quarter for	Around 90% domestic properties and 60%	\$8,600 million

<b>Year</b>	<b>One-off relief measures</b>	<b>Beneficiaries</b> <sup>Note 1</sup>	<b>Estimated amount</b> <sup>Note 1</sup>
	each rateable property	non-domestic properties subject to no rates in the year	
	Waive business registration fees for 2010-11	All business operators	\$1,800 million
	Provide additional funding for Operation Building Bright	Eligible property owners and workers in the construction industry	\$500 million
	Launch 'Pilot Employment Navigator Programme'	11 000 jobseekers	\$173 million
	Grant full Internet access charges subsidy of \$1,300 or half subsidy of \$650 and provide economical Internet services and computer hardware to families with children studying in primary or secondary schools and receiving CSSA or eligible for student financial assistance <sup>Note 3</sup>	Around 300 000 low-income families	\$500 million
	Provide an allowance of \$1,000 to students receiving CSSA or student financial assistance <sup>Note 2</sup>	Around 570 000 students	\$570 million
2011-2012	Waive rates for 2011-12, subject to a ceiling of \$1,500 per quarter for each rateable property	Around 82% properties subject to no rates in the year	\$9,855 million
	Provide subsidy of \$1,800 to each residential electricity account	Around 2.6 million households	\$4,700 million
	Provide additional funding for Operation Building Bright	Eligible property owners and workers in the construction industry	\$1,000 million
	Pay two months' rent for public housing tenants	Around 700 000 public housing tenants	\$1,900 million
	Provide an extra one month of OAA, DA and standard CSSA	Around 1 million eligible persons	\$1,900 million
	Give a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above and inject into Community Care Fund to provide a one-off allowance to new arrivals from low-income families	Over 6 million people	\$38,500 million
	Provide short-term food assistance	Families in need	\$100 million
	Reduce 2010-11 salaries tax and tax under personal assessment by 75%, subject to a ceiling of \$6,000	Around 1.5 million taxpayers	\$5,300 million

<b>Year</b>	<b>One-off relief measures</b>	<b>Beneficiaries</b> <sup>Note 1</sup>	<b>Estimated amount</b> <sup>Note 1</sup>
2012-2013	Provide an extra one month of OAA, DA and standard CSSA	Around 1 million eligible persons	\$2,100 million
	Pay two months' rent for public housing tenants	Around 700 000 public housing tenants	\$1,900 million
	Provide subsidy of \$1,800 to each residential electricity account	Around 2.5 million households	\$4,500 million
	Provide short-term food assistance	Families in need	\$100 million
	Waive rates for 2012-13, subject to a ceiling of \$2,500 per quarter for each rateable property	Around 90% properties subject to no rates in the year	\$11,700 million
	Reduce 2011-12 salaries tax and tax under personal assessment by 75%, subject to a ceiling of \$12,000	Around 1.5 million taxpayers	\$8,900 million
	Waive business registration fees for 2012-13	All business operators	\$1,900 million
	Reduce 2011-12 profits tax by 75%, subject to a ceiling of \$12,000	All 120 000 people liable to profits tax	\$1,120 million
	Introduce special concessionary measures under the SME Financing Guarantee Scheme	Small and Medium Enterprises	Guaranteed amount: \$100,000 million (estimated loan default expenditure: \$11,000 million)
	Inject funds into the Samaritan Fund	Patients with financial difficulties	\$10,000 million
Provide option to start repayment of student loans one year after graduation	Student loan borrowers	Depending on applications	

Note 1: Beneficiaries and estimated amount are estimates at the time of announcement of relevant measures.

Note 2: With effect from the 2011-12 academic year, the flat-rate grant for full-grant students under the School Textbook Assistance Scheme was significantly increased to \$1,000 per year while the amount of academic expenses grant per year for post-secondary students was increased by \$1,000.

Note 3: Since 2011-12, subsidy for Internet access charges is provided on a recurrent basis.

Name in block letters: Ms Elizabeth TSE

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

Date: 26.3.2013

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

**FSTB(Tsy)034**

Question Serial No.

1795

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Budget Speech that the Government will “set up a working group to be led by the Treasury Branch. Scholars and experts will be invited to join the working group to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments.” Please provide further details about the working group and the expenditure and manpower involved.

Asked by: Hon. LEUNG Che-cheung

Reply:

The working group aims to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments. It will analyse data to assess the long-term public expenditure needs and changes in government revenue under the existing policies, and will make reference to overseas experience. The working group will be led by the Permanent Secretary for Financial Services and the Treasury (Treasury). Its membership will be decided in due course.

The working group is temporary in nature. We plan to create one or two temporary posts to provide the necessary support. The expenditure involved will be absorbed within existing resources.

Name in block letters: Ms Elizabeth TSE

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

Date: 26.3.2013

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

**FSTB(Tsy)035**

Question Serial No.

0458

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Each residential electricity account will be granted a subsidy of \$1,800 this year (2013-14). May I know among the residential units which will be granted the subsidy, how many are bought in the name of companies? What is the percentage of subsidy for these units to the total amount of subsidy for residential electricity accounts?

Asked by: Hon. LEUNG Kwok-hung

Reply:

The Budget proposes that an electricity charges subsidy of \$1,800 be provided to each residential electricity account. Under the current mechanisms of the electricity companies, the registered holder of a residential electricity account is not necessarily the property owner. As such, the Government does not have information on the number of benefited properties that are bought in the name of a company.

Name in block letters: Ms Elizabeth TSE

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

Date: 19.3.2013

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

**FSTB(Tsy)036**

Question Serial No.

2566

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please advise this Committee on the following:

- (1) What were the estimated and actual amounts of revenue and expenditure in the Budgets of the past five years (up to 2012-13)? Please set out the details in table form.
- (2) Will the Financial Secretary resign for "having miscalculated the figures every year and put all the surplus in the Treasury"?

Asked by: Hon. LEUNG Kwok-hung

Reply:

- (1) The estimated and actual amounts of revenue and expenditure of the Government in the past 5 financial years (up to 2012-13) are tabulated below:

Financial Year	Original Estimate		Actual	
	Government Revenue (\$ billion)	Government Expenditure (\$ billion)	Government Revenue (\$ billion)	Government Expenditure (\$ billion)
2012-13	390.3	393.7	445.5 <i>(Revised Estimate)</i>	380.6 <i>(Revised Estimate)</i>
2011-12	369.7	378.2	437.7	364.0
2010-11	292.0	317.2	376.5	301.4
2009-10	261.7	298.1	318.4	289.0
2008-09	307.9	312.7	316.6	312.4

- (2) Hong Kong is a small and open economy. Our tax base is narrow. Some key revenue items are highly susceptible to economic fluctuations, very volatile and beyond the Government's control. At the same time, Government expenditure involves a wide range of policy areas and schemes, a few percentage points' difference between the actual and estimated amounts of expenditure is unavoidable. Due to these factors, we cannot achieve absolute accuracy despite making forecasts based on the information available at the time of Estimates preparation. In preparing the Estimates every year, we draw on past experience and make the most appropriate assessments in the light of social, economic and other relevant factors. The difference between the estimates and the actual figures is inevitable and is mainly due to the combined effect of various external factors.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 28.3.2013



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

**FSTB(Tsy)037**

Question Serial No.

2442

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

On fiscal policy, the Government has been upholding the principle of keeping our public expenditure below 20 per cent of Gross Domestic Product (GDP). However, in the estimates for 2013-14, the expenditure is again forecast to be over 20 per cent (21.7%). Given social and demographic changes, is it necessary to review the principle of limiting public expenditure to below 20 per cent of GDP from time to time? Does the Government agree that the working group, to be set up for the purpose of "exploring ways to make more comprehensive planning for the Government's other long-term commitments" as proposed by the Financial Secretary, needs to examine the above principle thoroughly and rigorously and provides the findings, together with specific advice, to the Committee? If not, what are the Government's reasons?

Asked by: Hon. LEUNG, Kenneth

Reply:

On public finance management, the overriding principle is committing resources only when justified and, as required by the Basic Law, keeping the budget commensurate with the growth rate of Gross Domestic Product (GDP). The target of 20% is not inviolable. We can go beyond this level on a need basis. In the past decade, public expenditure in terms of GDP exceeded 20% in three years.

Government revenue is around 20% in terms of GDP in recent years. In his Budget Speech, the Financial Secretary also pointed out that as we were obliged to uphold the principle of keeping expenditure within the limits of revenue, the Government would need to increase revenue if the expenditure was to be increased. This would mean raising taxes or resorting to borrowing. Both options would be controversial.

All in all, the Government is of the view that the target of keeping public expenditure at or below 20% of GDP is appropriate.

The working group mentioned in paragraph 140 of the Budget Speech aims to assess the long-term public expenditure needs and changes in government revenue under the existing policies, as well as proposing feasible measures. As the preparatory work for the working group is still underway, details of its work and operation cannot be disclosed at this stage. However, reviewing the level of public expenditure in terms of GDP is not a focus of the working group.

Name in block letters: Ms Elizabeth TSE

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

Date: 26.3.2013

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

**FSTB(Tsy)038**

Question Serial No.

1993

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The revised estimate for the appointment of financial consultants for 2012-13 is more than double of the original estimate for the same year. What are the reasons?

Asked by: Hon. SIN Chung-kai

Reply:

In 2011-12, the Treasury Branch commissioned a financial consultant to advise the Government on the strategy to be taken in respect of its shareholding in Tradelink Electronic Commerce Limited. We had originally expected that the financial consultancy service would be completed by the first quarter of 2012, and only \$2 million was earmarked as contingency to cater for funding requirement for unexpected financial consultancy services in the 2012-13 original estimates. As it later turned out that the time involved in contract term negotiation with the financial consultant was longer than expected, the service contract with the financial consultant was not entered into until March 2012. As such, the completion of the consultancy was postponed to October 2012. The consultancy fee initially expected to be settled in 2011-12 was then paid in 2012-13 and the actual expenditure was \$4.45 million. Hence the provision for appointment of financial consultants in 2012-13 was revised from the original \$2 million to \$4.45 million.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial Services and the Treasury (Treasury)  
Date: 21.3.2013

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

**FSTB(Tsy)039**

Question Serial No.

2922

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in Matters Requiring Special Attention in the coming year under Programme (2) that the Branch will "continue with the implementation of the Asset Sale and Securitisation Programme". In this connection, will the Administration inform this Committee of the following:

- (1) The items under the Programme, their total number and respective details, and the respective amounts of funds involved;
- (2) The number of assets to be put up for sale and securitisation in the coming year; and
- (3) Whether there were any studies on the implementation of the Asset Sale and Securitisation Programme carried out in the previous 3 years (i.e. from 2010-11 to 2012-13). If so, what were the details of the studies and the estimated expenditure and manpower involved?

Asked by: Hon. TANG Ka-piu

Reply:

- (1) & (2) In 2013-14, the Government will continue with the sale of civil servants' housing loans. It is estimated that around \$237 million will be received from the sale of these loans.
- (3) In the past 3 years, the Government continued with the sale of civil servants' housing loans. In 2012, the Treasury Branch commissioned a financial consultant to advise the Government on the strategy to be taken in respect of its shareholding in Tradelink Electronic Commerce Limited. The expenditure for the appointment of the financial consultant amounted to about \$4.45 million. On 25 October 2012, the Government fully disposed of its shareholding in Tradelink Electronic Commerce Limited.

Name in block letters: Ms Elizabeth TSE  
Permanent Secretary for Financial

Post Title: Services and the Treasury (Treasury)

Date: 20.3.2013

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

**FSTB(Tsy)040**

Question Serial No.

2927

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in *Matters Requiring Special Attention* in the coming year under Programme (2) that the Treasury Branch will “continue to maintain the ‘user pays’ principle for appropriate government services by regular revisions of fees and charges”. In this connection, will the Administration inform this Committee of:

1. an overview of the revisions of fees and charges for government services in the past 5 years (i.e. 2008-09 to 2012-13) and the number of fee items for government services that satisfy the “user pays” principle; and
2. the revisions of fees and charges for government services to be made on the “user pays” principle in the coming year?

Asked by: Hon. TANG Ka-piu

Reply:

1. The provision of government services is generally charged in accordance with the “user pays” principle. There are thousands of fees and charges, of which over 900 have been adjusted in the past 5 years (i.e. from 2008-09 to mid-January of 2012-13) with varying cost recovery rates.
2. As the Financial Secretary points out in the 2013-14 Budget, the Government will conduct a systematic review. Policy bureaux and departments will review their respective fees and charges, and submit plans for their revision for the coming 1 or 2 years. We shall first deal with fees that have not been revised for years and do not directly affect people's livelihood, and items which have low cost recovery rates. The Government will make appropriate fee revisions as and when necessary. There will not be substantial revisions at one go to avoid affecting people's livelihood. In reviewing the fees and charges, policy bureaux and departments will take into account factors including considerations relevant to the specific services provided, public affordability and acceptability, and the views of Legislative Council Members before making proposals for fee revisions.

Name in block letters: Ms Elizabeth TSE

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

Date: 20.3.2013

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

**FSTB(Tsy)041**

Question Serial No.

1910

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As regards the provision of electricity charges subsidy for eligible residential accounts in 2013-14 as proposed by the Government, will the Administration inform the Committee of the estimated administrative expenses, and how does it compare with the administrative expenses incurred by similar measures in the past 5 years (i.e. 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13)?

Asked by: Hon. TIEN Pei-chun, James

Reply:

Same as the electricity charges subsidy in 2008, 2011 and 2012, we shall make use of our existing resources to implement the new round of electricity charges subsidy.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 19.3.2013

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

**FSTB(Tsy)042**

Question Serial No.

1901

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)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Since the implementation of Scheme \$6,000, how many people have registered for payment? How many eligible persons have not registered for it? How much administrative cost has been incurred? How are these figures compared to the original estimates?

Asked by: Hon. TIEN Pei-chun, James

Reply:

Registration under Scheme \$6,000 commenced on 28 August 2011 and closed on 31 December 2012. About 6.12 million eligible persons have successfully registered under the Scheme, which is lower than the original estimate of 6.24 million. The commitment of the Scheme is \$38.52 billion. The expenses incurred were about \$37.1 billion, of which about \$26.1 million was the administrative cost incurred by the relevant departments. The number of successful registrants and the related expenses are lower than the original estimates.

Name in block letters: Ms Elizabeth TSE

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

Date: 27.3.2013

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

**FSTB(Tsy)043**

Question Serial No.

0621

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Administration allocates funds to its policy bureaux and departments as operating expenditure on a yearly basis. In this regard,

- (a) please list, for each policy bureau and department, the amount of funds unspent and returned to the Government in each of the past five years (from 2008-09 to 2012-13); and
- (b) following the above, if there are unspent funds returned to the Government, will the Government consider reviewing the thinking behind the allocation of funds to policy bureaux and departments? If so, what are the details? If not, what are the reasons?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

- (a) The original estimate and actual expenditure of each head of expenditure are available in the Accounts of the Government submitted to the Legislative Council in November every year.

<u>Year</u>	<u>Accounts of the Government</u>
2011-12	Pages 113 to 131
2010-11	Pages 111 to 129
2009-10	Pages 109 to 127
2008-09	Pages 99 to 117

The original estimate and revised estimate of 2012-13 are available in pages 23 to 25, Volume I of Estimates 2013-14.

- (b) Since 1999, we have introduced the Save and Invest (S&I) arrangement to encourage savings and efficient use of resources by departments. Under the current arrangement, we determine the percentage of unspent provisions that can be carried forward as “S&I credits” having regard to the total amount of unspent provisions and the overall financial position of the Government. We then apply the percentage to the relevant unspent provisions of departments in arriving at the “S&I credits”. The credits are allocated to the respective expenditure envelopes to which the departments belong for use in the new financial year.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 21.3.2013



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

**FSTB(Tsy)044**

Question Serial No.

0632

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 140 of the Budget Speech that a working group to be led by the Treasury Branch will be set up. Scholars and experts will be invited to join the working group to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments. In this connection, will the Administration advise us of the following:

- (a) The aim of setting up the working group.
- (b) The membership of the working group, including the scholars and experts to be invited.
- (c) Will the recommended scholars and experts be considered by the Central Policy Unit before they are invited to join the working group? If so, why? How can the Administration ensure the independence of the working group?
- (d) The details of the work of the working group in this year, and the details of its work in exploring ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments.
- (e) The working group will study how to prepare for an ageing population. Will the Administration consider making reference to overseas practices? If so, what are the details? If not, why?
- (f) Will the Administration consider using part of the fiscal reserves to set up a fund to tackle the ageing population problem? If so, what are the details? If not, why?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

- (a) The working group aims to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments.
- (b) The working group will be led by the Permanent Secretary for Financial Services and the Treasury (Treasury). Its membership will be decided in due course.

- (c) It is not necessary to consult the Central Policy Unit before inviting scholars and experts to join the working group. The working group will make its analysis based on objective information and data, and will invite relevant experts and scholars to participate to ensure its independence.
- (d)&(e) The Treasury Branch will kick-start the work of the working group upon completion of the legislative proceedings of the Appropriation Bill 2013. The working group will analyse data to assess the long-term public expenditure needs and changes in government revenue under the existing policies, and will make reference to overseas experience. The working group will report to the Financial Secretary by the end of this year.
- (f) As the working group has yet to start work, we are unable to comment whether certain options would be considered.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 21.3.2013

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

**FSTB(Tsy)045**

Question Serial No.

0827

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

There were significant deviations between the financial performance and the original estimates over the past financial years, i.e. an estimated deficit in the Budget turned out to be a substantial surplus. In view of this, will the Administration consider conducting a review in 2013-14 on the existing budget preparation procedures and methods and giving up the principle of "prudent management of public finances" so as to prepare a more accurate budget? If so, what are the details? If not, what are the reasons?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

In preparing the Estimates every year, we draw on past experience and make the most appropriate assessments in the light of social, economic and other relevant factors. Prudent management of public finances is the cornerstone of success for the SAR. We shall continue to manage public finances in accordance with the requirements stipulated in Article 107 of the Basic Law.

Name in block letters: Ms Elizabeth TSE

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

Date: 19.3.2013

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

**FSTB(Tsy)046**

Question Serial No.

3157

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Will the Administration set aside resources in 2013-14 for conducting reviews and studies on what the reasonable levels of the Exchange Fund and fiscal reserves should be and in what suitable ways these fiscal reserves and the accumulated surplus of the Exchange Fund should be used? If so, what are the details of the work plans and the estimated expenditure? If not, what are the reasons?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

The Exchange Fund was established by the Exchange Fund Ordinance (Cap. 66) and placed under the management of the Monetary Authority. As regard the fiscal reserves, we aim to maintain adequate fiscal reserves to meet daily operational needs and unfunded liabilities, cope with the fiscal pressure brought about by economic cycles, emergencies or changes in social structure (such as ageing population), and help to maintain the stability of the monetary and financial systems of Hong Kong. We review the levels of revenue, expenditure and fiscal reserves every year in preparing the Budget with a view to striking an appropriate balance. The expenditure involved will be absorbed within existing resources.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 26.3.2013

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

**FSTB(Tsy)047**

Question Serial No.

3259

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- (a) On the day he delivered the Budget Speech, the Financial Secretary, the Honourable John C Tsang, acknowledged that the narrow tax base allowed room for adjustment in Hong Kong. Will the Government consider reviewing the tax system in 2013-14? If so, what are the details? If not, what are the reasons?
- (b) Has the Government set aside resources for conducting reviews on issues relating to the narrow tax base or introduction of new taxes? If so, what are the details? If not, what are the reasons?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

It is the Government's on-going exercise to conduct reviews on the tax system with a view to stabilising and diversifying revenue sources. For 2013-14, we have not set aside any additional resources for reviewing either the tax system or issues relating to the introduction of new taxes.

In the coming year, on the tax front, our work priorities are to complete the legislative exercises relating to the Stamp Duty Ordinance and the Inland Revenue Ordinance (IRO) for the purpose of stabilising the property market and implementing the one-off concessionary revenue measures in the Budget respectively. We also need to amend the IRO to ensure that Hong Kong will not lag behind the latest international standards on exchange of tax information. To promote the development of private equity funds and the offshore insurance business of captive insurance companies in Hong Kong, the Government proposes to provide profits tax concessions. In this regard, we plan to consult the trade on the relevant arrangements and the proposed amendments to the IRO in the coming year.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)

Date: 20.3.2013

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

**FSTB(Tsy)048**

Question Serial No.

2311

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 140 of the Budget Speech that the Government will set up a working group to be led by the Treasury Branch to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments. Regarding the working group, what are the number of members, the fields in which its members are engaged, the expenditure and manpower required, its specific areas of study and objectives, and its implementation timetable?

Asked by: Hon. TSE Wai-chuen, Tony

Reply:

The working group will be led by the Permanent Secretary for Financial Services and the Treasury (Treasury). Its membership will be decided in due course. The working group is temporary in nature. We plan to create one or two temporary posts to provide the necessary support. The expenditure involved will be absorbed within existing resources.

The working group aims to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments. It will analyse data to assess the long-term public expenditure needs and changes in government revenue under the existing policies, and will make reference to overseas experience. The Treasury Branch will kick-start the work of the group upon completion of the legislative proceedings of the Appropriation Bill 2013. The working group will report to the Financial Secretary by the end of this year.

Name in block letters: Ms Elizabeth TSE

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

Date: 26.3.2013

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

**FSTB(Tsy)049**

Question Serial No.

1412

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding Item 881 "Electricity charges subsidy for eligible residential accounts", will the Administration explain the following:

1. Currently, are there any households that have not used up their electricity charges subsidies granted in the preceding years (\$3,600 in 2008, \$1,800 in 2011 and \$1,800 in 2012)? If so, how many households are involved and what is the balance of the unused subsidies?
2. As there are many households that have not used up their subsidies, will the Administration extend the validity period of the subsidy?
3. On page 412, it is stated that the balance of the commitment for Item 881 is only about \$2.6 billion after deducting the expenditure for 2012-13. How will the Administration fund the electricity charges subsidy, estimated at \$4.5 billion, for the current year (2013-14)?
4. Will the Government provide funding to increase the commitment under this item?

Asked by: Hon. WONG Kwok-kin

Reply:

1. Further to the provision of electricity charges subsidy in 2008 and 2011, the Government granted each registered residential electricity account a monthly electricity charges subsidy of \$150 from 1 July 2012 until June 2013. The subsidy credited to each account since 2012 will be combined with the unused subsidy provided in 2008 and 2011 (if any) and maintained in the account to offset the electricity charges of that account. As we are currently providing a monthly subsidy, all residential electricity accounts in Hong Kong (about 2.5 million) are having subsidy for use. The current approved commitment for item 881 "Electricity charges subsidy for eligible residential accounts" is \$17.8 billion and the balance of the commitment as at the end of February 2013 is about \$2.9 billion.

2.,3. The Budget this year proposes to further grant an electricity charges subsidy of \$1,800 to each & 4. residential electricity account. The expenditure involved is about \$4,500 million. After the passage of the Appropriation Bill 2013, we shall seek approval from the Finance Committee of the Legislative Council to increase the commitment by \$4,500 million. We shall propose that the new subsidy be valid for three years and that the validity of the existing subsidies be also extended to the same date.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial Services and the Treasury (Treasury)  
Date: 19.3.2013



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

**FSTB(Tsy)050**

Question Serial No.

1413

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In addition to continuing "to consider major investment and loan proposals in support of economic and social development" as mentioned in Programme (2), will the Administration conduct any study on the buying back of assets so as to enable it to buy back assets with implications for social development and livelihood and of great public interest at a suitable juncture. If so, what are the details of such work and the amount of expenditure and manpower involved? If not, what are the reasons?

Asked by: Hon. WONG Kwok-kin

Reply:

In 2013-14, under Head 147, the Treasury Branch has no plan to conduct any studies on matters relating to buying back of assets. In case other policy bureaux put forward relevant proposals, the Treasury Branch will render necessary assistance.

Name in block letters: Ms Elizabeth TSE

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

Date: 20.3.2013

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

**FSTB(Tsy)051**

Question Serial No.

1238

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

During 2013-14, the Treasury Branch will continue to consider major investment and loan proposals. What are the details of the investment and loan proposals, the timetable and the expenditure?

Asked by: Hon. WONG Ting-kwong

Reply:

Investment and loan proposals are funded by the Capital Investment Fund (CIF) and Loan Fund (LF) as appropriate in accordance with the resolutions of the Legislative Council (LegCo) for the establishment of the respective funds. Currently, the CIF finances the Government's investments in the MTR Corporation Limited, the Kowloon-Canton Railway Corporation, the Hong Kong Housing Authority, the Hong Kong Science and Technology Parks Corporation and other bodies, whilst the LF finances loans to students, schools, public bodies and other selected projects. Individual commitments of CIF and LF are subject to the approval of the Finance Committee of the LegCo.

In 2013-14, the Government has earmarked \$230 million under the LF to provide a loan to the Ocean Park to take forward the Tai Shue Wan Development Project. The Government's financial support to the Ocean Park for the above purpose is subject to the approval of the Finance Committee of the LegCo.

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

Name in block letters: Ms Elizabeth TSE

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

Date: 21.3.2013

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

**FSTB(Tsy)052**

Question Serial No.

2175

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Budget Speech that a working group to be led by the Treasury Branch will be set up to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments. What is the estimated staffing establishment involved for the working group? How many resources will be deployed by the Administration to conduct the work on the studies? What are the specific details of the studies and which areas for discussion will be covered? To what areas will the resources involved be mainly deployed?

Asked by: Hon. YIU Si-wing

Reply:

The working group will be led by the Permanent Secretary for Financial Services and the Treasury (Treasury). Its membership will be decided in due course. The working group is temporary in nature. We plan to create one or two temporary posts to provide the necessary support. The expenditure involved will be absorbed within existing resources.

The working group aims to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments. It will analyse data to assess the long-term public expenditure needs and changes in government revenue under the existing policies, and will make reference to overseas experience. The working group will report to the Financial Secretary by the end of this year.

Name in block letters: Ms Elizabeth TSE

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

Date: 27.3.2013



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

**FSTB(Tsy)054**

Question Serial No.

2774

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

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please inform this Committee of the amounts of duty-not-paid cigarettes seized in the past 10 years (i.e. 2003 to 2012). What is the amount of estimated expenditure for enforcement operations this year? What is the manpower estimated to be required for such operations?

Asked by: Hon. CHAN Chi-chuen

Reply:

The amount of illicit cigarettes seized by the Customs and Excise Department (C&ED) from local illegal activities in the past 10 years is as follows -

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Amount of illicit cigarettes (sticks)	142 million	149 million	70 million	70 million	108 million	69 million	58 million	47 million	71 million	67 million

In 2013-14, C&ED will deploy a total of 61 officers, comprising 1 Assistant Superintendent, 4 Senior Inspectors, 6 Inspectors, 2 Chief Customs Officers, 9 Senior Customs Officers and 39 Customs Officers to combat illicit cigarette activities. The expenditure involved will be \$19.6 million.

Name in block letters: Clement CHEUNG

Post Title: Commissioner of Customs and Excise

Date: 27.3.2013

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

**FSTB(Tsy)055**

Question Serial No.

0089

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

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With regard to the indicators for measuring performance under the above programme, please advise on the following:

What are the reasons for the decrease by \$39.2 million in the value of dutiable commodities seized despite an increase of more than 1 600 seizure cases in 2012 over that of 2011? Does it imply that smuggling goods of relatively low value is the trend in recent years?

Asked by: Hon. CHAN Hak-kan

Reply:

The decrease by \$39.2 million in the total value of dutiable commodities seized by the Customs and Excise Department (C&ED) in 2012 was mainly due to the reduced quantity of goods conveyed each time by the smuggling syndicates in the light of C&ED's continuous and vigorous enforcement actions. As for the types of goods, notebook computers, smart phones, electronic products and high-valued seafood were still the majority.

Name in block letters: Clement CHEUNG

Post Title: Commissioner of Customs and Excise

Date: 27.3.2013

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

**FSTB(Tsy)056**

Question Serial No.

0807

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

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What were the respective amounts of illicit cigarettes seized in the past 5 years (i.e. from 2008-09 to 2012-13)?

Asked by: Hon. CHAN Kam-lam

Reply:

From 2008 to 2012, illicit cigarettes seized by the Customs and Excise Department from local illegal activities amounted to 69 million, 58 million, 47 million, 71 million and 67 million sticks respectively.

Name in block letters: Clement CHEUNG

Post Title: Commissioner of Customs and Excise

Date: 27.3.2013

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

**FSTB(Tsy)057**

Question Serial No.

2880

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

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What are the reasons for the upsurge in the number of persons compounded for offences relating to illicit cigarettes in 2012 when compared with 2011? Is it related to the differences in manpower deployment and resources allocation in these years?

Asked by: Hon. IP Kwok-him

Reply:

Due to the increases in tobacco duty rate by 50% and 41.5% in 2009-10 and 2011-12 respectively, the implementation of the measure to restrict the number of duty-free cigarettes to be brought by each visitor into Hong Kong to 19 sticks since 2010-11, as well as the stepping up of spot checks by the Customs and Excise Department at various control points, there was a rising trend for the number of cases compounded for offences relating to illicit cigarettes.

Name in block letters: Clement CHEUNG

Post Title: Commissioner of Customs and Excise

Date: 27.3.2013



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

Reply Serial No.

**FSTB(Tsy)058**

Question Serial No.

2719

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

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

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 2013-14?

Asked by: Hon. KWOK Ka-ki

Reply:

In 2013-14, the expenditure for the work under Programme (1) Control and Enforcement by the Customs and Excise Department (C&ED) will be \$2,287.9 million, involving a total of 4 419 posts. Since interception of dutiable goods at various control points in Hong Kong is part of the general duties of C&ED, it would be difficult to separately quantify the number of officers involved.

Name in block letters: Clement CHEUNG

Post Title: Commissioner of Customs and Excise

Date: 3.4.2013

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

**FSTB(Tsy)059**

Question Serial No.

2160

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

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under Programme (4), provision for 2013-14 will be increased by \$24.1 million (14.5%). In this connection, please advise this Committee of:

1. the proportion of resources, reason for increase, distribution of posts and recruitment schedule in respect of the 30 posts to be increased.

Asked by: Hon. KWOK Wai-keung

Reply:

The 30 posts to be created by the Customs and Excise Department in 2013-14 involve an estimated salary provision of \$10.81 million, accounting for about 45% of the overall increase under Programme (4). The posts are mainly intended for combating telephone ordering of illicit cigarettes and enhancing the capability of investigating cases of suspected contravention of the Motor Vehicles (First Registration Tax) Ordinance. The recruitment exercise will commence in the first half of 2013. A breakdown of the posts by rank is as follows -

<b>Rank</b>	<b>Number of posts</b>
Senior Inspector of Customs and Excise	3
Inspector of Customs and Excise	4
Chief Customs Officer	3
Senior Customs Officer	8
Customs Officer	12
<b>Total number of new posts</b>	<b>30</b>

Name in block letters: Clement CHEUNG

Post Title: Commissioner of Customs and Excise

Date: 27.3.2013

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

**FSTB(Tsy)060**

Question Serial No.

0847

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

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the number of assessments of provisional taxable value on imported vehicles by the Customs and Excise Department as well as the manpower and expenditures involved for each of the past five years (i.e. 2008-09 to 2012-13).

Asked by: Hon. LEE Wai-king, Starry

Reply:

The Motor Vehicles Valuation Group of the Customs and Excise Department (C&ED) currently has an establishment of 14 officers. The information on the number of assessments of provisional taxable value and the expenditures involved in the past five years is as follows -

	2008-09	2009-10	2010-11	2011-12	2012-13
Number of assessments of provisional taxable value	44 034	42 918	60 620	60 731	61 822 ^
Expenditures involved (\$'000)	4,284	4,519	4,574	12,219 *	6,580 ^

\* C&ED launched the "Motor Vehicles First Registration Tax System" Phase II in 2011 to facilitate electronic submission of applications by members of the public and the motor vehicle trade. The system involved a one-off expenditure of \$7.6 million and an additional recurrent expenditure of about \$1.6 million per annum.

^ Estimated figures

Name in block letters: Clement CHEUNG

Post Title: Commissioner of Customs and Excise

Date: 27.3.2013

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

**FSTB(Tsy)061**

Question Serial No.

1227

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

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Will the Administration increase the amount of award offered to those who have assisted in the reporting of illicit cigarette activities and simplify the relevant procedures and formalities with a view to combating illicit cigarette activities more effectively? If yes, what are the details? If no, what are the reasons?

Asked by: Hon. WONG Ting-kwong

Reply:

To effectively combat various illegal activities including illicit cigarette activities, the Customs and Excise Department (C&ED) has in place a "Reward Scheme" (the Scheme) to encourage informers to provide information conducive to enforcement against illegal activities.

The amount of reward under the Scheme depends on the quantity of illicit cigarettes seized. For example, in 2012-13, the highest amount of reward paid was \$52,116 and the lowest was \$3,486.

At present, the Scheme operates by and large satisfactorily. C&ED will closely monitor its implementation and adjust the amount of reward as necessary.

Name in block letters: Clement CHEUNG

Post Title: Commissioner of Customs and Excise

Date: 27.3.2013

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

**FSTB(Tsy)062**

Question Serial No.

1262

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

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Despite that there is no increase in tobacco duty in this financial year, the Customs and Excise Department (C&ED) will deploy more manpower to combat illicit cigarette activities. With regard to combating illicit cigarettes, what are the manning arrangements of the C&ED in deploying more manpower to track down illicit cigarettes? Apart from manpower, will the department acquire more advanced anti-smuggling equipment to support the anti-illicit cigarette work? If yes, what are the details? If no, what are the reasons?

Asked by: Hon. WONG Ting-kwong

Reply:

The Customs and Excise Department (C&ED) has set up the Anti-Illicit-Cigarette Investigation Division with an establishment of 35 officers and the Telephone Order Task Unit with an establishment of 15 officers to adopt a multi-pronged approach in combating illegal activities at the levels of import, storage, distribution and retail. We will create 11 posts in 2013-14 to strengthen intelligence analysis and take targeted action on illicit cigarette syndicates operating through telephone ordering.

At present, the control points are equipped with x-ray scanning systems to assist front-line officers in detecting different types of contraband. C&ED will continue to explore the possibility of introducing other advanced equipment.

Name in block letters: Clement CHEUNG

Post Title: Commissioner of Customs and Excise

Date: 27.3.2013

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

**FSTB(Tsy)063**

Question Serial No.

3152

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

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The provision for 2013-14 is \$24.1 m (14.5%) higher than the revised estimate for 2012-13, mainly due to an increase of 30 posts and increased operating expenses. What are the duties of the newly created posts and the relevant expenditures involved?

Asked by: Hon. WONG Ting-kwong

Reply:

The 30 posts to be created by the Customs and Excise Department in 2013-14 are mainly intended for combating telephone ordering of illicit cigarettes and enhancing the capability of investigating cases of suspected contravention of the Motor Vehicles (First Registration Tax) Ordinance. The estimated salary provision involved is \$10.81 million.

Name in block letters: Clement CHEUNG

Post Title: Commissioner of Customs and Excise

Date: 27.3.2013

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

**FSTB(Tsy)064**

Question Serial No.

2082

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

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the cases of First Registration Tax, the actual cases detected in 2012 were 63, representing a substantial increase of 85% as compared to 34 cases in 2011. Please advise the Committee of the reasons for the substantial increase in the cases detected. Please give details of the cases detected by category.

Asked by: Hon. YICK Chi-ming, Frankie

Reply:

The number of First Registration Tax cases handled by the Customs and Excise Department (C&ED) increased from 34 in 2011 to 63 in 2012, mainly because a number of motor vehicle distributors were prosecuted for contravention of the Motor Vehicles (First Registration Tax) Ordinance after investigation. The contravention cases mainly involved selling vehicles at a price higher than the "published retail price" approved by C&ED, thus deceiving consumers with a view to reaping higher profits, and failure to pay the First Registration Tax based on the increased selling price, thus resulting in revenue loss to the Government. The rest were minor non-compliance cases, such as failure to submit the "Import Return" within 30 days.

Name in block letters: Clement CHEUNG

Post Title: Commissioner of Customs and Excise

Date: 28.3.2013

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

**FSTB(Tsy)065**

Question Serial No.

2084

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

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In 2011 and 2012, the numbers of cases of assessment of provisional taxable value on imported vehicles were 63 707 and 60 609 respectively while that of the cases of re-assessment of provisional taxable value on imported vehicles were 16 722 and 17 057 respectively. Regarding this, please advise of the number of cases involving parallel import vehicles among the above cases; the reasons for re-assessment of provisional taxable value and the number of cases involved; and the resources involved in the assessment of provisional taxable value.

Asked by: Hon. YICK Chi-ming, Frankie

Reply:

According to the Motor Vehicles (First Registration Tax) Ordinance (Cap. 330), all distributors (including agents or parallel importers) shall submit the suggested Published Retail Price (PRP) to the Customs and Excise Department (C&ED) for approval 7 days prior to the sale of motor vehicles for the purpose of calculating the provisional taxable value. C&ED will assess the provisional taxable value of imported vehicles based on actual circumstances. When there is a need to change the accessories of the motor vehicles involved or to alter the PRP of the motor vehicles concerned due to changes in market conditions, registered motor vehicle distributors may apply to C&ED for re-assessment of provisional taxable value. However, C&ED does not keep separate statistics on parallel import vehicles.

The Motor Vehicles Valuation Group of C&ED currently has an establishment of 14 officers, who are responsible for the motor vehicle importers/distributors registration system as well as assessment of provisional taxable value of imported vehicles.

Name in block letters: Clement CHEUNG

Post Title: Commissioner of Customs and Excise

Date: 27.3.2013



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

**FSTB(Tsy)066**

Question Serial No.

2086

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

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The provision for 2013-14 is \$24.1 million (14.5%) higher than the revised estimate for 2012-13, due to, among others, an increase of 30 posts to meet operational needs. Please provide information on the ranks, duties and estimated expenditures of the posts which need to be increased.

Asked by: Hon. YICK Chi-ming, Frankie

Reply:

The 30 posts to be created by the Customs and Excise Department in 2013-14 are mainly intended for combating telephone ordering of illicit cigarettes and enhancing the capability of investigating cases of suspected contravention of the Motor Vehicles (First Registration Tax) Ordinance. The estimated salary provision involved is \$10.81 million. A breakdown of the posts by rank is as follows -

<b>Rank</b>	<b>Number of posts</b>
Senior Inspector of Customs and Excise	3
Inspector of Customs and Excise	4
Chief Customs Officer	3
Senior Customs Officer	8
Customs Officer	12
<b>Total number of new posts</b>	<b>30</b>

ame in block letters: Clement CHEUNG

Post Title: Commissioner of Customs and Excise

Date: 27.3.2013

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

**FSTB(Tsy)067**

Question Serial No.

2944

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

Programme:                      (1) Acquisition and Allocation

Controlling Officer:        Government Property Administrator

Director of Bureau:        Secretary for Financial Services and the Treasury

Question:

What was the average rent per square foot for properties leased by the Government in the past decade (i.e. 2003-04 to 2012-13)?

Asked by:    Hon. CHAN Kam-lam

Reply:

The average monthly rents<sup>Note 1</sup> for office accommodation leased by the Government in the past decade are as follows:

Year (as at 31 December)	Average monthly rent (on an internal floor area basis)	
	\$ per square metre	\$ per square foot
2003	162	15
2004	171	16
2005	186	17
2006	213	20
2007	223	21
2008	229	21
2009	226	21
2010	235	22
2011	252	23
2012 <sup>Note 2</sup>	232	22
Average monthly rent for the past decade	213	20

Name in block letters:                      Alan Siu

Post Title:    Government Property Administrator

Date:                      28.3.2013

<sup>Note 1</sup> Inclusive of rents and the associated property management and air-conditioning charges.

<sup>Note 2</sup> The average monthly rent for 2012 was lower than that of 2011. It is mainly because the Government has terminated some tenancies upon the progressive relocation of departments from leased offices in Central/ Admiralty to Government-owned accommodation (including the Central Government Offices at Tamar) .

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

**FSTB(Tsy)068**

Question Serial No.

0104

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

According to paragraph 109 of the Budget Speech, the Administration is now proceeding with the reprovision of the three government office buildings at the Wan Chai waterfront to new government office buildings in West Kowloon, Kai Tak and Tseung Kwan O to release more office space to the market. In this connection, please provide the following information:

- (a) the estimated total removal expenses and timetable for relocating the 29 departments in the three government office buildings;
- (b) the estimated rental expenditure to be incurred after the relocation of the 29 departments to West Kowloon, Kai Tak and Tseung Kwan O;
- (c) the sale programme for the three government office buildings;
- (d) the estimated rental and site values of the three government office buildings; and
- (e) will the Administration consider relocating some of the above departments to other locations, such as newly developed areas, so as to foster economic development in remote areas?

Asked by: Hon. CHAN Yuen-han

Reply:

- (a) The Government is actively preparing for relocating the three government office buildings at the Wan Chai waterfront to new government office buildings in non-Central Business Districts (non-CBDs). As the relocation project involves 29 departments with more than 10 000 staff and a total floor area of 175 000m<sup>2</sup>, the Government will implement the project in phases. Its total estimated expenditure is not available for the time being. We have planned to relocate some departments in the three government office buildings at the Wan Chai waterfront to the West Kowloon Government Offices under planning. The construction works are expected to commence in 2014-15 for completion in 2018. We have also earmarked sites in other districts such as Kai Tak and Tseung Kwan O to construct new government office buildings for the reprovisioning exercise. Construction works will commence from 2015-16 onwards, with the first office building expected to complete in 2019-20. The departments in the three government office buildings at the Wan Chai waterfront will then be relocated in phases upon completion of the new government office buildings.

- (b) As the Government plans to relocate the departments in the three government office buildings at the Wan Chai waterfront to government-owned accommodation, no rental expenditure will be incurred.
- (c) In view of the large scale of the relocation project for the three government office buildings at the Wan Chai waterfront, it takes time for preparation and construction of the replacement buildings. The Government has yet to work out a sale programme for the three government office buildings. We will arrange for the departments concerned to move out in phases and lease out the vacant floor space for increasing the supply of Grade A offices in Wan Chai as soon as possible. Upon completion of the whole relocation project, we will consider selling the three government office buildings when the timing is appropriate.
- (d) According to the property market statistics in the Hong Kong Property Review Monthly Supplement published by the Rating and Valuation Department in March 2013, the average monthly rent for Grade A private offices in Wan Chai/Causeway Bay was \$620/m<sup>2</sup> as at January 2013. Since site value is worked out on the basis of a number of factors, including development parameters, which are yet to be finalised, we are unable to provide the requested valuation at this stage.
- (e) The Government has earmarked sites in non-CBDs, including Kai Tak and Tseung Kwan O, for construction of replacement buildings to relocate departments in the three government office buildings at the Wan Chai waterfront. This arrangement can help facilitate development of the respective districts. For example, construction of new government office buildings in Kai Tak can help take forward the Energizing Kowloon East initiative.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 28.3.2013

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

**FSTB(Tsy)069**

Question Serial No.

1866

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With regard to the plans to relocate various government facilities as mentioned in paragraphs 106 to 109 of the Budget Speech, will the Administration provide a specific relocation timetable to facilitate the market to get hold of the details of government facilities that will be released for commercial development in the next few years? Has the Government assessed the economic benefits of releasing the government facilities mentioned for commercial development?

Asked by: Hon. CHEUNG Wah-fung, Christopher

Reply:

Details of the plan to relocate government facilities mentioned in paragraphs 106 to 109 of the Budget Speech are set out as follows:

- (i) Relocating government facilities in Kowloon East  
To expedite the release of two clusters of government sites in Kowloon East for diversified development, the Energizing Kowloon East Office (EKEO) under the Development Bureau (DEVB) is identifying sites to re-provision the existing facilities including the waste recycling centre, vehicle examination centre and driving test centre etc. thereat. In the meantime, the EKEO will commission consultants to examine the feasibility of re-provisioning these facilities. The consultancy studies scheduled to commence in 2013-14 will be completed in about two years. Besides, the DEVB is stepping up the release of suitable sites in the district for office and commercial developments. Three vacant government sites have been included in the 2013-14 land sale programme of the Lands Department.
- (ii) Releasing the prime site at Murray Road  
Upon completion of the planning procedures, the Murray Road Multi-storey Carpark Building site in Central can be developed to provide some 40 000m<sup>2</sup> of Grade A offices. The DEVB will include this site in the land sale programme when it is ready for development.

- (iii) Relocating the Trade and Industry Department  
The Trade and Industry Tower under construction in the Kai Tak Development Area is scheduled for completion by end-2014. Upon relocation of the Trade and Industry Department to this new building, the Trade and Industry Department Tower in Mong Kok can be vacated to provide more than 18 000m<sup>2</sup> for commercial use.
- (iv) Relocating the Department of Justice (DoJ) to the ex-Central Government Offices  
The DoJ plans to move its offices into the ex-Central Government Offices in phases starting from 2015. Its offices in the Queensway Government Offices will then be reallocated to other government departments, including those currently occupying leased premises in Central and Admiralty, thereby increasing the supply of commercial office space in the district. We will liaise with the DoJ the specific arrangements and timetable for the relocation.
- (v) Reprovisioning the three government office buildings at the Wan Chai waterfront  
The Government is actively preparing for relocating the three government office buildings at the Wan Chai waterfront to new government office buildings in non-Central Business Districts. In view of the large scale of the relocation project involving 29 departments with more than 10 000 staff and a total floor area of 175 000m<sup>2</sup>, it takes time for preparation and construction of the replacement buildings. Relocation will therefore be implemented in phases. We have planned to relocate some departments in the three government office buildings to the West Kowloon Government Offices under planning. The construction works are expected to commence in 2014-15 for completion in 2018. We have also earmarked sites in other districts such as Kai Tak and Tseung Kwan O to construct new government office buildings for the reprovisioning exercise. Construction works will commence from 2015-16 onwards, with the first office building expected to complete in 2019-20.

Upon completion of the new government office buildings, we will arrange for the departments concerned to move out in phases and lease out the vacant floor space for increasing the supply of Grade A offices in Wan Chai as soon as possible. After the whole relocation project is completed, we will consider selling the three government office buildings when the timing is appropriate. We expect that this will provide 175 000m<sup>2</sup> of floor area for commercial use.

The economic benefits of releasing government facilities for commercial development will depend on a number of factors, including development parameters, which are yet to be finalised. No relevant data can be provided at this stage.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 27.3.2013

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

**FSTB(Tsy)070**

Question Serial No.

1136

Head: 51 Government Property Agency

Subhead (No. & title):

Programme:

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With regard to the records management work in your department in the past three years (up to 2012):

- (a) Please provide the number and rank of officers designated to perform records management duties. If there is no designated staff for such duties, please provide the number of officers and the hours of work involved in records management, and the duties they have to undertake other than records management;
- (b) Please tabulate below information on programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for vetting:

Category of records	Years covered by the records	Number and linear metres of records	Retention period as prescribed by GRS	Are they confidential documents

- (c) Please tabulate below information on programme and administrative records which have been transferred to GRS for retention:

Category of records	Years covered by the records	Number and linear metres of records	In which year the records were transferred to GRS	Retention period as prescribed by GRS	Are they confidential documents

- (d) Please tabulate below information on records which GRS has given approval to destroy:

Category of records	Years covered by the records	Number and linear metres of records	In which year the records were transferred to GRS	Retention period as prescribed by GRS	Are they confidential documents

Asked by: Hon. HO Sau-lan, Cyd

Reply:

The records management work in the Government Property Agency in the past three years is as follows:

- (a) There is no designated staff for records management in the Agency. Records management work is taken up by about 60 officers in different divisions who are also required to perform administration, clerical and other departmental support services duties. The Agency has no record of the hours of work involved in records management performed by these officers.
- (b) Information on records which were closed pending transfer to Government Records Service (GRS) for vetting is as follows:

Year	Category of records	Years covered by the records	Number of records (linear metres)	Retention period as prescribed by GRS	Are they confidential documents
2010	Administrative records	1998 to 2010	18 (0.8 linear metre)	3 to 5 years	No
2011	Administrative records	2004 to 2011	17 (0.9 linear metre)	3 to 5 years	No
2012	Administrative records	2000 to 2012	9 (0.4 linear metre)	3 to 5 years	No

- (c) The Agency had not transferred any records to GRS for retention.
- (d) The Agency had not sought any approval from GRS to destroy records.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 27.3.2013



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

**FSTB(Tsy)071**

Question Serial No.

1497

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

Programme: (1) Acquisition and Allocation  
(3) Estate Utilisation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- (a) Companies and enterprises have a keen demand for office space in the Central Business District in Central. To increase the supply of office space, will the Administration consider vacating certain floors of the West Wing of the former Central Government Offices for leasing as Grade A offices?
- (b) What is the gross floor area of the West Wing of the former Central Government Offices? In the plan to re-use the West Wing, how much floor space is reserved as Department of Justice's office? How will the remaining floor area be used?
- (c) What is the estimated refurbishment cost for preserving the main body of the West Wing?

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

Reply:

- (a) In December 2012, the Government decided to reuse the West Wing of the former Central Government Offices (CGO West Wing). The Government will allocate it for use by the Department of Justice (DoJ) and provide office accommodation to law-related non-government organisations (NGOs). The Government has no plan to make available certain floors for leasing as commercial offices. According to the current plan, the DoJ will relocate from its existing accommodation in the Queensway Government Offices and other outstation offices to the former CGO in phases. The space so released will mainly be used for reprovisioning other departments occupying private offices in Central and Admiralty, which in turn will indirectly increase the supply of private offices in the Central Business Districts.
- (b) The CGO West Wing has a gross floor area of around 22 000m<sup>2</sup>. Its net usable floor area has yet to be ascertained. The Government Property Agency is liaising with the DoJ on its office space requirements. The Government is also examining the floor area which may be provided to law-related NGOs as offices.

- (c) The DoJ and relevant departments are proceeding with the preparatory work. The estimated expenditure of the CGO West Wing project can only be ascertained after the preparatory work is completed.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 28.3.2013

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

**FSTB(Tsy)072**

Question Serial No.

0737

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

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In 2012 and 2013, 15 (Actual) and 10 (Estimate) government properties are identified respectively as having new commercialisation opportunities. What are the details of these government premises? Please list their:

- (a) location and floor area;
- (b) possible commercial use;
- (c) estimated income; and
- (d) development plan.

In addition, why is the estimated number of such properties in 2013 smaller than the corresponding numbers of 18 and 15 in 2011 and 2012 respectively?

Asked by: Hon. LAM Tai-fai

Reply:

In 2012, the Government Property Agency initially identified the following 15 government premises with new commercialisation opportunities:

	Property	Proposed Use	Area (m <sup>2</sup> )
1.	Part of the columns and walls on Ground floor of Queensway Plaza	Advertising area	Not applicable
2.	Mongkok Stadium	Advertising area	Not applicable
3.	The external walls of Kowloon Bay Sports Centre	Advertising area	Not applicable
4.	The external walls of Po Kong Village Road Sports Centre	Advertising area	Not applicable
5.	The external walls of Shun Lee Tsuen Sports Centre	Advertising area	Not applicable
6.	The external walls of Ngau Tau Kok Market	Advertising area	Not applicable
7.	Tai Po Government Offices	Automatic Teller Machine	Not applicable
8.	Shun Lee Disciplined Services Quarters	Automatic Teller Machine	Not applicable
9.	Queen Elizabeth Stadium	Automatic Teller Machine	Not applicable

	Property	Proposed Use	Area (m <sup>2</sup> )
10.	Bowrington Road Market	Automatic Teller Machine	Not applicable
11.	Causeway Bay Market	Automatic Teller Machine	Not applicable
12.	Tang Lung Chau Market	Automatic Teller Machine	Not applicable
13.	Harbour Building	Automatic Vending Machine	Not applicable
14.	Shop C, 1/F, Passenger Terminal Building, Shenzhen Bay Port Hong Kong Port Area	Shop	About 110
15.	Shop D, 1/F, Passenger Terminal Building, Shenzhen Bay Port Hong Kong Port Area	Shop	About 30

Of the above 15 government premises, tendering of the automatic teller machine space at Shun Lee Disciplined Services Quarters was unsuccessful. Moreover, three advertising areas at Kowloon Bay Sports Centre, Po Kong Village Road Sports Centre and Shun Lee Tsuen Sports Centre were found not suitable for commercial use after further analysis. The Agency is processing the remaining 11 cases. It is premature to estimate the revenue at this stage.

In 2013, the Agency initially identifies the following 10 government premises may have new commercialisation opportunities:

	Property	Proposed Use	Area (m <sup>2</sup> )
1.	The roof of Argyle Street Waterworks Depot	Advertising area	Not applicable
2.	The roof of Water Supplies Department Hong Kong Regional Building	Advertising area	Not applicable
3.	The roof and external walls of Water Supplies Department Kowloon East Regional Building	Advertising area	Not applicable
4.	The external walls of Water Supplies Department Kowloon West Regional Building	Advertising area	Not applicable
5.	The external walls of Tsuen Wan Market	Advertising area	Not applicable
6.	The external walls of San Hui Market, Tuen Mun	Advertising area	Not applicable
7.	Harbour Building	Automatic Teller Machine	Not applicable
8.	Man Kam To Control Point	Automatic Teller Machine	Not applicable
9.	Ground floor Lobby of Wanchai Tower	Automatic Vending Machine	Not applicable
10.	Departure Hall of China Ferry Terminal	Café	About 80

After the Agency has initially identified a government property with commercialisation opportunity, the Agency will consult the concerned department(s) and examine in detail the impact of the proposal on the image and outlook of the government building, the pedestrian flow, fire escape, fire services and building installations to determine whether the proposed commercial use will be feasible for the identified government premises. It is premature to estimate the revenue at this stage.

As government premises are designed for offices, public facilities or other government uses, but not for commercial purposes, there would only be limited premises having commercialisation opportunities. As most premises suitable for commercial use have been leased out, we anticipate that the number of premises having new commercialisation opportunities will diminish progressively.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 2.4.2013

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

**FSTB(Tsy)073**

Question Serial No.

1466

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In paragraph 109 of the Budget Speech, the Financial Secretary mentions that the Administration is now proceeding with the reprovisioning of the three government office buildings at the Wan Chai waterfront and will sell these three buildings in due course to increase the supply of Grade A offices in Wan Chai. In this connection, please advise if the Administration has any concrete programme. If affirmative, what are the details? If negative, what are the reasons?

Asked by: Hon. LO Wai-kwok

Reply:

The Government is actively preparing for relocating the three government office buildings at the Wan Chai waterfront to new government office buildings in non-Central Business Districts. We have planned to relocate some departments in the three government office buildings at Wan Chai waterfront to the West Kowloon Government Offices under planning. The construction works are expected to commence in 2014-15 for completion in 2018. We have also earmarked sites in other districts such as Kai Tak and Tseung Kwan O to construct new government office buildings for the reprovisioning exercise. Construction works will commence from 2015-16 onwards, with the first office building expected to complete in 2019-20.

Upon completion of the new government office buildings, we will arrange for the departments concerned to move out of the three government office buildings in phases and lease out the vacant floor space for increasing the supply of Grade A offices in Wan Chai as soon as possible. Upon completion of the whole relocation project, we will consider selling the three government office buildings when the timing is appropriate. In view of the large scale of the relocation project involving 29 departments with more than 10 000 staff and a total floor area of 175 000m<sup>2</sup>, it takes time for preparation and construction of the replacement buildings. The Government has yet to work out a sale programme for the three office buildings.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 2.4.2013

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

**FSTB(Tsy)074**

Question Serial No.

1604

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In paragraph 109 of the Budget Speech, the Financial Secretary mentions that the Government is now proceeding with the relocation of departments in the three government office buildings at the Wan Chai waterfront. Will the Administration inform this Council the timetable and details for the relocation of departments? What are the cost and manpower involved for such large scale of relocation? The Government mentioned that the three government office buildings in Wan Chai shall be put up for sale in due course. When will the Government consider it as the proper time for sale of these three buildings?

Asked by: Hon. SHEK Lai-him, Abraham

Reply:

The Government is actively preparing for relocating the three government office buildings at the Wan Chai waterfront to new government office buildings in non-Central Business Districts. We have planned to relocate some departments in these three government office buildings to the West Kowloon Government Offices under planning. The construction works are expected to commence in 2014-15 for completion in 2018. We have also earmarked sites in other districts such as Kai Tak and Tseung Kwan O to construct new government office buildings for the reprovisioning exercise. Construction works will commence from 2015-16 onwards, with the first office building expected to complete in 2019-20.

In view of the large scale of the relocation project involving 29 departments with more than 10 000 staff and a total floor area of 175 000m<sup>2</sup>, it takes time for preparation and construction of the replacement buildings. Relocation will therefore be implemented in phases. We will seek funding approval from the Legislative Council for the new government office buildings projects progressively. The total estimated expenditure is not available for the time being. The Government Property Agency will create four dedicated posts in 2013-14 for the relocation project.

Upon completion of the new government office buildings, we will arrange for the departments concerned to move out in phases and lease out the vacant floor space for increasing the supply of Grade A offices in Wan Chai as soon as possible. Upon completion of the whole relocation project, the Government will consider selling the three government office buildings when the timing is appropriate having regard to factors including market condition, cost-effectiveness of the options, etc.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 2.4.2013

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

**FSTB(Tsy)075**

Question Serial No.

0441

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding non-departmental quarters (NDQs), NDQs owned by Government and departmental quarters under Programme (1), there are following questions:

- (a) In view of the coming wave of retirement and the accelerated civil service recruitment, has the Administration estimated the changes in the number of applications for government quarters in the next five years (2013-14 to 2017-18)?
- (b) Are there any new or redevelopment projects under planning? If affirmative, please provide the details.
- (c) Is there any plan to increase the plot ratio of the new/redeveloped quarters so as to facilitate the integration of residential care service into the project(s), thus serving as a pioneer and an example for the community? If not, will provisions be made to study this proposal?

Asked by: Hon. TANG Ka-piu

Reply:

- (a) There are two main classes of government quarters, namely non-departmental quarters (NDQs) and departmental quarters (DQs), and most of the DQs are disciplined services quarters (DSQs). As civil servants appointed on or after 1 October 1990 are not eligible for NDQs, the demand for which will diminish progressively. On the other hand, the demand for DSQs is anticipated to rise as a result of the increasing recruitment of staff by various disciplined services departments in recent years to meet their operational needs.
- (b) The Government is planning a number of DSQ construction projects. Among them, the redevelopment of the DSQs in Fu Tei, Tuen Mun will be completed by late 2014. Besides, the Government is planning to redevelop four ex-quarters sites of the Housing Department at Tsz Wan Shan, Wong Tai Sin, Kwun Tong and Tin Wan respectively into DSQs. For NDQs, the Government has no development/redevelopment plan as the demand is diminishing.



- (c) When there are proposed new/redevelopment projects of government quarters, the Planning Department will assess the development potential of each project site for optimal development having regard to the zoning of the site, site area, statutory development restrictions, site conditions/constraints, compatibility with the surrounding environment, character of the area, infrastructure capacity, urban design and other relevant considerations. The Planning Department will consider, upon request of concerned departments, to incorporate compatible Government, Institution and Community facilities (such as social welfare facilities) in the proposed developments to meet the needs of the community.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 18.3.2013

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

**FSTB(Tsy)076**

Question Serial No.

0826

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- (a) In 2012-13, how many government quarters does the Government own? What is the overall vacancy rate? How does the Government deal with the vacant quarters?
- (b) The Housing Department staff quarters at 4 Tseung Kwan O Road, Kwun Tong has been left almost vacant for 12 years since 2000. Another Housing Department staff quarters at 20 Heng Lam Street, Wong Tai Sin has been left vacant since 2009. The Western Police Station Married Quarters - Rank and File has been left vacant since 2006. Please explain why the three government quarters have been left vacant for such a long time. Has the Administration failed to optimise government resources in putting these three vacant quarters to other short-term uses? If affirmative, what are the reasons? If negative, what are the reasons?
- (c) The Administration has earlier announced plans to redevelop the government quarters in Kwun Tong and Wong Tai Sin into disciplined services quarters and that relevant departments will demolish the ex-quarters as soon as possible and hand over the sites to the Lands Department. Please give details of the projects, their timetables and estimates.
- (d) The Administration has earlier announced a plan to redevelop the government quarters in Sai Ying Pun into government offices. Please give details of the project, the timetable and the estimate.

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

- (a) The Government currently owns about 23 800 quarters, of which less than 0.1 percent are temporarily vacant pending allocation to eligible officers/departments or under refurbishment/renovation.
- (b) The ex-Kwun Tong Staff Quarters of the Housing Department at 4 Tseung Kwan O Road and the ex-Lok Fu Staff Quarters of the Housing Department at 20 Heng Lam Street were vacated in late 2009 and the third quarter of 2010 respectively. The Government has planned to redevelop these two sites into disciplined services quarters. The Western Police Station Married Quarters - Rank and File at 280 Des Voeux Road West was vacated in mid 2006. The Government plans to redevelop the site into government offices/facilities. We have actively studied the feasibility of putting the above-mentioned vacant quarters to other interim short-term uses before their demolition. However, the overall design, fire protection equipment, fire escapes and barrier free access, etc. are not up to the current statutory requirements and safety standards. It is not cost-effective to refurbish these properties for interim use before redevelopment due to the high refurbishment cost involved. As such, we are unable to put up these vacant quarters for short-term uses or for lease.

- (c) The ex-Kwun Tong Staff Quarters of the Housing Department will be redeveloped into disciplined services quarters for the Immigration Department, the Fire Services Department, the Customs and Excise Department and the Correctional Services Department. The Architectural Services Department is conducting a technical feasibility study and will arrange to demolish the existing building after the redevelopment schedule is finalised. The ex-Lok Fu Staff Quarters of the Housing Department will be demolished in the second quarter of this year and redeveloped into disciplined services quarters for the Immigration Department. A consultant is being appointed for planning the project. Funding estimates for the above projects are not yet available.
- (d) The Government plans to redevelop the Western Police Station Married Quarters - Rank and File into government offices/facilities and is discussing with the concerned departments to examine the feasibility of the project. The Government aims at deciding on the long-term arrangement of the site within this year. The funding estimate for this project is not yet available.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 28.3.2013

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

**FSTB(Tsy)077**

Question Serial No.

0239

Head: 51 Government Property Agency

Subhead (No. & title): 000 Operational expenses

Programme:

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

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

	2012-13 (the latest position)
Number of contracts with employment agencies	( )
Contract sum paid to each employment agency	( )
Total amount of commission paid to each employment agency	( )
Length of contract for each employment agency	( )
Number of agency workers	( )
Breakdown of positions held by agency workers	
Monthly salary range of agency workers	
• \$30,001 or above	( )
• \$16,001 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	( )

	2012-13 (the latest position)
Percentage of agency workers out of the total number of staff in the department	( )
Percentage of amount paid to employment agencies out of the total departmental staff costs	( )
Number of agency workers with paid meal break	( )
Number of agency workers without paid meal break	( )
Number of agency workers on five-day week	( )
Number of agency workers on six-day week	( )

( ) denotes changes in percentage as compared with 2011-12

Asked by: Hon. WONG Kwok-hing

Reply:

The Government Property Agency has not engaged any employment agency for provision of services in 2012-13.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 8.3.2013

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

**FSTB(Tsy)078**

Question Serial No.

0240

Head: 51 Government Property Agency

Subhead (No. & title): 000 Operational expenses

Programme:

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

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

	2012-13 (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 and 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	( )

	2012-13 (the latest position)
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	( )
Percentage of amount paid to outsourced service providers out of the total departmental staff costs	( )
Number of outsourced workers with paid meal break	( )
Number of outsourced workers without paid meal break	( )
Number of outsourced workers on five-day week	( )
Number of outsourced workers on six-day week	( )

( ) denotes changes in percentage as compared with 2011-12

Asked by: Hon. WONG Kwok-hing

Reply:

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

	2012-13 (the latest position)*
Number of outsourced service contracts	7 (-)
Total amount paid to outsourced service providers	\$235,041,000 (+6.5%)
Length of contract for each outsourced service provider	2 – 4 years (-)
Number of outsourced workers engaged through outsourced service providers	1 968 (-)
Breakdown of positions held by outsourced workers (e.g. customer service, property management, security, cleaning and information technology, etc)	property management, security, cleaning and information technology
Percentage of outsourced workers out of the total number of staff in the department	915.3% (decrease by 13 percentage points^)

	2012-13 (the latest position)*
Percentage of amount paid to outsourced service providers out of the total departmental staff costs	201.5% (decrease by 0.1 percentage point <sup>#</sup> )
Monthly salary range of outsourced workers <ul style="list-style-type: none"> <li>• \$30,001 or above</li> <li>• \$16,001 to \$30,000</li> <li>• \$8,001 to \$16,000</li> <li>• \$6,501 to \$8,000</li> <li>• \$6,240 to \$6,500</li> <li>• below \$6,240</li> </ul>	Since employment particulars of staff employed by the outsourced service providers such as monthly salaries, length of service, number of working days per week and the provision or otherwise for paid meal breaks are not specified in the outsourced contracts, we are unable to provide the information requested.
Length of service of outsourced workers <ul style="list-style-type: none"> <li>• over 15 years</li> <li>• 10 to 15 years</li> <li>• 5 to 10 years</li> <li>• 3 to 5 years</li> <li>• 1 to 3 years</li> <li>• under 1 year</li> </ul>	
Number of outsourced workers with paid meal break	
Number of outsourced workers without paid meal break	
Number of outsourced workers on five-day week	
Number of outsourced workers on six-day week	

( ) denotes changes in percentage as compared with 2011-12

Remarks: \* As at 31.3.2013.  
 ^ In 2011-12, the percentage of outsourced workers out of the total number of staff in the department was 928.3%.  
 # In 2011-12, the percentage of amount paid to outsourced service providers out of the total departmental staff costs was 201.6%.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 25.3.2013



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

**FSTB(Tsy)079**

Question Serial No.

0241

Head: 51 Government Property Agency

Subhead (No. & title): 000 Operational expenses

Programme:

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

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

	2012-13 (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 NCSC staff converted to civil servants	( )
Number of NCSC staff failed to be converted to civil servants	( )
Percentage of NCSC staff out of the total number of staff in the department	( )

	2012-13 (the latest position)
Percentage of staff costs for NCSC staff out of the total departmental staff costs	( )
Number of NCSC staff with paid meal break	( )
Number of NCSC staff without paid meal break	( )
Number of NCSC staff on five-day week	( )
Number of NCSC staff on six-day week	( )
Number of NCSC staff who have applied for paternity leave	( )
Number of NCSC staff who have granted paternity leave	( )

( ) denotes changes in percentage as compared with 2011-12

Asked by: Hon. WONG Kwok-hing

Reply:

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

	2012-13 (the latest position)*
Number of NCSC staff	11 (+22.2%)
Breakdown of positions held by NCSC staff	
• Leasing Manager	4
• Assistant Property Officer	5
• Project Manager	1
• Contract Solicitor	1
Expenditure on salaries of NCSC staff	\$1,818,000 (+3.8%)
Monthly salary range of NCSC staff	
• \$30,001 or above	2 (+100.0%)
• \$16,001 to \$30,000	4 (-)
• \$8,001 to \$16,000	5 (+25.0%)
• \$6,501 to \$8,000	0 (-)
• \$6,240 to \$6,500	0 (-)
• below \$6,240	0 (-)

	2012-13 (the latest position)*	
Length of service of NCSC staff		
• over 15 years	0	( - )
• 10 to 15 years	0	( - )
• 5 to 10 years	2	(not applicable <sup>^</sup> )
• 3 to 5 years	1	(-66.7%)
• 1 to 3 years	3	( - )
• under 1 year	5	(+66.7%)
Number of NCSC staff converted to civil servants	0	( - )
Number of NCSC staff failed to be converted to civil servants	0	( - )
Percentage of NCSC staff out of the total number of staff in the department	5.1%	(increase by 0.9 percentage point <sup>@</sup> )
Percentage of staff costs for NCSC staff out of the total departmental staff costs	2.1%	( - )
Number of NCSC staff with paid meal break	11	(+22.2%)
Number of NCSC staff without paid meal break	0	( - )
Number of NCSC staff on five-day week	10 <sup>#</sup>	(+25.0%)
Number of NCSC staff on six-day week	0	( - )
Number of NCSC staff who have applied for paternity leave	0	( - )
Number of NCSC staff who have granted paternity leave	0	( - )

( ) denotes changes in percentage as compared with 2011-12

- Remarks:
- \* The figures provided for 2012-13 reflect the position as at 31.12.2012.
  - <sup>^</sup> In 2011-12 (as at 31.12.2012), the Agency did not have NCSC staff who had service of 5 years or above.
  - <sup>@</sup> In 2011-12 (as at 31.12.2012), the percentage of NCSC staff out of the total number of staff in the Agency was 4.2%.
  - <sup>#</sup> One other NCSC staff works less than 5 days a week.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 22.3.2013

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

**FSTB(Tsy)080**

Question Serial No.

1264

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

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In the past three years (i.e. 2010, 2011 and 2012), how many sites, including those put under the prioritised redevelopment programme, were released for disposal, redevelopment or other purposes? Why are there only two sites expected to be released for disposal, redevelopment or other purposes this year? How many sites are planned to be included in the prioritised redevelopment programme this year? Will the Administration put in more resources to examine and review the under-utilised sites with a view to changing them to residential and commercial uses to help resolve the difficulties in acquisition and the problem of high rental level of these properties in the long run?

Asked by: Hon. WONG Ting-kwong

Reply:

Under the subject Programme, the Government Property Agency will review the utilisation of sites managed by government departments with a view to, where feasible, releasing the under-utilised sites for disposal, redevelopment or other purposes. The number of sites released for disposal, redevelopment or other purposes in the past three years are as follows:

Year	Number of Sites
2010	10
2011	4
2012	5

The above sites include the ex-Hollywood Road Police Married Quarters released for use by creative industries, Tsuen Wan Transport Complex for West Rail cum residential development and 8-12 Deep Water Bay Drive for land sale.

In 2013, we plan to release the following two sites for the development of disciplined services quarters:

1. Ex-Tin Wan Staff Quarters, Tin Wan Street
2. Ex-Lok Fu Staff Quarters, Hang Lam Street

These two sites have been included in the prioritised redevelopment programme this year.

We will continue to review the utilisation of sites managed by government departments. Notwithstanding this, as most feasible cases have been progressively addressed, we anticipate that there would only be limited sites to be released in future. There is no direct relationship between the number of sites released and the resources put in by the Agency.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 2.4.2013

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

**FSTB(Tsy)081**

Question Serial No.

1265

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The 2013 estimated areas of leased office accommodation and renewals of leased office accommodation are expected to increase substantially over the actual leased areas in 2012. What are the reasons?

Asked by: Hon. WONG Ting-kwong

Reply:

The Government Property Agency estimates that there will be a net increase of 16 000m<sup>2</sup> in leased office accommodation in 2013. The additional leased office space is mainly for reprovisioning the stores of the Customs and Excise Department, the Department of Health and the Immigration Department currently located in the Government-owned Government Logistics Centre to make space available for accommodating the printing workshop of the Government Logistics Department with a view to enhancing its operational efficiency. Moreover, additional office space will be provided to the Social Welfare Department, the Labour Department, Radio Television Hong Kong and the Leisure and Cultural Services Department, etc. for launching new services.

Before expiry of a tenancy, we will determine if the tenancy should be renewed having regard to the operational needs of the department(s) concerned. As the total area covered in lease renewals in 2013 depends on the areas of the leases to be renewed in that year, the figure cannot be compared directly with that of 2012.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 27.3.2013

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

**FSTB(Tsy)082**

Question Serial No.

2945

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

Programme: (1) Procurement

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- (a) What is the total value of the procurement contracts signed each year between the Government and local recycling industry over the past five years (i.e. 2008-2009 to 2012-2013)? What are the respective percentages of the total value of these contracts among that of the procurement contracts awarded?
- (b) Does the Government plan to increase the proportion of such procurement? If yes, what is the plan? If not, what are the reasons?

Asked by: Hon. CHAN Kam-lam

Reply:

- (a) The products and services procured by the Government differ from year to year and the extent to which they may involve the recycling industry vary from one contract to another.

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

2008 - \$53 million  
2009 - \$25 million  
2010 - \$32 million  
2011 - \$85 million  
2012 - \$93 million

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

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

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

Name in block letters: Ms Maisie CHENG

Post Title: Director of Government Logistics

Date: 22.3.2013



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

**FSTB(Tsy)083**

Question Serial No.

1140

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

Programme:

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the departmental records management work over the past three years (up to 2012):

- (a) Please provide information on the number and rank of officers designated to perform such work. If there is no officer designated for such work, please provide information on the number of officers and the hours of work involved in records management duties, and the other duties they have to undertake in addition to records management;
- (b) Please list in the table below information on programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal:

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents

- (c) Please list in the table below information on programme and administrative records which have been transferred to GRS for retention:

Category of records	Years covered by the records	Number and linear metres of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents

- (d) Please list in the table below information on records which have been approved for destruction by GRS:

Category of records	Years covered by the records	Number and linear metres of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents

Asked by: Hon. HO Sau-lan, Cyd

Reply:

- (a) The Government Logistics Department (GLD) has no designated officer to perform records management work. The work is undertaken by about 20 officers from different sections in GLD. The other duties they have to undertake in addition to records management include administrative, clerical work and other supportive work for departmental operation. GLD does not maintain record of the hours of work involved in records management duties undertaken by these officers.
- (b) Records pending transfer to the Government Records Service (GRS) for appraisal in the past three years:

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS*	Are they confidential documents
Administrative records	1960-2012	286 records, 14 linear metres	Three to five years	No
Programme records	1957-2012	1 725 records, 82 linear metres	Five to ten years	No

- (c) GLD has not transferred any record to GRS for retention in the past three years.
- (d) Records of GLD which have been approved for destruction by GRS in the past three years:

Category of records	Years covered by the records	Number and linear metres of records	Years that the records were transferred to GRS	Retention period approved by GRS*	Are they confidential documents
Administrative records	1977-2008	1 186 records, 42 linear metres	Not applicable	One year	No
Programme records	1984-2004	9 490 records, 276 linear metres	Not applicable	Five to seven years	No

\* Different categories of records have different retention periods. For administrative records, e.g. personal files and staff report files, environmental management related files, and accounting policies related files, the retention periods are one year, three years and five years respectively. For programme records, e.g. supplies management related files (e.g. stores inspection) and tender files, contract files, and procurement policies related files, the retention periods are five years, seven years and ten years respectively.

Name in block letters: Ms Maisie CHENG

Post Title: Director of Government Logistics

Date: 22.3.2013

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

**FSTB(Tsy)084**

Question Serial No.

2158

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

Programme:                    (1) Procurement

Controlling Officer:        Director of Government Logistics

Director of Bureau:        Secretary for Financial Services and the Treasury

Question:

1. Please give a breakdown of the number and proportion of the procurement contracts awarded for various government departments over the past year (2012-13) that involved the purchase of environment-friendly products and products not meeting the environment-friendly requirements. What is the expenditure involved respectively? Will priority be given to recommendations meeting environment-friendly requirements when providing advice on procurement strategies to departments?
2. Does the Government Logistics Department give priority to local recycled products in procuring environment-friendly products with a view to promoting the local recycling industry? If not, why not?
3. What is the total contract value of procurement contracts signed between the Government and local recycling industry over the past year (2012-13)? How many product items were purchased?

Asked by: Hon. KWOK Wai-keung

Reply:

1. For the procurement contracts awarded by the Government Logistics Department (GLD) on behalf of various government departments in 2012, 111 involved products with green specifications in the tenders. The total contract value was \$1,390 million. Among them, the products under 93 contracts complied with the green specifications concerned. The estimated contract value was \$1,350 million, which was about 97% of the total value of the contracts concerned. The products under the remaining 18 contracts did not comply with the green specifications concerned. The estimated contract value was \$43 million.

There are established guidelines on the procurement of environment-friendly products. These guidelines include purchasing products with improved recyclability, higher recycled content, reduced packaging, greater durability and greater energy efficiency; avoiding single-use disposable items; utilising clean technology and clean fuels. The Environmental Protection Department has drawn up green specifications for items commonly procured by the Government, and provided detailed guidelines as reference in their daily purchase of goods and services. Besides, where green specifications for an item are available, subject to market availability and resource consideration, GLD would proactively adopt the green specifications in arranging for purchases of the item concerned.

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

Besides, the products and services procured by the Government and the extent to which they may involve the recycling industry differ from year to year. It is not easy to tell from a contract whether the contractor would involve the recycling industry in the execution of the contract. In 2012, the total value of contracts awarded by GLD to local contractors on behalf of various b/ds for the sale of used or unserviceable items and the supply of products with recycled content was around \$93 million.

Name in block letters: Ms Maisie CHENG

Post Title: Director of Government Logistics

Date: 26.3.2013

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

**FSTB(Tsy)085**

Question Serial No.

1027

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

Programme: (3) Land Transport

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide details of the current government fleet:

	Number	Environment-friendly vehicles	Estimated number of replacement vehicles for the coming three years (i.e. 2013-2015)	Estimated number of additional vehicles for the coming three years	Maintenance cost for 2012	Expenditure on services for 2012
VIP Car						
Large Saloon Car (Grade A)						
Large Saloon Car (Grade B)						
Van						
Truck						
Motorcycle						
Bus						
Cross Country Vehicle						
Specialised Vehicle						
Ambulance						

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

The following details of the current government fleet are provided:

	Total Number	Environment-friendly vehicles	Estimated number of replacement vehicles for the coming three years (i.e. 2013-2015)	Estimated number of additional vehicles for the coming three years <sup>1</sup>
VIP Car	5	3	1	0
Large Saloon Car (Grade A)	64	63	0	0
Large Saloon Car (Grade B)	71	21	0	0
Van	1 521	118	247	0
Truck	343	69	182	0
Motorcycle	475	24	269	0
Bus	572	354	240	0
Cross Country Vehicle	103	0	40	0
Specialised Vehicle	1 589	244	612	15
Ambulance	332	256	129	0

Notes:

1. Only includes the number of additional vehicles for 2013. As government departments are still formulating their forecasts for additional vehicles beyond 2013, the Government Logistics Department (GLD) does not have information on the number of additional vehicles required by various departments in 2014 and 2015.
2. The maintenance cost and expenditure on services of the vehicles concerned are borne by the individual bureaux or departments. GLD does not have the relevant information.

Name in block letters: Ms Maisie CHENG

Post Title: Director of Government Logistics

Date: 27.3.2013

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

**FSTB(Tsy)086**

Question Serial No.

1029

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

Programme: (3) Land Transport

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide details of the government vehicles allocated to designated officials and public officers in the following table:

Registration number	Official or public officer allocated with car	Vehicle make & model	Year of manufacture	Restriction on use	Pay point of driver	Expenditure for 2012

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

According to regulations, only the Chief Executive (CE), the three Secretaries of Departments, the Chief Justice of the Court of Final Appeal, Directors of Bureaux and the Director of the CE's Office are allocated with official cars which can be used for all purposes. Except the driver of CE whose pay point is on Master Pay Scale (MPS) Points 13-14, the pay point of the drivers of the other officials is on MPS Points 11-12. The model of the vehicle allocated to CE is Lexus LS600hL which was manufactured in 2007. The model of the vehicles of the other officials (except the Secretary for Transport and Housing) is Volkswagen Phaeton 3.2 and they were manufactured in 2007 and 2008 respectively. The model of the existing car used by the Secretary of Transport and Housing is Lexus GS450h which was manufactured in 2013. The expenditure of the cars concerned is borne by the individual bureaux or departments.

Other government officers (including Permanent Secretaries and Heads of Departments) are not allocated with official cars. They can only use the cars allocated to their bureaux or departments.

Name in block letters: Ms Maisie CHENG

Post Title: Director of Government Logistics

Date: 26.3.2013

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

**FSTB(Tsy)087**

Question Serial No.

1101

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

Programme: (2) Supplies Management

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- (a) The Government Logistics Department "sells confiscated/unclaimed and condemned stores by public auction". Based on what criteria is the reserve price being set?
- (b) For the various items auctioned in 2012, what is the difference between the auction proceeds and the market prices?
- (c) Has the Government got any statistics on the identity of purchasers of auctioned items and the purchased quantity? Will restriction on purchased quantity per person be imposed?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

- (a) When setting the reserve price of an item for auction, the Government Logistics Department (GLD) will consider the condition of the item and use the current second-hand price of the similar item on the market as reference.
- (b) The amount of auction proceeds for 2012 was about \$53 million. Items auctioned by GLD (including confiscated and unclaimed items) were mostly used, broken or damaged items. As the condition of each item was different, it was not practicable to make a comparison with the second-hand price of similar goods in the market. For confiscated items, most of them had become obsolete upon conclusion of proceedings and the court's ruling for confiscation. Such obsolete items could no longer be found in the market. Therefore, it would not be appropriate to make a direct comparison of these items with the market price of similar goods.
- (c) The auctions conducted by GLD are opened to the public and there is no restriction on the qualification of bidders. As person of any status or nationality may participate in bidding, GLD does not have any statistics on the identity of purchasers of auctioned items and their purchased quantity. According to the terms of auction, for any lot of items, the bidder whose bid is the highest and once accepted by the auctioneer, the bidder will become the purchaser. In other words, GLD imposes no restriction on each bidder's purchased quantity in each auction.

Name in block letters: Ms Maisie CHENG

Post Title: Director of Government Logistics

Date: 27.3.2013



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

**FSTB(Tsy)088**

Question Serial No.

3126

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

Programme: (3) Investigation and Field Audit

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the numbers of tax avoidance cases (concerning individuals and companies respectively) completed by the Inland Revenue Department and the respective amounts of back tax and penalty assessed in each of the past five years (i.e. from 2008-09 to 2012-13).

Asked by: Hon. CHAN Kam-lam

Reply:

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

	2008-09	2009-10	2010-11	2011-12	2012-13 (Revised estimate)
No. of cases completed	218	206	234	226	204
Back tax and penalty assessed (\$million)	527	1,240	2,193	4,357*	1,362

\* The amount of back tax and penalty assessed in 2011-12 was exceptionally high 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.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 3.4.2013

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

**FSTB(Tsy)089**

Question Serial No.

0057

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme:

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Budget Speech proposes “reducing salaries tax and tax under personal assessment for 2012-13 by 75 per cent, subject to a ceiling of \$10,000. The reduction, benefiting 1.53 million taxpayers in the territory, will be reflected in the taxpayers’ final tax payable for 2012-13. This measure will cost the Government \$8.4 billion.” Could the Administration inform this Committee of the following: what are the actual amounts of reduction of salaries tax and tax under personal assessment for the past three years? what is the anticipated number of taxpayers who will benefit from the tax reduction up to the ceiling of \$10,000 under salaries tax and personal assessment and its percentage out of the total number of taxpayers? what are the operational expenses and manpower involved in the said tax reduction measure?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

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

Year of assessment	Tax reduction measure		Amount of tax reduction		
	% of tax reduced	Ceiling (\$)	Salaries tax (\$million)	Personal Assessment (\$million)	Total (\$million)
2009-10	75%	6,000	4,920	385	5,305
2010-11	75%	6,000	5,380	418	5,798
2011-12 *	75%	12,000	9,690	725	10,415

\* Up to 28 February 2013

The 2013-14 Budget proposes to reduce salaries tax and tax under personal assessment for the year of assessment 2012-13 by 75%, subject to a ceiling of \$10,000. This proposal will cost the Government \$8.4 billion. The Inland Revenue Department (IRD) estimates that 555 000 salaries tax payers and 39 000 taxpayers under personal assessment will each be granted with tax reduction at the ceiling of \$10,000, representing about 39% of the total number of 1.53 million taxpayers to be benefitted. IRD will implement the tax reduction measure with existing staff and through internal redeployment of resources.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 20.3.2013

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

**FSTB(Tsy)090**

Question Serial No.

2157

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

Programme: (4) Taxpayer Services

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the extension of telephone enquiry service time of the Inland Revenue Department (IRD) in May 2012 as stated in Programme (4), could the Administration inform this Committee of the following:

1. What are the numbers of telephone enquiries received during the extended service hours (i.e. up to 7:00 p.m. from Monday to Friday and from 9 a.m. to 1 p.m. on Saturday)? What are the percentages of such cases out of the total number of telephone enquiries received? Has the Administration conducted any analysis to identify the peak hours of such service? What action will be taken accordingly?
2. Please provide the details and the estimated expenditure in respect of IRD's redeployment of manpower resources and employment of part-time staff to strengthen the daytime telephone enquiry service during peak periods.

Asked by: Hon. KWOK Wai-keung

Reply:

1. In May 2012, the Inland Revenue Department (IRD) extended telephone enquiry services for the taxpaying public so as to facilitate the latter's completion of tax returns. A total of 6 296 telephone calls were answered during the extended service hours, representing 4.4% of the total number of telephone calls answered during the period with extended telephone enquiry services.

The usual peak periods of telephone enquiry services are (i) the return-filing season in May and June; (ii) the first and second working days after Sundays and public holidays; and (iii) a few working days after IRD's bulk issue of different types of letters. During peak periods, IRD normally will redeploy manpower resources and employ part-time staff to strengthen the daytime telephone enquiry service.

2. In the 2012-13 financial year, IRD redeployed officers from various units to assist in answering telephone enquiries during peak periods, and employed 9 part-time staff to strengthen the daytime telephone enquiry service. The engagement of part-time staff incurred expenditure of about \$480,000. For the 2013-14 financial year, IRD expects that it would also be necessary to cope with the peak periods of telephone enquiry services through staff redeployment and recruitment of a similar number of part-time staff.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 27.3.2013

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

**FSTB(Tsy)091**

Question Serial No.

1128

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

Programme:                      (1)    Assessing Functions

Controlling Officer:        Commissioner of Inland Revenue

Director of Bureau:        Secretary for Financial Services and the Treasury

Question:

Please provide the numbers of cases of which ad valorem stamp duty was collected in the past five years in the table below :

<b>Consideration or value of the property (whichever is the higher)</b>	2008-09	2009-10	2010-11	2011-12	2012-13
\$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

Reply:

The numbers of cases<sup>#</sup> in respect of property transactions of which ad valorem stamp duty was collected by the Inland Revenue Department in the past five financial years are as follows -

<b>Consideration or value of the property (whichever is the higher)</b>	2008-09	2009-10	2010-11	2011-12	2012-13*
\$2,000,000 or below	77 641	99 576	90 987	51 891	47 902
\$2,000,001 to \$3,000,000	19 540	28 339	38 475	23 286	21 435
\$3,000,001 to \$4,000,000	10 803	17 546	21 133	14 469	17 114
\$4,000,001 to \$6,000,000	10 192	16 228	21 953	16 968	20 878
\$6,000,001 to \$20,000,000	9 149	15 857	22 546	20 631	20 072
\$20,000,001 or above	2 118	3 476	5 206	4 520	3 990

# The counting of cases is by reference to each instrument.

\* As at 28 February 2013

Name in block letters:                      CHU Yam-yuen

Post Title:                      Commissioner of Inland Revenue

Date:                      3.4.2013

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

**FSTB(Tsy)092**

Question Serial No.

1129

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

Programme: (3) Investigation and Field Audit

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

According to the law, tenancy agreements for leased domestic property must be registered at the Land Registry and stamp duty must be paid accordingly. However, some tenants and landlords do not sign tenancy agreements nor register the agreements at the Land Registry in order to avoid the stamp duty. In what ways can the Inland Revenue Department identify such evasion cases? Over the past year, i.e. 2012-2013, how many cases were identified and how much stamp duty was recovered in total?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

A lease executed (except a lease which is created orally) in respect of immovable property in Hong Kong is chargeable with stamp duty under the Stamp Duty Ordinance (Cap. 117) ("SDO"). However, there is no provision in the SDO which requires that a lease of immovable property must be made in the form of a written lease.

For executed lease, section 15 of the SDO provides that no instrument chargeable with stamp duty shall be received in evidence in civil proceedings, or shall be acted upon, filed or registered by any public officer or body corporate unless such instrument is duly stamped. Accordingly, the Stamp Office has from time to time recovered stamp duty and penalty for late stamping from duty payers in respect of their unstamped leases that are required for legal proceedings. Besides, the Stamp Office would review individual property letting cases to verify whether any relevant leases, if any, are duly stamped.

The Stamp Office does not keep statistical information on cases involving late stamping of leases. Therefore, the relevant information cannot be provided.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 27.3.2013

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

**FSTB(Tsy)093**

Question Serial No.

0729

Head: 76 Inland Revenue Department

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

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the numbers of recovery cases in 2011-12 and 2012-13 based on the amount involved in the recovery cases (\$10 or below, \$11-\$99, \$100-\$999, \$1,000-\$9,999, and \$10,000 or above).

Asked by: Hon. LEE Cheuk-yan

Reply:

The Inland Revenue Department does not have statistical breakdown on the number of recovery cases by the amount of tax in default. Hence, the relevant information cannot be provided.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 18.3.2013

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

**FSTB(Tsy)094**

Question Serial No.

0669

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In respect of the stamp duty on the sale and purchase of properties, please state if there was any increase in manpower and expenditure of the Inland Revenue Department in the past two years (i.e. from 2011-2012 to 2012-2013) to cope with the collection of the special stamp duty. If yes, what are the details?

Asked by: Hon. LEE Wai-king, Starry

Reply:

All along, the Inland Revenue Department (IRD) allocates resources according to service needs and work priorities in order to carry out its various responsibilities. Regarding the work of collecting Special Stamp Duty, IRD has handled it through staff redeployment without increasing its manpower and expenditure in the 2011-12 and 2012-13 financial years. In the light of the Administration's legislative proposals relating to ad valorem stamp duty and Buyer's Stamp Duty, IRD will evaluate the impact on its manpower or expenditure arising from the work on verification and collection to be carried out, and will consider seeking additional resources as necessary.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 26.3.2013

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

**FSTB(Tsy)095**

Question Serial No.

2981

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

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In respect of chargeable stamp duty, among the cases concerning the sale and purchase of property in the past two years, please provide:

- (a) the numbers of cases which involved the ad valorem stamp duty, the amounts of duty involved and the units of property involved;
- (b) the numbers of cases which involved the collection of special stamp duty, the total amounts of the duty involved and the units of property involved;
- (c) the number of cases with payable buyer's stamp duty, up to now, in 2012-13, the total amount of duty involved and the units of property involved;
- (d) whether the cases mentioned in question (b) and question (c) involved both the special stamp duty and the buyer's stamp duty? If yes, how many cases were there?

Asked by: Hon. LEE Wai-king, Starry

Reply:

- (a) In the 2011-12 and 2012-13 financial years (as at 28 February 2013), the Inland Revenue Department (IRD) handled 131 765 and 131 391 instruments involving ad valorem stamp duty (AVD) on property transactions respectively. In the two financial years mentioned, the total amounts of AVD collected were \$20.386 billion and \$20.553 billion respectively. As each instrument may involve more than one unit of property and IRD does not keep statistics on the number of units involved in each instrument, the relevant information about the units of property involved cannot be provided.
- (b) Among the stamp duty cases involving sale and purchase of residential properties processed by IRD in the 2011-12 and 2012-13 financial years (as at 28 February 2013), 225 and 1 958 cases involved collection of Special Stamp Duty (SSD) respectively and the total amounts of SSD collected were \$51.50 million and \$347.60 million. As the instrument in each case may involve more than one unit of property and IRD does not keep statistics on the number of units involved in each instrument, the relevant information about the units of property involved cannot be provided.



- (c) In the 2012-13 financial year (as at 28 February 2013), among the stamp duty cases involving sale and purchase of residential properties processed by IRD, 882 cases involved purchasers who were non-Hong Kong identity card holders or companies. However, whether such cases are subject to Buyer's Stamp Duty (BSD) and the amount of duty involved can only be ascertained after the passage of the relevant legislation by the Legislative Council. As the instrument in each case may involve more than one unit of property and IRD does not keep statistics on the number of units involved in each instrument, the relevant information about the units of property involved cannot be provided.
- (d) Whether cases in respect of residential property transactions are subject to BSD can only be ascertained after the passage of the relevant legislation by the Legislative Council. Hence, IRD cannot provide information relating to cases subject to both SSD and BSD at this stage.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 2.4.2013

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

**FSTB(Tsy)096**

Question Serial No.

0457

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme:

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

There is a 75% reduction of the profits tax this year, benefiting about 119 000 taxpayers who are liable to profits tax. Among the beneficiaries, how many are companies listed on the Stock Exchange of Hong Kong and their subsidiaries? What is the percentage share of these companies among the beneficiaries? What is the percentage share of these companies among the benefited corporations?

Asked by: Hon. LEUNG Kwok-hung

Reply:

The Inland Revenue Department does not keep statistical breakdown on whether taxpayers who are liable to profits tax are companies listed on the Stock Exchange of Hong Kong or are subsidiaries of such listed companies. Therefore, the relevant information cannot be provided.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 19.3.2013

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

**FSTB(Tsy)097**

Question Serial No.

1600

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Field Audit and Investigation Unit of the Inland Revenue Department (IRD) completed 1 804 evasion and avoidance cases last year. It is estimated that 1 800 cases will be completed this year. The figure is in general about the same as those of the past four years. In respect of this, please provide the following information to this Committee:

1. The numbers of completed cases are about the same over the past four years. Is it because there is not enough manpower to complete more cases? If yes, please provide the details. If no, please explain the reasons.
2. Last year, the tax recovered increased significantly. Has IRD estimated the recovered amount this year? If yes, please provide the details. If no, please explain the reasons.

Asked by: Hon. SHEK Lai-him, Abraham

Reply:

1. All along, the Inland Revenue Department (IRD) allocates resources according to service needs and work priorities in order to carry out its various responsibilities. In the past four financial years, although the manpower of the Field Audit and Investigation Unit (the Unit) of IRD has not increased, IRD undertakes various on-going measures to enhance the efficiency and effectiveness of the Unit through optimal use of the Unit's resources. These measures include (1) making effective use of information technology and strengthening liaison between the Unit and other assessing units so as to enhance the efficiency of risk management for combating tax evasion and tax avoidance; (2) adjusting the criteria for identifying cases for audit from time to time in response to the changing social circumstances and business practices, and taking more targeted measures to tackle high-risk cases; and (3) strengthening on-the-job training of officers, and enhancing the officers' professional knowledge, practical experiences and investigative skills through job rotation as well as participation in local and international tax and investigation seminars and training programmes.
2. The increase in back tax and penalty assessed in the 2011-12 financial year was due to the successful completion of a few large tax avoidance cases. For the 2012-13 financial year, IRD estimates that 1 800 field audit and investigation cases will be completed, involving a total amount of back tax and penalty of \$3.3 billion.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 26.3.2013

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

**FSTB(Tsy)098**

Question Serial No.

0438

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the following figures regarding property tax :

- (a) Please show the distribution of the number of properties held by individuals over the past three years (i.e. from 2009-2010 to 2011-2012) in the following table:

Number of Property(ies)	2009-2010 (Number of people)	2010-2011 (Number of people)	2011-2012 (Number of people)
1			
2			
3			
4			
5			
6 to10			
11 to 30			
31 to 50			
51 to 90			
91 to 100			
101 or above			

- (b) Please list the total amounts of property tax charged in respect of the properties held in the name of individuals over the past three years (i.e. from 2009-2010 to 2011-2012). Please also state the manpower and expenditure involved in the relevant tax assessment.
- (c) In the recent years, new flats have been put up for sale in the Hong Kong private market continuously and the sales are brisk. However, the number of tax assessment made has not increased from 2011-2012 to 2013-2014. Could the Administration please explain the reasons.

Asked by: Hon. TANG Ka-piu

Reply:

- (a) According to the information gauged by the Inland Revenue Department (IRD) 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 three financial years (i.e. 2009-10 to 2011-12) is as follows -

Number of Property(ies)	As at 31 March 2010 (Number of people)*	As at 31 March 2011 (Number of people)*	As at 31 March 2012 (Number of people)*
1	1 540 371	1 544 930	1 548 440
2	294 615	293 713	295 595
3	86 770	87 363	88 698
4	33 813	34 295	34 996
5	15 564	15 925	16 381
6 to 10	19 273	19 834	20 407
11 to 30	5 142	5 255	5 377
31 to 50	493	473	478
51 to 90	203	193	196
91 to 100	13	13	12
101 or above	37	37	39

\* 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.

- (b) Property tax assessed by IRD predominantly involves properties solely owned and jointly-owned or co-owned by individuals. In the 2009-10 to 2011-12 financial years, the amounts of property tax assessed by IRD, the manpower and funding provision involved are as follows -

	2009-10	2010-11	2011-12
Tax assessed (\$million)	1,855	1,805	2,102
Establishment and supporting departmental posts	183	188	186
Funding provision (\$million)	66.9	66.7	70.5

- (c) Property tax is charged on property owners in respect of rental income from letting properties located in Hong Kong. If properties are self-occupied, vacant or not let out due to other reasons, the property owners would not be subject to property tax in respect of the properties. Hence, there is no direct correlation between new flats being continuously put up for sale in the Hong Kong private market and the number of property tax assessments made by IRD.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 28.3.2013

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

**FSTB(Tsy)099**

Question Serial No.

0439

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide statistics regarding business registration :

- (a) Please set out the number of business registration certificate(s) currently held by individuals in the table below:

Number of business registration certificate(s) held	Number of cases in which the specified number of business registration certificate(s) is/are held by individuals
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11 or above	

- (b) How long did the Administration take to process a case of business registration certificate (new and renewal) on average (from application to the issue of the certificate) in the past three years (i.e. from 2009-10 to 2011-12)?

Asked by: Hon. TANG Ka-piu

Reply:

- (a) The Inland Revenue Department (IRD) does not keep statistical breakdown by the number of business registration certificates ("BRCs") held by individuals. Therefore, the relevant information cannot be provided.

- (b) In the past three financial years 2009-10 to 2011-12, IRD's performance pledges for issuing new BRCs were within 30 minutes for 99% of applications received over the counter and within 2 working days for 99% of applications received by post or through GovHK. In the past three years, IRD has been able to achieve the said performance targets. For renewal of BRCs, IRD will normally send out business registration renewal demand notes around 1 month prior to the expiry of current BRCs. Upon payment, the demand notes together with the imprinted receipts will become valid BRCs.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 19.3.2013

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

**FSTB(Tsy)100**

Question Serial No.

2975

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

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In Programme (1), it is estimated that the number of profits tax cases will increase. Please provide the following information to this Committee:

1. Please list the 100 companies that have paid the most profits tax in the past three years.

Asked by: Hon. TANG Ka-piu

Reply:

The secrecy provision in the Inland Revenue Ordinance prohibits the Inland Revenue Department from disclosing information of individual cases.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 19.3.2013



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

**FSTB(Tsy)101**

Question Serial No.

0111

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

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the Inland Revenue Department's work on tax assessment, please set out in the table below the number and the total profits tax assessed for companies chargeable to profits tax for the past three years of assessment (i.e. 2010-2011 to 2012-2013).

Company's assessable profits (\$)	Number of companies	Percentage to the total number of companies chargeable to profits tax	Total profits tax assessed for the year (\$million)	Percentage to the total amount of profits tax assessed
Below 5,000,000				
5,000,001-10,000,000				
10,000,001 and above				
Total				

Asked by: Hon. WONG Kwok-kin

Reply:

The numbers of companies (excluding sole proprietorship and partnership businesses) with assessable profits and the total profits tax assessed for the past three years of assessment (as at 28 February 2013) are as follows -

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

Company's assessable profits * (\$)	Number of companies	Percentage to the total number of companies chargeable to profits tax	Total profits tax assessed for the year (\$million)	Percentage to the total amount of profits tax assessed
Below 5,000,000	84 640	90.94%	8,676	11.11%
5,000,001-10,000,000	3 640	3.91%	4,211	5.39%
10,000,001 or above	4 790	5.15%	65,209	83.50%
Total	93 070	100%	78,096	100%

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

Company's assessable profits * (\$)	Number of companies	Percentage to the total number of companies chargeable to profits tax	Total profits tax assessed for the year (\$million)	Percentage to the total amount of profits tax assessed
Below 5,000,000	87 750	89.80%	9,540	10.09%
5,000,001-10,000,000	4 150	4.25%	4,833	5.11%
10,000,001 or above	5 810	5.95%	80,201	84.80%
Total	97 710	100%	94,574	100%

**Year of Assessment 2011-12 (mainly assessed in the 2012-13 financial year)**

Company's assessable profits * (\$)	Number of companies	Percentage to the total number of companies chargeable to profits tax	Total profits tax assessed for the year (\$million)	Percentage to the total amount of profits tax assessed
Below 5,000,000	82 560	88.88%	8,711	8.34%
5,000,001-10,000,000	4 300	4.63%	4,933	4.72%
10,000,001 or above	6 030	6.49%	90,810	86.94%
Total	92 890	100%	104,454	100%

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

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 3.4.2013

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

**FSTB(Tsy)102**

Question Serial No.

1410

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

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the matters requiring special attention for Programme (1) in 2013-14, it is said that the Inland Revenue Department will “promote the use of electronic services, enhance eTAX services and revamp the Department’s website.” In this regard, could the Administration inform this Committee of the following:

1. How many eTAX accounts have increased and what are the relevant growth rates over the past three years (2010-11, 2011-12, 2012-13)?
2. What are the numbers of persons paying tax electronically and what are the amounts involved over the past three years (2010-11, 2011-12, 2012-13)?
3. What are the numbers and percentage shares of the employees and employers filing tax returns electronically?
4. What are the strategies for promoting electronic filing and tax payment? What is the expenditure involved? Will the Administration consider developing any relevant applications for mobile phones? If yes, please concisely describe the details and the launching arrangements. If no, please give a brief explanation;
5. What quantity of resources will be allocated to “revamp the Department’s website”? Will the Administration call for tender for this exercise in a fair and open manner?

Moreover, the public have their own habits on using websites and require them to be user-friendly. What improvement will the Administration make on these aspects?

Asked by: Hon. WONG Kwok-kin

Reply:

- (1) The numbers of eTAX accounts and their growth rates for the past three financial years are as follows -

	No. of eTAX accounts	Annual growth rate
As at 31 March 2011	342 000	19%
As at 31 March 2012	404 000	18%
As at 28 February 2013	473 000	17%

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

Financial year	No. of payments	Amount involved (\$million)
2010-11	1 470 000	29,200
2011-12	1 580 000	34,600
2012-13 (as at 28.2.2013)	1 460 000	33,900

The Inland Revenue Department (IRD) does not keep statistics on the number of persons paying tax by electronic means.

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

Financial year	No. of employers	Percentage shares
2010-11	48 600	14%
2011-12	47 400	17%
2012-13 (as at 28.2.2013)	46 400	16%

Besides, employers can file various employer’s tax forms electronically via eTAX with effect from 23 August 2011. The numbers of e-filed tax forms and the e-filing percentages are as follows -

Financial year	Total number of various Employer’s tax forms filed electronically via eTAX (% on total of such forms)			
	Commencement/Cessation/ Depart from Hong Kong [Form IR56E/F/G]	Employer’s Return (Form BIR56A)	Employee (Form IR56B)	Non-employee (Form IR56M)
2011-12 (23 August 2011 to 31 March 2012)	2 600 (0.6%)	(Not yet launched)	(Not yet launched)	(Not yet launched)
2012-13 (1 April 2012 to 28 February 2013)	9 600 (1.1%)	4 700 (1.6%)	28 300 (0.8%)	1 500 (0.8%)

The eTAX of IRD provides a wide range of electronic services to individual taxpayers. Employees, sole proprietors and sole owners of properties can make use of the eTAX services to submit their tax returns electronically. In the past three financial years, the numbers and percentages of Individual Tax Return filed through eTAX are as follows -

Financial year	Total number of Individual Tax Return filed through eTAX** (% of the respective total tax returns)
2010-11	283 000 (12.3%)
2011-12	327 000 (14.6%)
2012-13*	378 000 (15.9%)

\* As at 28 February 2013

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

IRD does not have statistical breakdown on the number of employees filing tax returns through eTAX. Hence, the relevant information cannot be provided.

- (4) IRD will continue to promote electronic filing and tax payment services in the 2013-14 financial year. IRD will launch a series of promotional activities, including seminars, posters, publicity leaflets, newspaper advertisements, electronic media advertisements, Internet publicity, roving exhibitions, promotional messages as well as e-mails to civil servants and other organizations. Before the normal due dates for salaries tax demand notes (i.e. December 2013 and March 2014), IRD will post notices in Chinese and English newspapers to remind taxpayers to pay tax on time and encourage them to pay tax by electronic means. The estimated expenditure for this exercise is about \$600,000.

For mobile e-services, citizens can receive tax information through the GovHK Notifications Mobile Application with effect from August 2012. In addition, IRD will launch a mobile version of its website in mid-2013 to facilitate public access to various tax information. As for the electronic filing services, since taxpayers need to input various tax information in tax returns, it would be more convenient for them to use desktop computer. IRD currently has no plan to develop the relevant mobile application.

- (5) The estimated expenditure for revamping IRD's website is about \$2.2 million. The related project service was acquired through a fair and open tender.

IRD will continue to enhance its website and eTAX online services to enhance public convenience. IRD is actively revamping its website to adopt Web Accessibility design and develop a mobile version with target launch in mid-2013. IRD also plans to further extend the employer e-filing services in April 2013 to allow employers to file large quantities of Form IR56B (i.e. employer's returns on remuneration and pensions) through uploading file containing such forms prepared by software approved or provided by IRD.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 26.3.2013

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

**FSTB(Tsy)103**

Question Serial No.

1411

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

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

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

1. The numbers and percentage shares of the taxpayers who purchased and used various types of TRCs as well as the amount of tax involved in the past three years (2010-11, 2011-12, 2012-13);
2. Where does the interest paid on TRCs come from? Is the interest paid by provision only?
3. It is mentioned in the details of the recurrent expenses that the increase in the provision under Interest on TRCs in the coming year is connected with a number of objection and appeal cases. Please provide the details of such cases;
4. Whether promotion on TRCs has been made in recent years to encourage the public to pay tax in time. If yes, what are the details and the amount of expenditure involved?

Asked by: Hon. WONG Kwok-kin

Reply:

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

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

	As at 31 March 2011	As at 31 March 2012	As at 28 February 2013
No. of TRC accounts	17 240	17 300	17 745

Sales and Redemption:

Financial year	Types of TRCs	Sales		Redemption	
		No. of TRCs	Value (\$million)	No. of TRCs	Value (\$million)
2010-11	Ordinary	85 700	341	85 800	330
	Objection/Appeal	1 500	3,071	1 600	2,740
	Total	87 200	3,412	87 400	3,070
2011-12	Ordinary	86 250	346	83 180	343
	Objection/Appeal	1 610	2,465	1 600	4,075
	Total	87 860	2,811	84 780	4,418
2012-13 (as at 28.2.2013)	Ordinary	80 300	346	77 200	335
	Objection/Appeal	1 300	1,955	1 100	3,052
	Total	81 600	2,301	78 300	3,387

- (2) The TRC interest expenses are met by funding provision.
- (3) The secrecy provision in the Inland Revenue Ordinance prohibits IRD from disclosing information of individual cases.
- (4) The Electronic TRCs Scheme offers various flexible ways for purchasing TRCs at anytime. The interest offered is comparable to that of bank deposits. Moreover, the auto payment service enables tax payment in a timely manner. To encourage and facilitate taxpayers to save for tax payment, IRD has been promoting the electronic TRCs service by providing the relevant information in pamphlets and on its website. As IRD has not apportioned funding provision to the above promotional exercise, the relevant information cannot be provided.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 26.3.2013

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

**FSTB(Tsy)104**

Question Serial No.

3095

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Since the implementation of Special Stamp Duty (SSD), how many SSD cases were there each year and what were the amounts of duty involved? What were the percentage shares of such cases out of the total numbers of stamp duty cases? As the Administration has announced further measures to curb property speculation activities, including a revision of the SSD rates, implementation of the Buyer's Stamp Duty and collection of double stamp duty, etc., will more resources be allocated to cope with the work? How much expenditure and manpower will be involved?

Asked by: Hon. WONG Ting-kwong

Reply:

The Stamp Duty (Amendment) Ordinance 2011 was gazetted on 30 June 2011 to effect the imposition of a Special Stamp Duty (SSD) on residential properties of all values at the point of resale if the properties are acquired on or after 20 November 2010 and resold within 24 months after acquisition. As such, the Inland Revenue Department (IRD) only started to collect SSD in July 2011. The number of cases processed and the total amount of duty collected in the 2011-12 and 2012-13 financial years are as follows -

Financial Year	From 1.7.2011 to 31.3.2012	From 1.4.2012 to 28.2.2013
Number of SSD cases	225	1 958
Percentage to total number of residential property stamp duty cases	0.23%	2.16%
Amount of SSD (\$million)	51.5	347.6

All along, IRD allocates resources according to service needs and work priorities in order to carry out its various responsibilities. In the light of the Administration's legislative proposals relating to ad valorem stamp duty and Buyer's Stamp Duty, IRD will evaluate the impact on its manpower or expenditure arising from the work on verification and collection to be carried out, and will consider seeking additional resources as necessary.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 27.3.2013



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

**FSTB(Tsy)105**

Question Serial No.

3258

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

Programme: (3) Investigation and Field Audit

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What was the condition of tax evasion and tax avoidance over the past three years (i.e. 2010-11, 2011-12 and 2012-13)? Has there been any upward trend? Which types of tax were involved? What were the amounts of tax involved? What measures will the Administration take to step up the action against tax evasion and tax avoidance?

Asked by: Hon. WONG Ting-kwong

Reply:

In the past three financial years from 2010-11 to 2012-13, the numbers of audit and investigation cases completed and the associated back tax and penalty assessed by the Inland Revenue Department (IRD) are as follows -

	<u>2010-11</u> (Actual)	<u>2011-12</u> (Actual)	<u>2012-13</u> (Revised Estimate)
Cases completed	1 805	1 804	1 800
Back tax and penalty assessed (\$million)	3,827	6,003#	3,300

# The amount of back tax and penalty assessed in 2011-12 was exceptionally high due to the successful settlement of several large tax avoidance cases.

According to IRD's available information, there is no noticeable rising trend in the number of tax evasion and tax avoidance cases.

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

IRD will continue its efforts to combat tax evasion and avoidance. The relevant measures include (1) making effective use of information technology and strengthening liaison between the field audit and investigation unit and other assessing units so as to enhance the efficiency of risk management for combating tax evasion and tax avoidance; (2) adjusting the criteria for identifying cases for audit from time to time in response to the changing social circumstances and business practices, and taking more targeted measures to tackle high-risk cases; and (3) strengthening on-the-job training of officers, and enhancing the officers' professional knowledge, practical experiences and investigative skills through job rotation as well as participation in local and international tax and investigation seminars and training programmes.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 27.3.2013

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

**FSTB(Tsy)106**

Question Serial No.

1704

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

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

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the rates concession as announced in the Budget this year, please inform the Committee of -

- (1) the estimated amount of administration expenses involved;
- (2) the number of cases of rates concession together with the number of cases that involve private domestic premises and commercial properties and the amounts enjoyed by them respectively;
- (3) the number of cases that reach the ceiling of rates concession with respect to private domestic premises and commercial properties together with the amounts enjoyed by them respectively;
- (4) the number of cases that involve Cheung Kong (Holdings) Limited, Sun Hung Kai Properties Limited, Sino Land Company Limited, Henderson Land Development Company Limited, Chinachem Group, Wharf (Holdings) Limited, Hutchison Whampoa Limited, Hang Lung Group Limited, Wheelock and Company Limited as well as their subsidiary companies, affiliated companies and holding companies with respect to rates concession and the amounts enjoyed by them.

Asked by: Hon. Albert CHAN Wai-yip

Reply:

- (1) For the 2013-14 financial year, the Rating and Valuation Department (RVD) will absorb within its existing resources the administration expenses involved in rates concession. The said expenses include an estimated amount of around \$430,000 for publishing pamphlets for attachment to the demand notes to explain the rates concession arrangements.
- (2) For the 2013-14 financial year, around 3.05 million properties will benefit from the rates concession, of which about 1.7 million and 0.4 million are private domestic properties and non-domestic properties respectively. The estimated amounts of rates concession involving private domestic properties and non-domestic properties are about \$7.7 billion and \$1.8 billion respectively.
- (3) For the 2013-14 financial year, the numbers of cases reaching the ceiling of rates concession in respect of private domestic properties and non-domestic properties are about 0.54 million and 0.2 million respectively. In such cases, the estimated amounts of rates concession involving private domestic properties and non-domestic properties are about \$3.25 billion and \$1.2 billion respectively.
- (4) According to the Code on Access to Information, without prior consent from the ratepayers concerned, RVD is unable to disclose the information requested which will reveal the identity of the ratepayers. Moreover, RVD does not have records of subsidiary companies, affiliated companies and holding companies.

Name in block letters: Mrs. Mimi BROWN

Post Title: Commissioner of Rating and Valuation

Date: 2.4.2013

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

**FSTB(Tsy)107**

Question Serial No.

2045

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

How would the Administration define vacancy rate of flats? According to the information of the Rating and Valuation Department the vacancy rate of domestic units in 2011 was 4.3%, close to the natural vacancy. However, the figures of the Hong Kong Housing Authority show that the household size in 2011 was 2 359 000 whilst the stock of permanent residential flats was 2 599 000, giving rise to a vacancy rate of 9.23%. What is the reason for such a difference? Please describe in detail the current methodology adopted by the Administration in calculating the vacancy rate of flats together with the manpower and amount involved.

Asked by: Dr. Hon. Fernando CHEUNG Chiu-hung

Reply:

The Rating and Valuation Department (RVD) conducts vacancy survey every year to provide a snapshot of the year-end vacancy position of various types of private properties. As far as RVD's vacancy survey is concerned, vacancy rate refers to the percentage of vacant units relative to the total stock of a particular type of property. Properties which are not physically occupied or which are under decoration at the time of survey would be treated as vacant. The vacancy survey is conducted at the end of each year, which includes a full survey on residential units completed within two 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. This is different from the definition of "permanent residential flats" in Housing in Figures published by the Hong Kong Housing Authority (HA). According to the information provided by the Housing Department, "land domestic households" and "stock of permanent residential flats" in Housing in Figures are only consolidated figures sourced from the Census and Statistics Department, HA and the Hong Kong Housing Society. The said figures in the publication cannot be directly used to calculate the vacancy rate of private residential properties.

RVD's vacancy survey is undertaken by outsourced contractor through tender. The contract sum of the vacancy survey conducted in 2012 was \$675,000. The cost to RVD on pre-contract preparation, contract management, spot check and data collation was about \$700,000, involving 225 man-days.

Name in block letters: Mrs. Mimi BROWN

Post Title: Commissioner of Rating and Valuation

Date: 26.3.2013

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

**FSTB(Tsy)108**

Question Serial No.

1860

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

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

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please list the rates arrears cases according to their types in the past 3 years (i.e. from 2010-11 to 2012-13). How would the Administration evaluate the reasons for the increase in the number of arrears cases? What methods will the Administration adopt to reduce the number of arrears cases as far as possible? In the past 3 years, what was the total amount of penalty imposed for the arrears cases and what is the total amount of arrears not recovered?

Asked by: Hon. Christopher CHEUNG Wah-fung

Reply:

The number of accounts and the total amount involved in rates arrears in the past 3 years are as follows -

Financial Year	Number	Amount* (\$million)
2010-11	25 681	52
2011-12	26 399	52
2012-13 (estimated figures)	25 000	53

\*Late payment surcharge has been included.

The above figures show that the relevant number of accounts and the total amount involved have remained steady in recent years. In the coming year, the Rating and Valuation Department (RVD) will continue to remind payers of their responsibility of timely settlement of rates and the consequences of late payment. RVD will also review and enhance the functions of its Accounting and Billing System to speed up the recovery of arrears as appropriate.

RVD does not have a breakdown of the figures on rates arrears by types.

Name in block letters: Mrs. Mimi BROWN

Post Title: Commissioner of Rating and Valuation

Date: 20.3.2013

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

**FSTB(Tsy)109**

Question Serial No.

0942

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

Programme: (1) Statutory Valuation and Assessments  
(3) Provision of Valuation and Property Information Services

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Targets under Programmes (1) and (3) of the Department include “notifying the ratepayer and/or rentpayer of the rateable value of a new property within eight months from the date when Rates and/or Government Rent first become payable”, “processing objections to existing assessments within four months”, “notifying the Inland Revenue Department of valuation on stamp duty cases within four months” and “notifying the Inland Revenue Department of valuation on estate duty cases within six months”. Unlike other Targets which have been set at 90% or above, the four Targets are just set at 85%. Please explain the rationale for the latter performance target.

Asked by: Hon. Alan LEONG Kah-kit

Reply:

The Rating and Valuation Department (RVD) sets the work targets of each type of activities having regard to the volume and complexity of cases involved. The performance targets of the four activities concerned, i.e. “notifying the ratepayer and/or rentpayer of the rateable value of a new property within eight months from the date when Rates and/or Government Rent first become payable”, “processing objections to existing assessments within four months”, “notifying the Inland Revenue Department of valuation on stamp duty cases within four months” and “notifying the Inland Revenue Department of valuation on estate duty cases within six months”, have been set at 85% as these activities involve a larger volume of cases and the nature is more complicated than that of other activities.

RVD will review its work priorities from time to time and redeploy its manpower as appropriate with a view to providing quality services to the public.

Name in block letters: Mrs. Mimi BROWN

Post Title: Commissioner of Rating and Valuation

Date: 15.3.2013



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

**FSTB(Tsy)110**

Question Serial No.

1786

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Administration recently announced that the rent freeze of the public markets managed by the Food and Environmental Hygiene Department will extend for a period of twelve months up to the end of December 2013. No rental advice for about 10 000 cases will be necessary in 2013 and it is anticipated that all Targets under the Programme concerned in the coming year will be similar to those in the past two years. So what is the reason for the net increase of one post in the coming year?

Asked by: Hon. LEUNG Che-cheung

Reply:

The new post to be created under Programme (3) of the Rating and Valuation Department in 2013-14 is to replace one non-civil service contract staff responsible for the maintenance of the daily operation and updating of the Property Information Online.

Name in block letters: Mrs. Mimi BROWN

Post Title: Commissioner of Rating and Valuation

Date: 26.3.2013

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

**FSTB(Tsy)111**

Question Serial No.

1933

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

Programme: (1) Statutory Valuation and Assessments

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Would the Administration inform how the Rating and Valuation Department conducts the annual General Revaluation exercise? What are the required manpower and allocated expenditures for the annual exercises from 2008-09 to 2013-14?

Asked by: Hon. James TIEN Pei-chun

Reply:

For revaluation of rateable values, the Rating and Valuation Department (RVD) issues Requisitions for Particulars of Tenements to rates/Government rent payers in August every year to collect rental information of properties of various categories. Starting from October, RVD analyzes the collected rental information, and based on the results of the analysis, conducts the general revaluation of the rateable values of all tenements in the Valuation List and Government Rent Roll, in order to reflect the prevailing market rents at the valuation reference date<sup>#</sup>. The new Valuation List and Government Rent Roll will be made available in March of the following year for public inspection.

The required manpower and expenditure for the annual general revaluation exercises from 2008-09 to 2013-14 are as follows -

Effective Year of the Valuation List and Government Rent Roll	Manpower (man-day)	Expenditure (\$ million)
2008-09	8 468	26.6
2009-10	8 984	29.7
2010-11	8 948	27.9
2011-12	9 196	29.4
2012-13	8 961	30.0
2013-14	8 802*	32.3*

\* Projected figures

# From 1999-2000 to 2013-14, the valuation reference date is fixed at 1 October in the year preceding the date on which the new Valuation List and Government Rent Roll take effect.

Name in block letters: Mrs. Mimi BROWN

Post Title: Commissioner of Rating and Valuation

Date: 26.3.2013

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

**FSTB(Tsy)112**

Question Serial No.

1934

Head: 162 Rating and Valuation Department      Subhead (No. & title): (000) Operational expenses

Programme:

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The departmental expenses (temporary staff) of the Rating and Valuation Department increase from \$18.54 m in 2011-12 to an estimated amount of \$22.54 m in 2013-14. Over the same period, the general departmental expenses also increase from \$39.14 m to \$76.01 m. What are the reasons?

Asked by: Hon. James TIEN Pei-chun

Reply:

The 2013-14 estimate for departmental expenses (temporary staff) is higher than that of 2011-12, mainly because the resignation of some non-civil service contract staff in 2011-12 had led to reduction in expenses for that year, but those vacancies were subsequently filled and there was pay rise for temporary staff.

The 2013-14 estimate for general departmental expenses is higher than that of 2011-12. This is mainly due to provision for possible refund of overcharged interest in respect of some Government rent appeals and increase in other general departmental expenses.

Name in block letters: Mrs. Mimi BROWN

Post Title: Commissioner of Rating and Valuation

Date: 20.3.2013

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

**FSTB(Tsy)113**

Question Serial No.

1863

Head: 188 Treasury

Subhead (No. & title):

Programme: (4) Management of Funds

Controlling Officer: Director of Accounting Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the target investment return for the two Schools Provident Funds managed by the Treasury, their returns failed to meet the expected target in both 2011 and 2012. A negative growth of 2.9% was even recorded in 2012. In this connection, what measures will the Government take to make up the shortfall in the expected investment return or to ensure that the expected investment target can be met?

Asked by: Hon. CHEUNG Wah-fung, Christopher

Reply:

The return for the two Schools Provident Funds in the 2011/12 school year was 2.2%, which was about 2.9% lower than the Consumer Price Index (B) (CPI (B)) (5.1%) in the same period. It was not a negative growth.

The long-term target of the two Funds is to achieve an annual investment return of CPI (B) plus 4%. The Funds have been adopting prudent investment strategies in carrying out risk management and investment having regard to economic and market changes. The Boards of Control of the two Funds review the investment targets, strategies and assets allocation, and engage investment consultants to provide investment advice on a regular basis in order to achieve the long-term investment target.

Name in block letters: Mrs Lesley Y C WONG

Post Title: Director of Accounting Services

Date: 28.3.2013

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

**FSTB(Tsy)114**

Question Serial No.

1408

Head: 188 Treasury

Subhead (No. & title):

Programme: (1) Central Accounting, Collections and Payments

Controlling Officer: Director of Accounting Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned under Programme (1) that during 2012-13, the Treasury continued to act as paymaster for Scheme \$6,000 and expects to disburse payments to the remaining estimated total of 1 700 000 eligible registrants. In this connection, please inform this Committee:

1. of the total disbursement under Scheme \$6,000 since the registration deadline of 31 December 2012 and the number of registrants, with percentage, receiving \$6,000 through banks and the Hong Kong Post respectively;
2. of the additional administration costs borne by government departments and the administration costs payable to participating banks and the Hong Kong Post in relation to Scheme \$6,000, with percentages;
3. of the number of registrants receiving \$6,000 and the total amount involved, as well as the number of registrants who opted to register after 1 April 2012 to receive \$6,000 plus a bonus of \$200 and the total amount involved;
4. whether the Administration has conducted any study on Scheme \$6,000 to analyse the disbursement among different age groups; if yes, the details; if no, whether such a study would be considered.

Asked by: Hon. WONG Kwok-kin

Reply:

1. There are over 6.12 million people successfully registered under Scheme \$6,000 and the total disbursement is about \$37 billion. Of these successful registrants, around 5.68 million (93%) are paid through banks while some 0.44 million (7%) are paid by cheques through the Hongkong Post.
2. Up to mid-March 2013, the additional administration expenses borne by government departments and the service charges paid to participating banks and the Hongkong Post in relation to Scheme \$6,000 are set out as follows -

	Expenditure \$ million	%
Additional administration expenses borne by government departments	26.1	25
Service charges paid to participating banks	69.3	66
Service charges paid to the Hongkong Post	9.0	9
Total	104.4	100

3. Around 4.62 million registrants received \$6,000 and the total disbursement is about \$27.7 billion. About 1.5 million registrants received \$6,200 and the total amount involved is about \$9.3 billion.
4. The age group distribution of the 6.12 million successful registrants under Scheme \$6,000 is set out as follows -

Age group	Year of birth	Number of successful registrants (million)
1	1946 or before	0.98
2	1947-1956	1.07
3	1957-1966	1.38
4	1967-1981	1.57
5	1982-1994	1.12
Total		6.12

Name in block letters: Mrs Lesley Y C WONG

Post Title: Director of Accounting Services

Date: 2.4.2013

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

**FSTB(Tsy)115**

Question Serial No.

5117

Head: - Subhead (No. & title): -

Programme: -

Controlling Officer: -

Director of Bureau: -

Question:

Please list the estimated salaries and fringe benefits (including housing benefits, education allowance for children, leave passage allowances, etc.) of all posts at the management level in various government-funded non-departmental public bodies and funded bodies in the past 5 years, i.e. from 2008-2009 to 2012-13.

Asked by: Hon. CHEUNG Chiu-hung, Fernando

Reply:

According to the information given by various bureaux / departments, the salaries and non-salary benefits of the top management (including the top three-tier executives in which the number of staff, remunerations and benefits systems are not uniform) of bodies receiving recurrent subvention from the Government (where more than 50% of their operating incomes come from the Government with an annual subvention of \$10 million or more)<sup>1</sup> for 2008-09 to 2012-13 are listed as follows –

Government-funded bodies	2008-09 (Actual)		2009-10 (Actual)		2010-11 (Actual)		2011-12 (Actual)		2012-13 (Revised estimate)	
	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)
Equal Opportunities Commission	13.21	2.04	12.92	2.64	12.87	3.07	13.99	3.00	14.94	3.18
Privacy Commissioner for Personal Data	6.16	0.86	5.92	0.82	4.87	1.04	5.41	1.10	6.51	0.78
Independent Police Complaints Council	N.A. <sup>2</sup>		1.99	0.57	2.56	1.15	6.83	2.69	10.27	3.96
The Society for the Aid and Rehabilitation of Drug Abusers	5.46	0.20	5.62	0.18	5.10	0.09	5.95	0.07	5.88	0.06
Hong Kong Tourism Board	19.78	2.31	21.21	2.24	23.17	2.50	23.79	3.10	25.19	2.62
Consumer Council	8.03	1.75	8.61	1.76	7.65	1.49	8.62	2.02	9.68	2.37



Government-funded bodies	2008-09 (Actual)		2009-10 (Actual)		2010-11 (Actual)		2011-12 (Actual)		2012-13 (Revised estimate)	
	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)
Hong Kong Applied Science and Technology Research Institute Company Limited	38.56	0.68	44.14	0.57	45.33	0.62	45.17	0.63	45.34	0.64
The Prince Philip Dental Hospital	1.82	0.40	1.78	0.45	1.77	0.17	1.70	0.09	2.00	0.11
Hospital Authority	46.92	4.26	45.20	4.41	42.21	4.21	46.23	4.53	49.69	4.88
The Family Planning Association of Hong Kong	7.81	0.66	7.81	0.66	7.54	0.70	8.06	0.82	8.47	0.92
Hong Kong Council on Smoking and Health	2.23	0.05	2.21	0.05	2.31	0.05	2.73	0.06	2.86	0.07
Office of The Ombudsman	8.61	1.15	8.59	1.57	8.30	1.57	8.95	1.57	9.53	1.58
Legislative Council Commission	23.31	3.47	22.61	3.16	23.21	2.84	20.51	2.24	24.26	2.67
Hong Kong Sports Institute Limited	12.86	2.15	11.85	2.31	13.03	2.15	9.93	1.76	- <sup>3</sup>	-
Sports Federation & Olympic Committee of Hong Kong, China	2.48	0.14	2.55	0.18	3.75	0.32	4.18	0.27	4.54	0.35
Legal Aid Services Council	1.52	0.50	1.57	0.53	1.65	0.51	1.61	0.41	1.70	0.47
Duty Lawyer Service	6.36	1.66	6.23	1.75	2.56	0.71	3.29	1.00	5.17	1.75
The Hong Kong Academy for Performing Arts	16.54	2.93	16.54	2.60	16.41	2.46	17.21	2.58	16.92	2.34
The Hong Kong Arts Development Council	4.06	0.03	4.14	0.03	4.45	0.03	4.03	0.03	4.51	0.03
Hong Kong Philharmonic	5.18	0.50	5.32	0.47	5.51	0.28	5.41	0.34	- <sup>4</sup>	-
Hong Kong Chinese Orchestra	4.34	0.52	3.67	0.61	3.49	0.94	4.42	1.39	- <sup>4</sup>	-
Hong Kong Sinfonietta	2.92	0.17	3.04	0.18	3.34	0.20	3.67	0.21	- <sup>4</sup>	-
Hong Kong Repertory Theatre	3.54	0.29	3.50	0.22	4.23	0.34	4.50	0.30	- <sup>4</sup>	-
Chung Ying Theatre Company	- <sup>5</sup>	-	2.16	0.24	1.39	0.16	1.47	0.19	- <sup>4</sup>	-

Government-funded bodies	2008-09 (Actual)		2009-10 (Actual)		2010-11 (Actual)		2011-12 (Actual)		2012-13 (Revised estimate)	
	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)
Zuni Icosahedron	-. <sup>5</sup>	-	1.84	0.07	2.24	0.10	2.62	0.11	-. <sup>4</sup>	-
Hong Kong Dance Company	2.65	0.21	2.50	0.14	1.89	0.11	2.08	0.12	-. <sup>4</sup>	-
Hong Kong Ballet	4.52	0.36	3.89	0.25	4.11	0.19	4.30	0.17	-. <sup>4</sup>	-
City Contemporary Dance Company	2.93	0.17	2.63	0.16	-. <sup>5</sup>	-	2.14	0.14	-. <sup>4</sup>	-
Aberdeen Kai-Fong Welfare Association Social Service Centre	-. <sup>6</sup>	-	9.22	1.09	9.03	1.17	9.63	1.30	-. <sup>7</sup>	-
Asbury Methodist Social Service	-. <sup>6</sup>	-	3.49	0.27	3.25	0.2	3.01	0.19	-. <sup>7</sup>	-
Asia Women's League Limited	-. <sup>6</sup>	-	2.95	0.29	2.34	0.22	2.32	0.23	-. <sup>7</sup>	-
Baptist Oi Kwan Social Service	-. <sup>6</sup>	-	2.89	0.27	3.22	0.36	3.29	0.39	-. <sup>7</sup>	-
Boys' & Girls' Clubs Association of Hong Kong (The)	-. <sup>6</sup>	-	13.5	1.89	14.17	1.95	15.36	2.17	-. <sup>7</sup>	-
Hong Kong Buddhist Association (The)	-. <sup>6</sup>	-	6.2	0.62	6.17	0.65	7.01	0.73	-. <sup>7</sup>	-
Hong Kong Bodhi Siksa Society Limited (The)	-. <sup>6</sup>	-	1.6	0.08	1.83	0.09	1.53	0.08	-. <sup>7</sup>	-
Chi Lin Nunnery	-. <sup>6</sup>	-	4.48	0.48	3.65	0.34	5.83	0.51	-. <sup>7</sup>	-
Chinese Rhenish Church Hong Kong Synod (The)	-. <sup>6</sup>	-	5.67	0.55	7.52	0.92	8.43	1.07	-. <sup>7</sup>	-
Ching Chung Taoist Association of Hong Kong Limited	-. <sup>6</sup>	-	2.42	0.25	2.49	0.25	2.54	0.43	-. <sup>7</sup>	-
Christian Family Service Centre	-. <sup>6</sup>	-	9.28	0.85	9.37	0.95	9.64	1.00	-. <sup>7</sup>	-
Chuk Lam Ming Tong Limited	-. <sup>6</sup>	-	1.66	0.1	1.59	0.07	1.58	0.14	-. <sup>7</sup>	-
Chung Shak-hei (Cheung Chau) Home for The Aged Limited	-. <sup>6</sup>	-	5.83	0.68	3.41	0.34	3.58	0.34	-. <sup>7</sup>	-

Government-funded bodies	2008-09 (Actual)		2009-10 (Actual)		2010-11 (Actual)		2011-12 (Actual)		2012-13 (Revised estimate)	
	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)
Hong Kong Sheng Kung Hui Welfare Council	- <sup>6</sup>	-	19.15	3.06	12.24	1.91	10.02	1.89	- <sup>7</sup>	-
ELCHK Social Service Head Office	- <sup>6</sup>	-	7.11	0.97	6.84	0.91	3.69	0.47	- <sup>7</sup>	-
Mother Superior of The Congregation of Our Lady of Charity of The Good Shepherd of Angers at Hong Kong (The)	- <sup>6</sup>	-	3.1	0.31	3.16	0.32	3.39	0.38	- <sup>7</sup>	-
Heep Hong Society	- <sup>6</sup>	-	9.31	1.02	8.19	1.04	9.36	1.16	- <sup>7</sup>	-
Helping Hand	- <sup>6</sup>	-	8.13	0.7	5.56	0.6	6.96	0.78	- <sup>7</sup>	-
Heung Hoi Ching Kok Lin Association	- <sup>6</sup>	-	7.38	0.7	10.62	0.91	14.41	1.93	- <sup>7</sup>	-
Hong Chi Association	- <sup>6</sup>	-	18.15	1.58	16.73	1.49	17.67	1.58	- <sup>7</sup>	-
Hong Kong Catholic Marriage Advisory Council (The)	- <sup>6</sup>	-	2.75	0.26	2.79	0.28	3.04	0.37	- <sup>7</sup>	-
Hong Kong Children & Youth Services	- <sup>6</sup>	-	33.43	4.32	39.36	5.2	42.50	5.80	- <sup>7</sup>	-
Hong Kong Chinese Women's Club	- <sup>6</sup>	-	1.54	0.92	1.54	0.87	1.91	0.82	- <sup>7</sup>	-
Hong Kong Christian Service	- <sup>6</sup>	-	3.39	0.97	6.61	1.23	6.54	1.13	- <sup>7</sup>	-
Hong Kong Family Welfare Society	- <sup>6</sup>	-	11.54	2.26	12.27	2.61	13.78	3.24	- <sup>7</sup>	-
Hong Kong Federation of Youth Groups (The)	- <sup>6</sup>	-	13.35	2.48	14.5	2.47	15.84	2.53	- <sup>7</sup>	-
Hong Kong Juvenile Care Centre (The)	- <sup>6</sup>	-	1.81	0.27	1.8	0.22	1.69	0.21	- <sup>7</sup>	-
Hong Kong Lutheran Social Service Lutheran Church-Hong Kong Synod Limited	- <sup>6</sup>	-	7.39	1.23	7.38	1.24	7.96	1.33	- <sup>7</sup>	-
Hong Kong Phab Association	- <sup>6</sup>	-	1.79	0.13	5.71	0.56	5.98	0.59	- <sup>7</sup>	-

Government-funded bodies	2008-09 (Actual)		2009-10 (Actual)		2010-11 (Actual)		2011-12 (Actual)		2012-13 (Revised estimate)	
	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)
Hong Kong Playground Association	- <sup>6</sup>	-	9.75	1.57	15.55	2.01	18.55	2.40	- <sup>7</sup>	-
Hong Kong Society for The Aged (The)	- <sup>6</sup>	-	12.3	1.52	12.37	1.43	14.08	1.64	- <sup>7</sup>	-
Hong Kong Society for The Blind (The)	- <sup>6</sup>	-	10.86	1.16	8.95	0.94	9.17	0.92	- <sup>7</sup>	-
Hong Kong Society for The Deaf (The)	- <sup>6</sup>	-	8.36	0.87	8.17	0.97	8.91	1.08	- <sup>7</sup>	-
Hong Kong Student Aid Society	- <sup>6</sup>	-	2.88	0.47	3.24	0.52	3.48	0.54	- <sup>7</sup>	-
Hong Kong-Macao Conference of Seventh-day Adventists	- <sup>6</sup>	-	- <sup>5</sup>	-	- <sup>5</sup>	-	4.95	0.32	- <sup>7</sup>	-
International Social Service Hong Kong Branch	- <sup>6</sup>	-	10.95	1.35	10.18	1.35	11.43	1.56	- <sup>7</sup>	-
Kiangsu Chekiang & Shanghai Residents (Hong Kong) Association	- <sup>6</sup>	-	1.92	0.2	1.61	0.2	1.76	0.24	- <sup>7</sup>	-
Wai Ji Christian Service	- <sup>6</sup>	-	12.92	0.97	13.09	0.91	13.88	0.97	- <sup>7</sup>	-
Kwun Tong Methodist Social Service	- <sup>6</sup>	-	1.66	0.17	1.69	0.13	1.85	0.15	- <sup>7</sup>	-
Mental Health Association of Hong Kong (The)	- <sup>6</sup>	-	18.69	2.38	14.3	1.89	6.75	0.92	- <sup>7</sup>	-
Methodist Epworth Village Community Centre, Social Welfare	- <sup>6</sup>	-	2.9	0.4	2.85	0.38	2.50	0.33	- <sup>7</sup>	-
Mong Kok Kai Fong Association Limited (The)	- <sup>6</sup>	-	2.17	0.33	2.14	0.32	2.29	0.34	- <sup>7</sup>	-
Neighbourhood Advice-action Council (The)	- <sup>6</sup>	-	6.45	0.82	6.45	0.86	7.04	0.92	- <sup>7</sup>	-
New Life Psychiatric Rehabilitation Association	- <sup>6</sup>	-	18.4	2.02	8.77	0.85	9.24	0.95	- <sup>7</sup>	-
Pentecostal Church of Hong Kong	- <sup>6</sup>	-	3.86	0.45	2.73	0.29	3.91	0.45	- <sup>7</sup>	-
Po Leung Kuk	- <sup>6</sup>	-	8.56	1.18	9.02	1.38	11.46	1.96	- <sup>7</sup>	-
Pok Oi Hospital	- <sup>6</sup>	-	4.26	0.42	4.12	0.43	2.76	0.22	- <sup>7</sup>	-

Government-funded bodies	2008-09 (Actual)		2009-10 (Actual)		2010-11 (Actual)		2011-12 (Actual)		2012-13 (Revised estimate)	
	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)	Total salaries (\$ million)	Total non-salary benefits (\$ million)
Richmond Fellowship of Hong Kong	- <sup>6</sup>	-	2.19	0.2	2.87	0.2	3.15	0.18	- <sup>7</sup>	-
Salvation Army (The)	- <sup>6</sup>	-	10.17	1.53	10.51	1.53	10.58	1.54	- <sup>7</sup>	-
Scout Association of Hong Kong	- <sup>6</sup>	-	17.49	1.65	17.13	1.78	18.22	2.04	- <sup>7</sup>	-
Society of Rehabilitation and Crime Prevention Hong Kong (The)	- <sup>6</sup>	-	5.77	0.73	5.7	0.72	6.09	0.81	- <sup>7</sup>	-
Society of Boys' Centres	- <sup>6</sup>	-	9.1	1.9	9.36	1.79	10.56	2.02	- <sup>7</sup>	-
Fu Hong Society	- <sup>6</sup>	-	6.69	0.91	8.62	1.18	9.15	1.22	- <sup>7</sup>	-
SAHK	- <sup>6</sup>	-	3.54	0.51	3.49	0.52	3.74	0.57	- <sup>7</sup>	-
S K H St Christopher's Home Limited	- <sup>6</sup>	-	8.86	0.7	7.55	0.69	8.00	0.73	- <sup>7</sup>	-
Church of United Brethren in Christ Hong Kong Limited (The)	- <sup>6</sup>	-	3.82	0.31	3.95	0.28	- <sup>5</sup>	-	- <sup>7</sup>	-
Women's Welfare Club (Eastern District) Hong Kong (The)	- <sup>6</sup>	-	1.13	0.11	3.19	0.36	3.73	0.41	- <sup>7</sup>	-
Yan Chi Hospital	- <sup>6</sup>	-	4.35	0.23	4.31	0.48	5.61	0.48	- <sup>7</sup>	-
Yang Memorial Methodist Social Service	- <sup>6</sup>	-	5.18	0.58	6.73	0.65	4.87	0.39	- <sup>7</sup>	-
Yuen Long Town Hall Management Committee Limited	- <sup>6</sup>	-	7.23	0.9	4.03	0.54	4.87	0.66	- <sup>7</sup>	-
UGC-funded Institutions <sup>8</sup>	2,541.90	1,013.63	2,498.57	798.84	2,570.14	756.53	2,739.74	765.85	2,949.84	791.67
Aided Schools	1,688.93	237.09	1,761.24	249.20	1,672.47	238.19	1,771.25	253.99	1,899.99	267.69
Caput Schools <sup>8</sup>	7.95	1.06	7.04	0.95	7.31	0.95	7.72	1.08	8.01	1.10
Vocational Training Council	7.39	2.95	7.43	3.03	6.93	2.87	7.94	3.10	8.20	3.13
Hong Kong Education City Limited	5.07	0.19	5.78	0.22	7.44	0.24	7.16	0.23	6.49	0.23
Hong Kong Schools Sports Federation	2.76	0.31	2.84	0.32	2.96	0.28	2.95	0.27	3.23	0.29

Notes:

1. Since 2003, the Administration has provided internal guidelines on monitoring the remunerations of senior executives of subvented bodies whereby bureaux and departments are required to conduct regular review on the remunerations of the top three-tier executives except those organisations which are subject to statutory provision or other arrangement. It serves to ensure effective control and monitoring of the use of public funds but also avoid micro-managing the operation of subvented bodies. The top three-tier executives as agreed in the return are those agreed by the subvented bodies and the relevant bureaux and departments with no standardisation on what level of remunerations should be considered as top three-tier executives. The internal guidelines cover those subvented bodies which receive more than 50% of their operating incomes from the Government with an amount of annual subvention of \$10 million or more. As there is no requirement for the remunerations of the senior executives to be reviewed separately, the information is not available.
2. Since the Independent Police Complaints Council (IPCC) became a statutory body in June 2009, civil servants seconded to the IPCC Secretariat were phased out gradually. Therefore IPCC was not a subvented body in 2008-09 and the expenditure in 2009-10 onwards was for staff employed by IPCC only.
3. HAB ceased to provide recurrent subvention to the Hong Kong Sports Institute Limited from December 2011 onwards upon the establishment of the Elite Athletes Development Fund.
4. The review of the remunerations of the executives for 2012-13 is still in progress and hence not available.
5. The subvented body did not receive more than 50% of its operating income from the Government or its recurrent subvention was less than \$10 million in that particular financial year. Hence it was not covered by the guidelines and the information was not available.
6. The Social Welfare Department (SWD) had already implemented the Lump Sum Grant before the Government published the new guidelines on the monitoring of remunerations of senior executives in subvented bodies. As consultation with the relevant non-government organisations was required before the new guidelines could be implemented, SWD only started to request subvented bodies to submit information in respect of remunerations of their top three-tier executives in 2009-10.
7. As SWD requires the subvented bodies to submit their review by October, the information is not yet available.
8. All expenses are expressed in school year.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial Services and the Treasury (Treasury)  
Date: 16.4.2013

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

**FSTB(Tsy)116**

Question Serial No.

3787

Head: - Subhead (No. & title): -

Programme: -

Controlling Officer: -

Director of Bureau: -

Question:

According to programme (2), the Administration will improve Hong Kong's competitiveness and living environment by investing in major infrastructure projects in 2013-14. Please list out the details of major infrastructure projects for which estimates have been made, the estimated expenditure and construction schedule.

Asked by: Hon. LAM Tai-fai

Reply:

Capital works expenditure is funded by the Capital Works Reserve Fund (instead of General Revenue Account), which is beyond the scope of the Appropriation Bill.

The estimated capital works expenditure for various infrastructure projects in 2013-14 is about \$70.1 billion, including the following on-going and forthcoming major infrastructure projects:

- Hong Kong section of the Guangzhou–Shenzhen–Hong Kong Express Rail Link (the estimated capital works expenditure is about \$13.7 billion in 2013-14. Works were commenced in January 2010 and the entire project is expected to be completed in 2015);
- Local works related to the Hong Kong–Zhuhai–Macao Bridge, including Hong Kong boundary crossing facilities, Hong Kong Link Road and funding support for Main Bridge as well as Tuen Mun–Chek Lap Kok Link (the estimated capital works expenditure is about \$10.13 billion in 2013-14. Construction of the Main Bridge was commenced in late 2009 and the entire project is expected to be completed in 2016. Subject to funding approval of the Legislative Council, works for Tuen Mun–Chek Lap Kok Link will be commenced in mid 2013. The Southern Connection will be commissioned first in 2016, followed by the Northern Connection in 2018);
- Shatin to Central Link (the estimated capital works expenditure is about \$7.7 billion in 2013-14. Major works were commenced in July 2012. The Tai Wai to Hung Hom section and the Hung Hom to Admiralty section will be ready for commissioning in 2018 and 2020 respectively);
- Central–Wan Chai Bypass and Island Eastern Corridor Link (the estimated capital works expenditure is about \$3.66 billion in 2013-14. Works were commenced in late 2009 for commissioning in 2017);

- Harbour Area Treatment Scheme, stage 2A and sludge treatment facilities (the estimated capital works expenditure is about \$3.57 billion in 2013-14. Major works of the Harbour Area Treatment Scheme, stage 2A, were commenced in 2009, and the entire project is expected to be completed in 2014. For sludge treatment facilities, works were commenced in October 2010 for completion in 2014);
- Replacement and rehabilitation of water mains (the estimated capital works expenditure is about \$2.33 billion in 2013-14. Works were commenced in December 2000 by phases. The entire project is expected to be completed by 2015);
- Reconstruction and improvement of Tuen Mun Road and traffic improvements to Tuen Mun Road Town Centre section (the estimated capital works expenditure is about \$1.65 billion in 2013-14. Works were commenced in October 2008 and the entire project is expected to be completed by 2014);
- Redevelopment of Caritas Medical Centre, phase 2, and construction of Tin Shui Wai Hospital and the Centre of Excellence in Paediatrics (the estimated capital works expenditure is about \$1.36 billion in 2013-14. Works of the redevelopment of Caritas Medical Centre were commenced in June 2009 and are expected to be completed in 2014. Construction of Tin Shui Wai Hospital was commenced in February 2013 for completion in 2016. Subject to funding approval of the Legislative Council, construction works of the Centre of Excellence in Paediatrics will commence in the second half of 2013 for completion in mid 2017);
- Widening of Tolo Highway (the estimated capital works expenditure is about \$1.03 billion in 2013-14. Works for widening of Tolo Highway between Island House Interchange and Tai Hang were commenced in August 2009 and is expected to be completed in 2014. Subject to funding approval of the Legislative Council, works for widening of Fanling Highway between Tai Hang and Wo Hop Shek Interchange will commence in the second half of 2013 for completion in 2019); and
- Liantang/Heung Yuen Wai Boundary Control Point and associated works (the estimated capital works expenditure is about \$770 million in 2013-14. Works for Liantang/Heung Yuen Wai Boundary Control Point on the Hong Kong side are expected to carry out in the first half of 2013 in stages for commissioning by 2018 the latest. For regulation of Shenzhen River stage 4, works are scheduled to commence in August 2013 for completion in September 2017).

Name in block letters: Ms Elizabeth TSE  
 Post Title: Permanent Secretary for Financial  
 Services and the Treasury (Treasury)  
 Date: 2.4.2013



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

**FSTB(Tsy)117**

Question Serial No.

4814

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary announced in the Budget Speech that a working group would be established to review public finances management. Please inform us of the details of the working group as follows:

- a) What are the scope of review, work schedule, number of members and composition of the working group?
- b) What is the estimated expenditure of the working group in 2013-14 in undertaking its tasks?
- c) Will the Bureau conduct any public consultations on the issues under review by the working group? If so, what are the work plan and the estimated expenditure? If not, what are the reasons?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

- a) The working group aims to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments. The working group will be led by the Permanent Secretary for Financial Services and the Treasury (Treasury). Its membership will be decided in due course. The Treasury Branch will kick-start the work of the working group upon completion of the legislative proceedings of the Appropriation Bill 2013. The working group will analyse data to assess the long-term public expenditure needs and changes in government revenue under the existing policies, and will make reference to overseas experience. The working group will report to the Financial Secretary by the end of this year.
- b) The expenditure involved will be absorbed within existing resources.
- c) We are happy to brief Members on the report of the working group. The expenditure involved will be absorbed within existing resources.

Name in block letters: Ms Elizabeth TSE  
Permanent Secretary for Financial  
Post Title: Services and the Treasury (Treasury)

Date: 10.4.2013

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

**FSTB(Tsy)118**

Question Serial No.

4815

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As the SAR Government has an enormous fiscal surplus, will resources be allocated in 2013-14 to conduct researches on the setting of a reasonable level for the fiscal reserves and better utilisation of the fiscal surplus above such a level in order to increase the recurrent expenditure properly? If such researches will be conducted, what are the work plan and estimated expenditure? If not, what are the reasons?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

Fiscal reserves is all that we have at our disposal, not a reserve for backup purposes. Our aim is to maintain adequate fiscal reserves to meet daily operational needs and unfunded liabilities, cope with the fiscal pressure brought about by economic cycles, emergencies or changes in social structure (such as ageing population), and help to maintain the stability of the monetary and financial systems of Hong Kong. As fiscal reserves serves a number of purposes, setting a simple and rigid benchmark serves little purpose. In fact, the Government has been adhering to the fiscal discipline of keeping expenditure within the limits of revenue and committing resources only where justified. Fiscal reserves is not the most important factor in determining the level of expenditure.

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

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)

Date: 10.4.2013

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

**FSTB(Tsy)119**

Question Serial No.

4816

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

There are calls for the Administration to introduce a progressive profits tax, and small and medium enterprises in general also ask for a review of the current profits tax system. Will the Administration conduct a comprehensive review of the entire profits tax system, together with policy studies and public consultation in 2013-14? If so, what are the work and estimated expenditure involved? If not, what are the reasons?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

It is the Government's on-going exercise to conduct reviews on the tax system with a view to stabilising and diversifying revenue sources. For 2013-14 we have not set aside any additional resources for reviewing the profits tax regime.

In the coming year, on the tax front, our work priorities are to complete the legislative exercises relating to the Stamp Duty Ordinance and the Inland Revenue Ordinance (IRO) for the purpose of stabilising the property market and implementing the one-off concessionary revenue measures in the Budget respectively. We also need to amend the IRO to ensure that Hong Kong will not lag behind the latest international standards on exchange of tax information. To promote the development of private equity funds and the offshore insurance business of captive insurance companies in Hong Kong, the Government proposes to provide profits tax concessions. In this regard, we plan to consult the trade on the relevant arrangements and the proposed amendments to the IRO in the coming year.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial Services and the Treasury (Treasury)

Date: 30.3.2013

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

**FSTB(Tsy)120**

Question Serial No.

5267

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary stated that a working group would be set up and led by the Treasury Branch. Scholars and experts would be invited to join the working group to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments. In this regard, please advise on:

- (a) the size of the working group, the expenditure incurred and the specific work plan; and
- (b) whether the report to be submitted by the end of the year be prepared in consultation with the Legislative Council and be made available to the public?

Asked by: Hon. CHEUNG Chiu-hung, Fernando

Reply:

- (a) The working group will be led by the Permanent Secretary for Financial Services and the Treasury (Treasury). Its membership will be decided in due course. The Treasury Branch will kick-start the work of the working group upon completion of the legislative proceedings of the Appropriation Bill 2013. The working group will analyse data to assess the long-term public expenditure needs and changes in government revenue under the existing policies, and will make reference to overseas experience. It will report to the Financial Secretary by the end of this year. The expenditure involved will be absorbed within existing resources.
- (b) We are happy to brief Members on the report of the working group.

Name in block letters: Ms Elizabeth TSE

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

Date: 10.4.2013

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

**FSTB(Tsy)121**

Question Serial No.

4028

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Due to the reduction in the number of taxpayers and decelerated economic growth, the Financial Secretary expects that the growth of government revenue will drop substantially if the tax regime remains unchanged. Meanwhile, expenditure on welfare and healthcare will soar. The Government may not be able to make ends meet. In this connection, please advise on the following:

- (1) With a narrow tax base, why does the Government still maintain the current tax regime without reforming it, while well aware of the challenges ahead? Will the Government broaden the tax base in order to raise revenue to offset the spending? If so, how to implement? If not, what are the reasons?
- (2) In its study "Broadening the Tax Base, Ensuring our Future Prosperity" conducted a few years ago, the Financial Services and the Treasury Bureau suggested the Government introduce a Goods and Services Tax to stabilise the revenue source. With the increasing number of Mainlanders from various provinces and cities visiting Hong Kong under the Individual Visit Scheme, retail sales in luxury goods is now thriving. Will the Government introduce a sales tax on luxury goods or increase the tax on stock transactions? This helps increase public revenue with no adverse effect on the livelihood of the grass-roots. If such a tax will be introduced, how does it work? If not, what are the reasons?

Asked by: Hon. CHEUNG Kwok-che

Reply:

It is the Government's on-going exercise to conduct reviews on the tax system with a view to stabilising and diversifying revenue sources. For 2013-14, we have not set aside any additional resources for reviewing either the tax system or issues relating to the introduction of new taxes.

In the coming year, on the tax front, our work priorities are to complete the legislative exercises relating to the Stamp Duty Ordinance and the Inland Revenue Ordinance (IRO) for the purpose of stabilising the property market and implementing the one-off concessionary revenue measures in the Budget respectively. We also need to amend the IRO to ensure that Hong Kong will not lag behind the latest international standards on exchange of tax information. To promote the development of private equity funds and the offshore insurance business of captive insurance companies in Hong Kong, the Government proposes to provide profits tax concessions. In this regard, we plan to consult the trade on the relevant arrangements and the proposed amendments to the IRO in the coming year.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 30.3.2013

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

**FSTB(Tsy)122**

Question Serial No.

4951

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

Programme: (1) Director of Bureau's Office

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please list the expenditure on duty visits organised in name of the bureau in the past 5 years (i.e. 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13) as per the following table:

Date of duty visit	Purpose of duty visit	Number of entourage	Hotel and expenses	Flight ticket class and price	Total expenditure

Asked by: Hon. FAN Kwok-wai, Gary

Reply:

The expenditure on duty visits organised in the name of the bureau in the past 5 years are as follows:

Date of duty visit	Purpose of duty visit	Number of entourage	Expenses for hotel accommodation <sup>(Note)</sup> (\$)	Flight ticket class and price <sup>(Note)</sup> (\$)	Total expenditure (\$)
2008-09 (6 visits)	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	2 persons	198,686	636,189	834,875

<b>Date of duty visit</b>	<b>Purpose of duty visit</b>	<b>Number of entourage</b>	<b>Expenses for hotel accommodation<sup>(Note)</sup> (\$)</b>	<b>Flight ticket class and price<sup>(Note)</sup> (\$)</b>	<b>Total expenditure (\$)</b>
2009-10 (12 visits)	- Ditto –	1 - 2 persons	140,925	705,117	847,042
2010-11 (6 visits)	- Ditto –	0 - 2 persons	99,728	596,163	695,891
2011-12 (9 visits)	- Ditto –	1 - 2 persons	174,041	847,383	1,021,424
2012-13 (2 visits)	- Ditto –	2 persons	42,127	304,672	346,799

Note: Operational needs (such as location of meeting venues or activities and the arrangements made by the hosts or organisers) and the principle of prudent use of public money are the main considerations in arranging hotel accommodation for duty visits. Flight tickets for SFST and the entourage are purchased in accordance with the relevant guidelines set out in the Code for Officials under the Political Appointment System and the Civil Service Regulations respectively.

Name in block letters: Ms Elizabeth TSE  
Permanent Secretary for Financial  
Post Title: Services and the Treasury (Treasury)  
Date: 3.4.2013



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

**FSTB(Tsy)123**

Question Serial No.

3849

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Will the Administration inform this Committee of the details of the overseas visits of the Secretary for Financial Services and the Treasury in the past two years (2011-12 to 2012-13) and those planned for 2013-14? Please set out the purposes, destinations, duration, expenditure incurred and entourage size, etc. of these overseas visits.

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

The details of the overseas visits led by the Secretary for Financial Services and the Treasury (SFST) in the past two years (2011-12 and 2012-13) are set out in the Annex.

The estimated expenditure of overseas visits of SFST in the coming year is about \$740,000, including expenses on travelling, hotel accommodation and others incurred by SFST and the accompanying staff from the Office of SFST.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 3.4.2013

Details of overseas visits of the Secretary for Financial Services and the Treasury

Year	Purpose	Destination	Duration (days)	Number of accompanying staff	Expenditure incurred <sup>(Note)</sup> (\$)
2011-12 (9 visits)	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	Beijing, Tianjin, Shanghai, Guangzhou, Indonesia, Malaysia, Belgium, Czech Republic, Britain, Russia and the US	2 - 8	1 - 2	1,021,424
2012-13 (2 visits)	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	Changsha and Switzerland	2 - 7	2	346,799

Note: Expenses on travelling and hotel accommodation incurred by SFST and the accompanying staff from the Office of SFST included.

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

**FSTB(Tsy)124**

Question Serial No.

3850

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Brief Description that the Administration will “maintain adequate fiscal reserves to provide for unfunded liabilities and commitments as well as to serve as a cushion against future uncertainties”, yet it is stated in paragraph 151 of the Budget Speech that “by 31 March 2013, our fiscal reserves are expected to be \$734 billion, equivalent to 36 per cent of GDP or 23 months of government expenditure”. Will the Administration inform the Committee: given that our former Financial Secretaries had expressed different views on the ceiling of fiscal reserves, what criteria does the current-term Government have to determine when the fiscal reserve is adequate? Will the Administration follow the approach of the last-term Government to hoard unlimited fiscal reserves, or consider setting a ceiling for the fiscal reserves? Will the Administration conduct reviews and studies on a reasonable level of fiscal reserves and ways to optimise the use of the fiscal reserves?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

Fiscal reserves is all that we have at our disposal, not a reserve for backup purposes. Our aim is to maintain adequate fiscal reserves to meet daily operational needs and unfunded liabilities, cope with the fiscal pressure brought about by economic cycles, emergencies or changes in social structure (such as ageing population), and help to maintain the stability of the monetary and financial systems of Hong Kong. As fiscal reserves serves a number of purposes, setting a simple and rigid benchmark serves little purpose. In fact, the Government has been adhering to the fiscal discipline of keeping expenditure within the limits of revenue and committing resources only where justified. Fiscal reserves is not the most important factor in determining the level of expenditure.

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

Name in block letters: Ms Elizabeth TSE

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

Date: 26.3.2013

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

**FSTB(Tsy)125**

Question Serial No.

3851

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As mentioned under Matters Requiring Special Attention in 2013-14, the Administration will “continue to control government expenditure and manage the allocation of resources having regard to principles of public finance management”. It is also mentioned in paragraph 151 of the Budget Speech that the Administration forecasts a surplus of about \$64.9 billion for 2012-13. In this connection, please advise this Committee on the following: the reasons for the huge difference between the latest forecast of a surplus of \$64.9 billion and the surplus of \$3.4 billion projected by the Financial Secretary in his Budget Speech last year for 2012-13; whether there is a deliberate under-estimation of revenues or whether factors of revenue-expenditure structure are involved; in the face of the discrepancies between budgetary estimates and actual amounts of revenue and expenditure over the years, whether the Administration has assessed if there had been ineffective use of the surplus resources due to under-estimation of revenue in the past, and whether expenditure had been wrongly cut or addition of required items of expenditure rejected due to the expenditure being budgeted on the basis of the under-estimated revenue, which resulted in a failure to provide sufficient resources to meet the needs of the public; whether the Administration has examined if the aforesaid arrangement of setting expenditure on the basis of under-estimated revenue violates the principle of “keeping the expenditure within the limits of revenues” enshrined in the Basic Law; if yes, what the outcomes are.

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

Hong Kong is a small and open economy. Our tax base is narrow. Some key revenue items are highly susceptible to economic fluctuations, very volatile and beyond the Government's control. At the same time, Government expenditure involves a wide range of policy areas and schemes, a few percentage points' difference between the actual and estimated amounts of expenditure is unavoidable. Due to these factors, we cannot achieve absolute accuracy despite making forecasts based on the information available at the time of Estimates preparation. In preparing the Estimates every year, we draw on past experience and make the most appropriate assessments in the light of social, economic and other relevant factors. The difference between the estimates and the actual figures is inevitable and is mainly due to the combined effect of various external factors.

We have been managing public finances in accordance with the principles of fiscal prudence, keeping expenditure within the limits of revenues and committing resources only where justified. The estimated total expenditure and recurrent expenditure for 2013-14 have increased by 126% and 95% respectively over the actual expenditure for 1997-98, substantially exceeding the growth rate of nominal Gross Domestic Product of 57% over the same period. The growth of Government expenditure in recent years is by no means conservative, fully reflecting Government's long-term commitment to the society. We have never been hesitant in allocating additional recurrent resources to support any new policies and services that have been thoroughly deliberated and have the consensus of the society.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 19.3.2013

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

**FSTB(Tsy)126**

Question Serial No.

3852

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in Matters Requiring Special Attention in 2013–14 that the Branch will “continue to control government expenditure and manage the allocation of resources having regard to principles of public finance management”. Would the Administration advise the Committee on the following: The previous governments had all along adopted the prudent approach in managing public finances and kept public expenditure at around 20% of Gross Domestic Product (GDP). The former Chief Executive (CE) even stated clearly in the final Policy Address during his term of office that Hong Kong should maintain the "fiscal discipline" of keeping public expenditure at a level not exceeding 20% of GDP. Is the existing Government observing strictly the principle of its predecessor that public expenditure should be maintained at a level of around 20% of GDP? If not, what is the Government's principle and policy on financial management at present? In the formulation of fiscal policy and utilization of fiscal reserve, how does the Administration realize the principle of governance advocated by CE that the Government should be appropriately proactive to promote economic development?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

On public finance management, the overriding principle is committing resources only when justified and, as required by the Basic Law, keeping the budget commensurate with the growth rate of Gross Domestic Product (GDP). The target of 20% is not inviolable. We can go beyond this level on a need basis. In the past decade, public expenditure in terms of GDP exceeded 20% in three years.

Government revenue is around 20% in terms of GDP in recent years. In his Budget Speech, the Financial Secretary also pointed out that as we were obliged to uphold the principle of keeping expenditure within the limits of revenue, the Government would need to increase revenue if the expenditure was to be increased. This would mean raising taxes or resorting to borrowing. Both options would be controversial.

All in all, the Government is of the view that the target of keeping public expenditure at or below 20% of GDP is appropriate.

In adhering to the target of keeping public expenditure at or below 20% in terms of GDP and upholding the principles of managing public finance prudently and committing resources only where justified, the Chief Executive announced a series of new policies in his Policy Address in January. The Budget proposes to provide financial resources of nearly \$60 billion to support the Policy Address and to implement policies and measures set out therein.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 9.4.2013

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

**FSTB(Tsy)127**

Question Serial No.

3853

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in *Matters Requiring Special Attention in 2013-14* that the Treasury Branch will “continue to consider major investment and loan proposals in support of economic and social development”. Will the Administration inform this Committee of the major investment and loan proposals currently under consideration and the scope concerned? What are the expenditure and staffing arrangement involved?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

Investment and loan proposals are funded by the Capital Investment Fund (CIF) and Loan Fund (LF) as appropriate in accordance with the resolutions of the Legislative Council (LegCo) for the establishment of the respective funds. Currently, the CIF finances the Government's investments in the MTR Corporation Limited, the Kowloon-Canton Railway Corporation, the Hong Kong Housing Authority, the Hong Kong Science and Technology Parks Corporation and other bodies, whilst the LF finances loans to students, schools, public bodies and other selected projects. Individual commitments of CIF and LF are subject to the approval of the Finance Committee of the LegCo.

In 2013-14, the Government has earmarked \$230 million under the LF to provide a loan to the Ocean Park to take forward the Tai Shue Wan Development Project. The Government's financial support to the Ocean Park for the above purpose is subject to the approval of the Finance Committee of the LegCo. The expenditure and manpower involved in such work will be absorbed by the existing resources of relevant bureaux and the Treasury Branch.

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.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)

Date: 21.3.2013



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

**FSTB(Tsy)128**

Question Serial No.

3854

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in *Matters Requiring Special Attention in 2013-14* that the Treasury Branch will “continue with the implementation of the Asset Sale and Securitisation Programme” and “continue to support corporatisation or privatisation initiatives as they arise”. Will the Administration inform this Committee of the corporatisation or privatisation initiatives that the Financial Services and the Treasury Bureau supported in the past 2 years (2011-12 and 2012-13)? What are the projects expected to be implemented under the Asset Sale and Securitisation Programme in the coming 3 years (as from 2013-14) and their respective timetables?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

There was no initiative in relation to corporatisation or privatisation of Government assets handled by the Treasury Branch in the past 2 years. It is expected that we will continue with the sale of civil servants' housing loans in the coming 3 years.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 19.3.2013

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

**FSTB(Tsy)129**

Question Serial No.

3855

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 140 of the Budget Speech that "...some countries use the resources available to plan for the future through saving up part of their fiscal surplus or other receipts and assets. I shall set up a working group to be led by the Treasury Branch. Scholars and experts will be invited to join the working group to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments. The working group will report to me by the end of this year." Will the Administration advise this Committee on the work details of the working group, its composition and mode of operation? What is the proposed initial study of saving up part of the fiscal surplus or other receipts and assets? What are the expenditure and manpower of the working group involved?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

The working group aims to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments. It will be led by the Permanent Secretary for Financial Services and the Treasury (Treasury). Its membership will be decided in due course. The Treasury Branch will kick-start the work of the group upon completion of the legislative proceedings of the Appropriation Bill 2013. The working group will analyse data to assess the long-term public expenditure needs and changes in government revenue under the existing policies, and will make reference to overseas experience. The working group will report to the Financial Secretary by the end of this year.

The working group is temporary in nature. We plan to create one or two temporary posts to provide the necessary support. The expenditure involved will be absorbed within existing resources.

Name in block letters: Ms Elizabeth TSE

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

Date: 27.3.2013

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

**FSTB(Tsy)130**

Question Serial No.

3856

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in *Brief Description* that the Treasury Branch will “maintain a low, simple and predictable tax system which encourages investment and enterprise”. Given that financial and monetary officials have emphasised Hong Kong’s narrow tax base repeatedly, could the Administration advise this Committee of whether resources have been reserved by the new term of Government for conducting review on Hong Kong’s tax base or taxation system; if so, what are the details and timetable of the review as well as the expenditure and manpower to be incurred?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

It is the Government’s on-going exercise to conduct reviews on the tax system with a view to stabilising and diversifying revenue sources. For 2013-14, we have not set aside funding for reviewing Hong Kong’s tax base or tax system.

Name in block letters: Ms Elizabeth TSE

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

Date: 19.3.2013

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

**FSTB(Tsy)131**

Question Serial No.

3857

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)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Summing up the "Scheme \$6,000" rolled out in 2011, will the Administration advise this Committee of the number of Hong Kong permanent residents who have received the payment and the total amount involved in comparison with the estimated number of eligible persons and the original estimates; the total service charges paid by the Government to the participating banks; the retention and use of personal data collected for the implementation of the "Scheme \$6,000"; and whether such personal data can be used in similar schemes in the future?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

Registration under "Scheme \$6,000" commenced on 28 August 2011 and closed on 31 December 2012. Around 6.12 million eligible persons have successfully registered under the Scheme, involving about \$37 billion, which is not far from the original estimates. The service charges paid by the Government to the participating banks were about \$69.3 million.

The Government will handle the personal data collected for the implementation of the "Scheme \$6,000" in accordance with the requirements of the Personal Data (Privacy) Ordinance. Such data will mainly be kept by electronic means. The "Scheme \$6,000" is a one-off measure. We do not have any plan to implement similar measures.

Name in block letters: Ms Elizabeth TSE

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

Date: 28.3.2013

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

**FSTB(Tsy)132**

Question Serial No.

4420

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in paragraph 140 of the Budget Speech that the Financial Secretary will “set up a working group to be led by the Treasury Branch. Scholars and experts will be invited to join the working group to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments. The working group will report to me by the end of this year.” Will the Administration advise this Committee: It is noted that the Central Policy Unit had previously conducted a study on the sustainability of the existing retirement protection system, and the Social Security and Retirement Protection Task Force under the existing Commission on Poverty has also commenced a study on the relevant subject. What are the differences between the work of the working group to be set up and the relevant studies conducted by the Government previously as well as the work of the existing Commission on Poverty? Will duplication of work result in a waste of resources or even a delay in solving the problem? Will the Administration consider integrating efforts in this area of work?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

The working group led by the Treasury Branch will explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments. It will analyse data to assess the long-term public expenditure needs and changes in government revenue under existing policies. The work of the working group does not overlap with the policy studies currently conducted by the Social Security and Retirement Protection Task Force under the Commission on Poverty or the relevant studies conducted by the Government previously.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 27.3.2013

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

**FSTB(Tsy)133**

Question Serial No.

4421

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As set out in paragraphs 133 to 140 of the Budget Speech, there are challenges and long-term financial pressure posed by an ageing population. Will the Administration advise this Committee of whether the Government has made any projections in relation to the sustainability of the Comprehensive Social Security Assistance for the elderly, Old Age Living Allowance and Old Age Allowance before arriving at the above conclusion or in preparing the Budget? If so, please provide such projections; if not, what are the reasons? How does the Administration come to the above conclusion that challenges would be posed by the ageing population?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

In his Budget Speech, the Financial Secretary pointed out that, according to the latest projection, the number of elderly people would increase significantly to 2.56 million by 2041, representing 30% of local population. As for the elderly dependency ratio, at present five persons of working age support one dependent elderly person, but the ratio would drop to just two persons supporting one dependent elderly after 20 years. Based on the services currently provided, it is projected that the increase in the proportion of elderly population will result in a surge of expenditure on welfare and healthcare. On the other hand, with a shrinking working population and decelerated economic growth, the growth of government revenue will drop substantially. We may not be able to make ends meet.

Whether there will be a shortfall in our finances depends on the overall revenue and expenditure. In this regard, the Financial Secretary announced the setting up a working group to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments. The working group will analyse data to assess the long-term public expenditure (including Comprehensive Social Security Assistance, Old Age Living Allowance and Old Age Allowance) needs and changes in government revenue under existing policies.

Name in block letters: Ms Elizabeth TSE

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

Date: 27.3.2013

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

**FSTB(Tsy)134**

Question Serial No.

3695

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

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

- (a) Using the table below, please provide information on studies on public policy and strategic public policy for which funds had been allocated in the past 2 financial years (2011-2012 and 2012-13):

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

- (b) Are there any projects for which funds have been reserved for conducting consultancy studies this year (2013-2014)? If yes, please provide the following information:

Name of consultant	Mode of award (open auction/ tender/others (please specify))	Title, content and objective of project	Consultancy fee(\$)	Start date	Progress of studies (under planning/ in progress/ completed)	Follow-up actions taken by the Administration on the study report and their progress (if any)	For projects that are expected to be completed this year, is there any plan to make them public? If yes, through what channels? If no, why?

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

Asked by: Hon. HO Sau-lan, Cyd

Reply:

- (a) The Treasury Branch and departments under its purview commissioned financial consultants to conduct the following financial studies in the past 2 financial years:

Name of consultant	Mode of award (open auction/ tender/others (please specify))	Title, content and objective of project	Consultancy fee(\$m)	Start date	Progress of studies (under planning/ in progress/ completed)	Follow-up actions taken by the Administration on the study report and their progress (if any)	For projects that are expected to be completed this year, is there any plan to make them public? If yes, through what channels? If no, why?
Asia Consulting Group Limited	Invitation of quotation	To conduct a review on the target rates of return for Government utilities and trading funds	1.43	October 2010	Completed	The recommendations in the consultancy report were taken into account. The target rates of return were revised.	The financial consultancy reports are 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	4.45	March 2012	Completed	The recommendations in the consultancy report were taken into account. On 25 October 2012, the Government fully disposed of its shareholding in Tradelink Electronic Commerce Limited.	

- (b) In 2013-14, the Treasury Branch and departments under its purview do not have any plan to commission consultancy studies for the purpose of formulating and assessing policies, and have not earmarked any provision for the appointment of financial consultants to carry out financial appraisals.
- (c) The Government will select financial consultants through open, fair and transparent procedures to achieve best value for money.

Name in block letters: Ms Elizabeth TSE  
 Post Title: Permanent Secretary for Financial Services and the Treasury (Treasury)

Date: 26.3.2013



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

**FSTB(Tsy)135**

Question Serial No.

5470

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The tax concession currently provided by the Government does not include the company's expenditure on depreciation of machinery (machinery or plants owned by a Hong Kong company but are used outside Hong Kong). However, according to the trade, such concession is an essential, strategic support to bring about a viable business environment in Hong Kong. Are there provisions earmarked to study this measure? If so, please list the details. If not, what are the reasons?

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

Reply:

All along, in formulating and reviewing tax laws, the Government takes into due consideration such essential factors as consistency of the intended changes with the established taxation principles of Hong Kong and risk of possible loopholes for tax avoidance.

We note that in recent years Mainland enterprises set up by Hong Kong companies in the Pearl River Delta area have undergone restructuring. We also understand that some companies have asked for relaxing the restriction in section 39E of the Inland Revenue Ordinance (IRO) such that Hong Kong companies conducting "import processing" in the Mainland could obtain Hong Kong depreciation allowance for machinery and plant.

In November 2010, the Administration completed a review on whether the restriction of section 39E of the IRO should be relaxed. Subsequently, the Administration also explained in detail to the Legislative Council the outcome of the review and the relevant justifications. In short, there are substantive differences between "contract processing" and "import processing" in terms of status of legal person, proportion of domestic sales and exports, mode of operation, ownership of goods and manufacturing equipment. In the light of Hong Kong's established taxation principles of "territorial source" and "tax symmetry", and having considered the above relevant factors as well as the concern about transfer pricing, the Administration considers that it is not justifiable to relax the restriction in section 39E of the IRO.

Name in block letters: Ms Elizabeth TSE

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

Date: 3.4.2013

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

**FSTB(Tsy)136**

Question Serial No.

3761

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

Programme: (3) Service Departments

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The financial provision of programme (3) in the estimate for 2013-14 is 9.6% higher than the revised estimate for 2012-13. What are the reasons? What is the distribution of the increased expenditure?

Asked by: Hon. LAM Tai-fai

Reply:

The financial provision of programme (3) in the estimate for 2013-14 is 9.6% (\$5.1 million) higher than the revised estimate for 2012-13. This is mainly due to the additional requirement for general departmental expenses and personal emoluments and a net increase of 1 non-directorate post. Among these newly increased expenses, the overall personal emoluments account for 78% of the total increase, while the general departmental expenses account for the remaining 22%.

Name in block letters: Ms Elizabeth TSE

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

Date: 27.3.2013

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

**FSTB(Tsy)137**

Question Serial No.

3794

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is proposed in the Budget Speech (paragraph 130, p.51) that a subsidy of \$1,800 would be granted to each residential electricity account. Currently, a large number of households living in sub-divided units or cubicle apartments use illegally installed electricity sub-meters. As only the owners of the main meters are billed, residents living in sub-divided units or cubicle apartments may not benefit from this measure. In what way could the Administration provide electricity subsidy to these households so that the provisions for relief measures can be better utilised?

Asked by: Hon. LAM Tai-fai

Reply:

Electricity charges subsidy will be credited to eligible registered residential accounts through the two electricity companies. Meters not registered with the two electricity companies will not receive the subsidy.

In this year's Budget, the Financial Secretary has proposed a series of measures for developing the economy, optimising human resources, investing in infrastructure and caring for people's livelihood. Besides electricity charges subsidy, there are other relief measures and an injection into the Community Care Fund. The Budget also increases recurrent expenditure substantially to provide recurrent services, including those under education, health and social welfare etc. which are closely related to people's livelihood. Such measures should benefit the vast majority of the public.

Name in block letters: Ms Elizabeth TSE

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

Date: 19.3.2013

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

**FSTB(Tsy)138**

Question Serial No.

3795

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Estimates of revenue and expenditure have direct implications on the allocation and investment of public resources. However, there were big discrepancies in the financial surplus of the Government estimated by the Financial Secretary in his Budget over the past three years (up to 2012-13). Has the Financial Secretary's Office studied any new initiatives or new methods of assessment for enhancing the accuracy of the estimated financial surplus of the Government?

Asked by: Hon. LAM Tai-fai

Reply:

Hong Kong is a small and open economy. Our tax base is narrow. Some key revenue items are highly susceptible to economic fluctuations, very volatile and beyond the Government's control. At the same time, Government expenditure involves a wide range of policy areas and schemes, a few percentage points' difference between the actual and estimated amounts of expenditure is unavoidable. Due to these factors, we cannot achieve absolute accuracy despite making forecasts based on the information available at the time of Estimates preparation. In preparing the Estimates every year, we draw on past experience and make the most appropriate assessments in the light of social, economic and other relevant factors. The difference between the estimates and the actual figures is inevitable and is mainly due to the combined effect of various external factors.

Name in block letters: Ms Elizabeth TSE

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

Date: 9.4.2013

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

**FSTB(Tsy)139**

Question Serial No.

3511

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)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in the Budget Speech that “the package of measures in this Budget will have a stimulus effect of 1.3 percentage points”. Please list these measures and their contributions to Gross Domestic Product (GDP) as estimated by the Government.

Asked by: Hon. LEE Wai-king, Starry

Reply:

The concerned estimation has taken into account, from an overall perspective, the combined stimulus effect of all relief and concessionary measures (mostly one-off in nature) and the increased expenditure in various areas (mainly recurrent expenditure and expenditure on capital works) on the economy. We have not conducted such estimation on individual measures.

Name in block letters: Ms Elizabeth TSE

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

Date: 28.3.2013

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

**FSTB(Tsy)140**

Question Serial No.

3966

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary pointed out that the growth of Gross Domestic Product (GDP) for last year as a whole was only 1.4%, much lower than the average of 4.5% over the past decade. However, the medium range forecast in Section III of Appendix A shows that the growth in public expenditure for last year was merely 5.2%. Not only was it lower than the Original Estimate of 7.5%, but also the 21.3% in 2011-12. The public expenditure in terms of percentage of GDP (19.9%) was also lower than the Original Estimate of 21.4% and the 20.6% in 2011-12. Will the Financial Secretary explain to this Committee why a counter-cyclical strategy is not adopted?

Asked by: Hon. LEUNG Kwok-hung

Reply:

The real and nominal growth rates of Gross Domestic Product (GDP) are 1.4% and 5.4% respectively in 2012. For 2013, it is forecast that GDP will grow by 1.5% to 3.5% in real terms and 4.5% to 6.5% in nominal terms. The cumulative growth in nominal terms for these two years is 11%

On public expenditure, the estimated year-on-year rates of increase are 5.2% and 15.2% for 2012-13 and 2013-14 respectively. The cumulative rate of increase in expenditure for these two years is 21%, which is higher than the growth rate of nominal GDP for the same period.

Public expenditure as a percentage of GDP is expected to increase from 19.9% in 2012-13 to 21.7% in 2013-14.

The Financial Secretary introduced counter-cyclical measures in a number of his past Budgets. In the 2013-14 Budget announced recently, the expenditure items and relief measures (including counter-cyclical measures) therein will have a stimulus effect of 1.3 percentage points on the economy.

Name in block letters: Ms Elizabeth TSE  
Permanent Secretary for Financial  
Post Title: Services and the Treasury (Treasury)  
Date: 9.4.2013

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

**FSTB(Tsy)141**

Question Serial No.

3865

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary mentioned in paragraph 135 of the 2013-14 Budget Speech that “the increase in the proportion of elderly population will result in a surge of expenditure on healthcare and welfare. Moreover, a fall in the proportion of working population will reduce economic vibrancy and slow down the momentum of economic growth. These developments will have profound implications for the sustainability of government revenue and public expenditure.” Therefore, there is a need to form a subcommittee to study the impact of an ageing population on the public finance. When will this subcommittee be formed?

Asked by: Hon. LEUNG Yiu-chung

Reply:

The Treasury Branch will kick-start the work of the group upon completion of the legislative proceedings of the Appropriation Bill 2013.

Name in block letters: Ms Elizabeth TSE

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

Date: 26.3.2013

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

**FSTB(Tsy)142**

Question Serial No.

3866

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)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary mentioned in paragraph 135 of the 2013-14 Budget Speech that “the increase in the proportion of elderly population will result in a surge of expenditure on healthcare and welfare. Moreover, a fall in the proportion of working population will reduce economic vibrancy and slow down the momentum of economic growth. These developments will have profound implications for the sustainability of government revenue and public expenditure.” Therefore, there is a need to form a working group to study the impact of an ageing population on the public finances. Please list in detail the terms of reference of this working group.

Asked by: Hon. LEUNG Yiu-chung

Reply:

The working group will analyse data to assess the long-term public expenditure needs and changes in government revenue under the existing policies. It will also make reference to overseas experience and put forth proposals to the Financial Secretary.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 27.3.2013



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

**FSTB(Tsy)143**

Question Serial No.

3867

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)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary mentioned in paragraph 135 of the 2013-14 Budget Speech that “the increase in the proportion of elderly population will result in a surge of expenditure on healthcare and welfare. Moreover, a fall in the proportion of working population will reduce economic vibrancy and slow down the momentum of economic growth. These developments will have profound implications for the sustainability of government revenue and public expenditure.” Therefore, there is a need to form a working group to study the impact of an ageing population on the public finances. What will be the work targets of this working group?

Asked by: Hon. LEUNG Yiu-chung

Reply:

The working group aims to explore ways to make more comprehensive planning for our public finances to cope with the ageing population and the Government's other long-term commitments.

Name in block letters: Ms Elizabeth TSE

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

Date: 26.3.2013

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

**FSTB(Tsy)144**

Question Serial No.

3868

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary mentioned in paragraph 135 of the 2013-14 Budget Speech that “the increase in the proportion of elderly population will result in a surge of expenditure on healthcare and welfare. Moreover, a fall in the proportion of working population will reduce economic vibrancy and slow down the momentum of economic growth. These developments will have profound implications for the sustainability of government revenue and public expenditure.” Therefore, there is a need to form a working group to study the impact of an ageing population on the public finances. Who will be appointed as members of this working group?

Asked by: Hon LEUNG Yiu-chung

Reply:

The working group will be led by the Permanent Secretary for Financial Services and the Treasury (Treasury). Its membership will be decided in due course.

Name in block letters: Ms Elizabeth TSE

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

Date: 26.3.2013

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

**FSTB(Tsy)145**

Question Serial No.

3869

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)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary mentioned in paragraph 135 of the 2013-14 Budget Speech that “the increase in the proportion of elderly population will result in a surge of expenditure on healthcare and welfare. Moreover, a fall in the proportion of working population will reduce economic vibrancy and slow down the momentum of economic growth. These developments will have profound implications for the sustainability of government revenue and public expenditure.” Therefore, there is a need to form a working group to study the impact of an ageing population on the public finances. Please list in detail the specific work schedule of this working group.

Asked by: Hon. LEUNG Yiu-chung

Reply:

The Treasury Branch will kick-start the work of the group upon completion of the legislative proceedings of the Appropriation Bill 2013. The working group will report to the Financial Secretary by the end of this year.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 22.3.2013

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

**FSTB(Tsy)146**

Question Serial No.

5039

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

Programme: (2) Revenue and Financial Control

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in *Matters Requiring Special Attention* in the coming year under programme (2) that the Treasury Branch will “continue to support corporatisation or privatisation initiatives as they arise”. In this connection, will the Administration inform this Committee of:

- (a) the number of “corporatisation or privatisation initiatives” supported or handled in the past 3 years (from 2010-11 to 2012-13) and the details of the recommendations given? What is the expenditure involved in each of the recommendations? Have the recommendations been implemented eventually? How many successful and unsuccessful cases are there and what are their reasons for success or failure?
- (b) the details of the “corporatisation or privatisation initiatives” expected to be supported or handled in the coming year (2013-14) and the expenditure involved?

Asked by: Hon. TANG Ka-piu

Reply:

There was no initiative in relation to corporatisation or privatisation of Government assets handled by the Treasury Branch in the past 3 years. Currently, the Government has no plan for corporatisation or privatisation of its assets for 2013-14. The Treasury Branch will continue to provide support to such initiatives as and when they arise.

Name in block letters: Ms Elizabeth TSE

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

Date: 20.3.2013

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

**FSTB(Tsy)147**

Question Serial No.

4256

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)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The "Scheme \$6,000" ended on 31 December 2012. The cash flow requirement for 2013-14 is only about \$12 million, but the balance is \$1,493,698,000. Will the Administration advise this Committee:

1. after deducting the cash flow requirement of about \$12 million, how the remaining balance will be disposed of; and
2. why the balance exceeds the requirement of \$12 million?

Asked by: Hon. WONG Kwok-hing

Reply:

The "Scheme \$6,000" ended on 31 December 2012:

1. The commitment of the Scheme is \$38.52 billion. The expenses incurred up to February 2013 were about \$37.1 billion. After deducting the cash flow requirement of about \$12 million for 2013-14 and remaining expenses, the balance under this item will remain in the Government's fiscal reserves.
2. In the paper submitted to the Finance Committee of the Legislative Council in June 2011 for funding approval, it was estimated that there would be about 6.19 million persons eligible for the Scheme on 31 March 2012. The estimate was revised to 6.24 million in April 2012 having regard to the actual figure available. The balance exceeds the cash flow requirement for 2013-14 mainly because the number of eligible persons registered under the Scheme was about 6.12 million, which is lower than the original estimate.

Name in block letters: Ms Elizabeth TSE

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

Date: 27.3.2013

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

**FSTB(Tsy)148**

Question Serial No.

4283

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is proposed in the Budget Speech that a subsidy of \$1,800 would be granted to each residential electricity account. This will cost the Government \$4.5 billion. In this connection, please provide the following information:

- (1) A breakdown, by the 2 electricity companies, of the expenditure involved in granting the subsidy to residential electricity accounts and the number of households benefited in the past 5 years (i.e. 2008-09 to 2012-13);
- (2) A breakdown, by the 2 electricity companies, of the number of residential electricity accounts which have not used up their subsidies and the amount involved;

Asked by: Hon. WONG Kwok-hing

Reply:

- (1) The Government granted electricity charges subsidy to each registered residential electricity account in 2008, 2011 and 2012 involving a total commitment of \$17,800 million. The expenditure from 2008-09 to 2012-13 is as follows -

Year	Hongkong Electric Co., Ltd. (\$ million)	CLP Power Hong Kong Ltd. (\$ million)	Total amount (\$ million)
2008-09	701	2,546	3,247
2009-10	776	3,666	4,442
2010-11	60	424	484
2011-12	555	2,317	2,872
2012-13 (revised estimate)	749	3,352	4,101

About 2.5 million households in Hong Kong benefited from the above three rounds of electricity charges subsidy. Around 500 000 households are registered with Hongkong Electric Co., Ltd. while around 2 000 000 households are registered with CLP Power Hong Kong Ltd.

- (2) As we are currently providing a monthly subsidy under the third round of electricity charges subsidy launched in 2012, all residential electricity accounts in Hong Kong (about 2.5 million) are having subsidy for use. The current approved commitment for Item 881 “Electricity charges subsidy for eligible residential accounts” is \$17.8 billion and the balance of the commitment as at the end of February 2013 is about \$2.9 billion.

Name in block letters: Ms Elizabeth TSE  
Post Title: Permanent Secretary for Financial  
Services and the Treasury (Treasury)  
Date: 27.3.2013

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

**FSTB(Tsy)149**

Question Serial No.

3567

Head: 184 Transfers To Funds

Subhead (No. & title): 988

Payment to the Loan  
Fund

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Administration transfers \$700,000,000 to the Loan Fund under Subhead 988 for granting loans or advances mainly for education. Please inform this Committee the details for the loans or advances for education. It was said that such significant amount of fund transfer is mainly for education. Then, what other uses will the Administration grant this loan for? Will the Administration inform this Committee why such significant amount of transfers to funds (increase of 1328.8%) is made prior to discussion with this Committee and public consultation? If there are discussion and consultation made, will the Administration inform this Committee the relevant details?

Asked by: Hon. Abraham SHEK Lai-him

Reply:

The Government provides resources for various activities through the General Revenue Account and eight funds established under the Public Finance Ordinance. The General Revenue Account acts as the main funding device. Having regard to the commitments of each fund and their forecast cash flow, the Administration will transfer resources to the other funds on a need basis. It is estimated that the amount required to be transferred to the Loan Fund in 2013-14 is \$700,000,000.

According to the resolution for the establishment of the Loan Fund, the Financial Secretary may expend moneys from the fund for the purpose of—

- (i) meeting the liabilities assumed under the terms and conditions already approved as at 31 March 1990 by the Finance Committee; and
- (ii) granting loans and advances to such persons as may be approved by the Finance Committee, in accordance with such terms and conditions as may be specified by the Finance Committee.

In 2013-14, loans for education include the projects under Head 252 – Loans to Schools/Teachers and Head 254 – Loans to Students. Loans for other purposes include the projects under Head 262 – Primary Products, Head 269 – Building Safety etc. Details of loans are set out on pages 133 to 145 of Volume II of the Estimates.

Name in block letters: Ms Elizabeth TSE

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

Date: 27.3.2013



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

**FSTB(Tsy)150**

Question Serial No.

3796

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

Programme:

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The revised estimate for works completed, cancelled or curtailed under Head 708 in 2012-13 is \$129,576,000 while the total revised estimate for Head 708 in 2012-13 is \$8,803,078,000. Please provide a breakdown of the works cancelled and curtailed as well as the reasons for their cancellation and curtailment.

Asked by: Hon. LAM Tai-fai

Reply:

In 2012-13, the revised estimate of \$129,576,000 for Head 708 projects grouped under the category of "works completed, cancelled and curtailed" covers the expenditure of 44 projects with works completed in 2012-13, as well as the expenditure of one on-going project with spending in 2012-13 and 2014-15 but not in 2013-14. No project has been cancelled or curtailed in 2012-13.

Name in block letters: Ms Elizabeth TSE

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

Date: 22.3.2013

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

**FSTB(Tsy)151**

Question Serial No.

3466

Head: 25 Architectural Services Department

Subhead:

Programme: (2) Facilities Upkeep

Controlling Officer: Director of Architectural Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What is the annual maintenance expenditure for the Central Government Offices at Tamar since its commissioning? How many remedial works are required? How many remedial works are still outstanding?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

There was a one-year defects liability period upon the completion of the new Central Government Offices (CGO) at Tamar in late July 2011. During the period, the contractor was responsible for the rectification works and therefore no additional cost had been incurred. In general, the concerned defects rectification works have been substantially completed.

After the said defects liability period, the Architectural Services Department (ArchSD) has assigned maintenance contractors to take over the maintenance works at CGO. During the period from August 2012 to February 2013, about 900 maintenance requests were received from various departments, mainly minor repair works such as maintenance of door locks, door hinges, sanitary fittings, wall redecoration and clearing of blockage of drains. Most of these works have been completed. ArchSD will be in close contact with the maintenance contractors and various departments for the proper maintenance of the new CGO. The annual maintenance expenditure is yet to be finalised.

Name in block letters: K K LEUNG

Post Title: Director of Architectural Services

Date: 10.4.2013

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

**FSTB(Tsy)152**

Question Serial No.

3858

Head: 25 Architectural Services Department

Subhead:

Programme: (2) Facilities Upkeep

Controlling Officer: Director of Architectural Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding "maintenance services to subvented schools" as mentioned in Brief Description, would the Administration inform this Committee of the projects and related expenditures on providing maintenance services to subvented schools by the Administration in the past two years (2011-12 and 2012-13), and the estimated provision for and projects to be implemented in 2013-14?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

In 2011-12 and 2012-13, the Architectural Services Department used about \$184 million and \$179 million respectively on providing maintenance services to subvented schools, involving 61 and 50 new maintenance projects respectively. In 2013-14, the estimated expenditure on the maintenance works is \$210 million and about 65 new projects are scheduled to be implemented.

Name in block letters: K K LEUNG

Post Title: Director of Architectural Services

Date: 9.4.2013

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

**FSTB(Tsy)153**

Question Serial No.

3859

Head: 25 Architectural Services Department

Subhead:

Programme: (2) Facilities Upkeep

Controlling Officer: Director of Architectural Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under Matters Requiring Special Attention in 2013-14, the Department will “carry out retrofitting works to upgrade barrier-free features in existing government buildings and facilities”. Please inform this Committee of the projects to upgrade barrier-free features and the related expenditures in the past two years (2011-12 and 2012-13); and the provision earmarked for the concerned works and the projects scheduled in the next two financial years (2013-14 and 2014-15).

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

In the past 2 years (2011-12 and 2012-13), the Architectural Services Department (ArchSD) has upgraded barrier-free features in 2 309 existing government buildings and facilities. The expenditures in 2011-12 and 2012-13 are \$73 million and \$261 million respectively. For 2013-14 and 2014-15, ArchSD will carry out relatively complex improvement projects for 246 premises, such as addition of accessible lifting platforms or lifts, accessible unisex toilets and projects requiring Heritage Impact Assessment prior to commencement. The estimated expenditures for these projects in 2013-14 and 2014-15 are \$293 million and \$290 million respectively.

Name in block letters: K K LEUNG

Post Title: Director of Architectural Services

Date: 9.4.2013

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

**FSTB(Tsy)154**

Question Serial No.

3860

Head: 25 Architectural Services Department                      Subhead:

Programme:                      (2) Facilities Upkeep

Controlling Officer:        Director of Architectural Services

Director of Bureau:        Secretary for Financial Services and the Treasury

Question:

Regarding the initiative to “promote roof greening and incorporate green building features in existing buildings” mentioned under Matters Requiring Special Attention in 2013-14, would the Administration inform this Committee of the projects and related expenditures on promoting roof greening and installation of green building features by the Administration in the past two years (2011-12 and 2012-13), and the estimated provision for and projects scheduled in the future two financial years (2013-14 and 2014-15)? Apart from roof greening and installation of green building features, has the Administration promoted the installation of renewable energy generation devices? If yes, what are the details? If not, what are the reasons?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

Details about projects of roof greening and other green building features in existing government buildings completed by the Architectural Services Department (ArchSD) in 2011-12 and 2012-13 are tabulated below:

Financial Year	Project completed	Roof greening	Other green building features
2011-12	Number	9	18
	Expenditure (\$million)	4.98	16.45
2012-13	Number	15	9
	Expenditure (\$million)	10.24	9.62

In 2013-14, ArchSD will carry out 26 roof greening projects and 1 vertical greening project, and 39 projects of installing other green building features in existing government buildings. The estimated expenditure is \$30.79 million.

ArchSD will liaise with the management departments of existing government buildings on the refurbishment projects to be carried out in 2014-15, and will encourage the departments to incorporate green building features into the projects of the buildings under their management, with the aim of formulating plans and implementation schedules, and the amount of funding requirement.

Apart from roof greening and installation of other green building features, ArchSD will, as far as practicable, install renewable energy power generation features in existing government buildings, such as the installation of solar photovoltaic panels in two secondary schools and the office building of Tai Lung Experimental Farm, as well as installation of small wind turbines in Tang Shiu Kin Victoria Government Secondary School planned in 2013-14.

Name in block letters:                     K K LEUNG                    

Post Title:                     Director of Architectural Services                    

Date:                     9.4.2013

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

**FSTB(Tsy)155**

Question Serial No.

3861

Head: 25 Architectural Services Department

Subhead:

Programme: (2) Facilities Upkeep

Controlling Officer: Director of Architectural Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the initiative to “continue to explore and implement new modes of service delivery to further improve efficiency and cost-effectiveness” mentioned under Matters Requiring Special Attention in 2013-14, would the Administration inform this Committee of the details of the initiative? If the department implements new modes to improve efficiency and cost-effectiveness, how does the expenditure so incurred compare with that of using old modes?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

The Architectural Services Department (ArchSD) continues to explore and implement new modes of service delivery, with a view to improving efficiency and cost-effectiveness of the maintenance services provided to existing government buildings and facilities. Details are as follows:

- (1) In order to reduce the number of works orders for minor repairs so that staff resources could be deployed to handle preventive repair and maintenance, ArchSD will implement the mode of Total Facility Management in the pilot scheme of the term contract for maintenance of historical buildings under planning. The contract will stipulate that the contractors will undertake more management duties in handling minor repair works, including preventive works through periodic inspection, so as to improve the quality of repair and maintenance works.
- (b) We will implement the New Engineering Contract in the new term contract for maintenance for slopes and the said term contract for maintenance of historical buildings. Through the implementation of the contractual partnering mode and proactive project management procedures, we can establish a closer working partnership with the contractors so as to complete the works within the specified timeframe while achieving good quality and cost-effectiveness.

The above pilot schemes are being planned or have been implemented. ArchSD will review the effectiveness of the schemes in due course to optimise the future modes of service, with a view to delivering more efficient and cost-effective services for facilities upkeep.

Name in block letters: K K LEUNG

Post Title: Director of Architectural Services

Date: 9.4.2013

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

**FSTB(Tsy)156**

Question Serial No.

3862

Head: 25 Architectural Services Department

Subhead:

Programme: (2) Facilities Upkeep

Controlling Officer: Director of Architectural Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under Matters Requiring Special Attention in 2013-14, the Department will “ensure a safe and healthy working environment for maintenance and refurbishment works through promotion of site safety and maintaining OHSAS 18001:2007 certification”. Please inform this Committee of the number of accidents involved in maintenance and refurbishment works of the Department in the past three years (2010-11 to 2012-13), including fatal and injury cases and the accident rate in every 1 000 workers.

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

The number of accidents involved in maintenance and refurbishment works of the Department in the past three financial years (2010-11 to 2012-13) is tabulated below:

Financial year	Number of fatal industrial accidents	Number of non-fatal industrial accidents	Annual non-fatal industrial accident rate (in every 1 000 workers)
2010-11	0	20	7.05
2011-12	1	16	5.55
2012-13	0	12	3.95

We will continue to promote the awareness on safety and health amongst contractors and construction workers with a view to minimizing the accident rate.

Name in block letters: K K LEUNG

Post Title: Director of Architectural Services

Date: 9.4.2013



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

**FSTB(Tsy)157**

Question Serial No.

3863

Head: 25 Architectural Services Department

Subhead:

Programme: (2) Facilities Upkeep

Controlling Officer: Director of Architectural Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under Matters Requiring Special Attention in 2013-14, the Department will “upkeep facilities in an environmentally responsible manner by conserving energy, preventing pollution and reducing the consumption of natural resources”. Will the Administration inform this Committee whether the Administration has introduced any new technologies and equipment in the past two years to enhance energy conservation in buildings, prevent pollution and reduce the consumption of natural resources? If yes, what are the new technologies? Is there any mechanism in place to facilitate the swift and wide introduction and adoption of these new technologies and installations by the Department?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

The Architectural Services Department (ArchSD) will provide maintenance services to existing government buildings and facilities under its purview in an environmentally responsible manner. The environmental protection measures being adopted in the past two years include:

- (i) During the project planning and design stage, we identify the green building features that can be introduced in individual projects by way of using a checklist on green building features, including energy/water saving installations, waste management facilities, landscaping features such as roof and vertical greening works;
- (ii) We encourage client departments to incorporate green building features in refurbishment projects for the buildings they manage;
- (iii) Prior to the commencement of the refurbishment and maintenance projects, we identify the possible significant environmental impacts of the projects by way of using an environmental impact checklist, so as to implement mitigation measures to minimise their adverse impacts on the environment;
- (iv) Water saving devices will be installed in the refurbishment of toilets in government offices, public buildings and schools; and
- (v) Light fittings such as T5 fluorescent lamps and light emitting diode lamps will be installed in fitting-out, planned maintenance and refurbishment projects.

To facilitate the swift and wide introduction and adoption of these new technologies and installations, ArchSD has put in place the following mechanism to promote and enhance the quality and environmental standards and awareness:



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

Reply Serial No.

**FSTB(Tsy)158**

Question Serial No.

3546

Head: 703 Buildings

Subhead: 3109KA Construction of  
Trade and  
Industry Tower  
in Kai Tak  
Development  
Area

Programme:

Controlling Officer: Director of Architectural Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding 3109KA (Construction of Trade and Industry Tower in Kai Tak Development Area), the estimated expenditure for 2012-13 is only \$158.1 million, but the revised estimated expenditure reaches \$272 million. What are the reasons for the cleavage? Will the project be completed ahead of schedule?

Asked by: Hon. Abraham SHEK, Lai-him

Reply:

The revised estimate for 2012-13 for the "Construction of Trade and Industry Tower in Kai Tak Development Area" (the project) is \$272 million which is higher than the original estimate. This is because the progress of some of the construction works and design are ahead of original schedule. As a result, some of the construction costs which are originally planned to be paid to the contractor in 2013-14 have been advanced to 2012-13. The total estimated expenditure of the project remains unchanged. The foundation works of the project are progressing on schedule. The project is expected to be completed by the end of December 2014. We will continue to closely monitor the project progress and ensure the works are completed on time.

Name in block letters: K K LEUNG

Post Title: Director of Architectural Services

Date: 9.4.2013

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

**FSTB(Tsy)159**

Question Serial No.

3487

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

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In each of the past three years (i.e. from 2010 to 2012) and for 2013, what are the manpower and amount of expenditure involved or estimated to be required for combating illicit cigarettes? Both the cases detected and the number of cigarettes seized in the anti-illicit-cigarette enforcement operations experienced a decrease in the past two years. Is it due to a shift to other modes of selling such as telephone and online ordering in recent years, which has undermined the effectiveness of anti-illicit-cigarettes operations? What measures will be taken in response to this change?

Asked by: Hon. CHEUNG Yu-yan, Tommy

Reply:

In 2003-04, the Customs and Excise Department (C&ED) set up the Anti-Illicit-Cigarette Investigation Division with an establishment of 35 officers, comprising 1 Assistant Superintendent, 2 Senior Inspectors, 4 Inspectors, 4 Senior Customs Officers and 24 Customs Officers. In addition, C&ED created 15 posts in 2012-13 and will create 11 posts in 2013-14 to step up action against telephone and online ordering of illicit cigarettes. In 2010-11, 2011-12 and 2012-13, C&ED's expenditures on combating illicit cigarette activities were \$10 million, \$10.63 million and \$15.92 million respectively. The relevant estimated expenditure for 2013-14 is \$19.60 million.

As a result of C&ED's continuous and vigorous enforcement, street peddling of illicit cigarettes has nearly vanished. The mode of selling illicit cigarettes has shifted to telephone ordering and the transaction quantity has shrunk. The decrease in both the number of cases and the amount of illicit cigarettes seized has demonstrated that the existing enforcement strategies are effective.

Name in block letters: Clement CHEUNG

Post Title: Commissioner of Customs and Excise

Date: 2.4.2013

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

**FSTB(Tsy)160**

Question Serial No.

4397

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

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding "...to collect and protect revenue from dutiable commodities stipulated in the Dutiable Commodities Ordinance (Cap. 109) and to assess the provisional taxable values of motor vehicles under the Motor Vehicles (First Registration Tax) Ordinance (Cap. 330)" mentioned in the Aim, would the Administration advise this Committee of the number of cases of First Registration Tax and the total revenue for each of the past three financial years (i.e. 2010-11 to 2012-13)?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

The number of cases of, and the total revenue on, vehicle first registration in the past three financial years are as follows -

	2010-11	2011-12	2012-13
Cases of Vehicle First Registration*	53 772	54 733	58 791^
Total Revenue (\$ million)*	6,657	7,070	7,760^

\* Information provided by the Transport Department

^ Estimated figures

Name in block letters: Clement CHEUNG

Post Title: Commissioner of Customs and Excise

Date: 2.4.2013

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

**FSTB(Tsy)161**

Question Serial No.

4398

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

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding "...to collect and protect revenue from dutiable commodities stipulated in the Dutiable Commodities Ordinance (Cap. 109) and to assess the provisional taxable values of motor vehicles under the Motor Vehicles (First Registration Tax) Ordinance (Cap. 330)" mentioned in the Aim and "The Department is responsible for combating smuggling and distribution of illicit cigarettes and taking enforcement actions against illicit fuel activities at all levels" mentioned in the Brief Description, would the Administration advise this Committee of the Government's total revenue on tobacco duties as well as the expenditures and manpower involved in combating smuggling and distribution of illicit cigarettes for each of the past three financial years (i.e. 2010-11 to 2012-13)?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

The total government revenue on tobacco duties in the past three financial years is as follows -

Financial Year	2010-11	2011-12	2012-13
Total Revenue (\$million)	4,221	4,207	5,277 <sup>^</sup>

<sup>^</sup>As at 28 February 2013

The Customs and Excise Department (C&ED) set up the Anti-Illicit-Cigarette Investigation Division with an establishment of 35 officers in 2003-04 and created 15 posts in 2012-13 for combating telephone ordering of illicit cigarettes. In 2010-11, 2011-12 and 2012-13, C&ED's expenditures on anti-illicit cigarette operations were \$10 million, \$10.63 million and \$15.92 million respectively.

Name in block letters: Clement CHEUNG

Post Title: Commissioner of Customs and Excise

Date: 2.4.2013

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

**FSTB(Tsy)162**

Question Serial No.

4399

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

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding "...to collect and protect revenue from dutiable commodities stipulated in the Dutiable Commodities Ordinance (Cap. 109) and to assess the provisional taxable values of motor vehicles under the Motor Vehicles (First Registration Tax) Ordinance (Cap. 330)" mentioned in the Aim and "The Department is responsible for combating smuggling and distribution of illicit cigarettes and taking enforcement actions against illicit fuel activities at all levels" mentioned in the Brief Description, would the Administration advise this Committee of the Government's total revenue on fuel duties as well as the expenditures and manpower involved in combating illicit fuel activities at all levels for each of the past three financial years (i.e. 2010-11 to 2012-13)?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

The total government revenue on fuel duties in the past three financial years is as follows -

Financial Year	2010-11	2011-12	2012-13
Total Revenue (\$million)	3,027	3,147	3,026^

^ As at 28 February 2013

The Anti-Illicit-Fuel Investigation Division of the Customs and Excise Department currently has an establishment of 23 officers, comprising 1 Assistant Superintendent, 2 Senior Inspectors, 1 Inspector, 2 Chief Customs Officers, 1 Senior Customs Officer and 16 Customs Officers. In 2010-11, 2011-12 and 2012-13, the expenditures involved were \$6.86 million, \$7.31 million and \$7.72 million respectively.

Name in block letters: Clement CHEUNG

Post Title: Commissioner of Customs and Excise

Date: 2.4.2013

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

**FSTB(Tsy)163**

Question Serial No.

4499

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

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What are the respective number of cases of selling illicit cigarettes through telephone ordering detected, amount of illicit cigarettes seized and number of persons arrested by the Customs and Excise Department in the past five years (i.e. 2008-2009, 2009-2010, 2010-2011, 2011-2012 and 2012-2013)? What are the estimated provision and the number of staff allocated for combating the sale of illicit cigarettes through telephone ordering by the Department in 2013-2014?

Asked by: Hon. KWOK Ka-ki

Reply:

The number of cases of telephone ordering of illicit cigarettes detected, the amount of illicit cigarettes seized and the number of persons arrested by the Customs and Excise Department (C&ED) in the past four years are as follows -

	2009-10	2010-11	2011-12	2012-13 <sup>^</sup>
Number of cases	85	69	40	134
Amount of illicit cigarettes (sticks)	870 000	470 000	210 000	3 400 000
Number of persons arrested	91	80	42	167

<sup>^</sup> As at 28 February 2013

As C&ED has only started to keep the breakdown of the above statistics since 2009-10, the relevant figures for 2008-09 are not available.

In 2013-14, C&ED will deploy a total of 26 officers, comprising 2 Senior Inspectors, 2 Inspectors, 2 Chief Customs Officers, 5 Senior Customs Officers and 15 Customs Officers, to combat activities related to telephone ordering of illicit cigarettes. The expenditure involved will be \$8.36 million.

Name in block letters: Clement CHEUNG

Post Title: Commissioner of Customs and Excise

Date: 2.4.2013



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

**FSTB(Tsy)164**

Question Serial No.

3465

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Which properties does the Government plan to release in 2013-14? Please provide their respective addresses, user departments and rental saved by releasing.

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

Having regard to the operational needs of the departments concerned and the terms of the relevant tenancy agreements, the Government plans to release 28 tenancies for the properties mainly located in Hung Hom, Kwun Tong, Yuen Long and Chek Lap Kok in 2013. The rental saving is estimated at about \$55 million per annum. As we still need to discuss with the landlords on the releasing arrangements, it is not appropriate to provide the details of the user departments and the properties concerned at this stage.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 8.4.2013

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

**FSTB(Tsy)165**

Question Serial No.

4400

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Brief Description that the programme involves “assessing and co-ordinating Government’s needs for general use accommodation”. Will the Administration inform this Committee of the total office floor area which the Government had leased in the past five financial years (i.e. from 2008-09 to 2012-13) as well as the average, the highest and the lowest monthly rent (per square metre and per square foot) respectively?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

In the past five years, the total office floor area leased by the Government as well as the average and the highest monthly rents<sup>Note 1</sup> per square metre and per square foot are as follows:

Year	Internal floor area (square metre) (approx.)	(On an internal floor area basis)			
		Average monthly rent (as at 31 December)		The highest monthly rent	
		\$ per square metre	\$ per square foot	\$ per square metre	\$ per square foot
2008	267 000	229	21	1,397	130
2009	272 000	226	21	1,466	136
2010	275 000	235	22	1,466	136
2011	276 000	252	23	2,110 <sup>Note 3</sup>	196
2012	279 000	232 <sup>Note 2</sup>	22 <sup>Note 2</sup>	2,110 <sup>Note 3</sup>	196

<sup>Note 1</sup> Monthly rent includes rents and the associated property management and air-conditioning charges.

<sup>Note 2</sup> The average monthly rent for 2012 was lower than that of 2011. It is mainly due to the tenancies terminated upon the progressive relocation of departments from leased offices in Central and Admiralty to Government-owned accommodation (including the Central Government Offices at Tamar).

<sup>Note 3</sup> This involves the tenancy of a post office on ground floor.

The lowest rent is one dollar per annum, determined in accordance with the land grant conditions.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 8.4.2013

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

**FSTB(Tsy)166**

Question Serial No.

4401

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Indicators show a net increase of 16 000m<sup>2</sup> in the Government leased office accommodation in 2013. Will the Administration inform this Committee of the additional office floor area leased and area released respectively in 2013, the departments for which the additional office accommodations are rented and the resultant increase in rental expenditure

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

The Government Property Agency estimates that there will be a net increase of 16 000m<sup>2</sup> in leased office accommodation in 2013. The additional 31 000m<sup>2</sup> (approximately) of leased offices are mainly for reprovisioning the stores of the Customs and Excise Department, the Department of Health and the Immigration Department currently located in the Government-owned Government Logistics Centre to make available some of the floors for accommodating the printing workshop of the Government Logistics Department with a view to enhancing its operational efficiency. Moreover, additional office space will be provided to the Social Welfare Department, the Labour Department, Radio Television Hong Kong and the Leisure and Cultural Services Department, etc. for launching new services. Since we are still identifying suitable premises for leasing, the rental information is not available at this stage. On the other hand, having regard to the operational needs of the departments concerned and the terms of the relevant tenancy agreements, we plan to release 28 properties, involving a total area of about 15 000m<sup>2</sup>. The rental saving is estimated at about \$55 million per annum.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 15.4.2013

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

**FSTB(Tsy)167**

Question Serial No.

4402

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned under "Matters Requiring Special Attention in 2013-14" that the Agency will "pursue de-leasing opportunities where appropriate". Will the Administration inform this Committee of the areas of properties de-leased and the amount of rents saved in the past five years (up to 2012-13)? What are the areas of the newly leased properties and the additional rental expenditure in the past five years?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

In the past five financial years, the Government Property Agency has de-leased about 62 800m<sup>2</sup> of properties in total. Based on the rents payable for these properties at the time of de-leasing, the rental saving was about \$20.7 million per month. On the other hand, the Agency has leased additional properties of about 67 300m<sup>2</sup> during the same period. Based on the rents payable for these properties at the time of leasing, the rental expenditure was about \$12.5 million per month.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 15.4.2013

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

**FSTB(Tsy)168**

Question Serial No.

4403

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

Programme:                      (3) Estate Utilisation

Controlling Officer:        Government Property Administrator

Director of Bureau:        Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Brief Description that the Programme involves “identifying government properties held by the Government Property Agency under its portfolio with commercialisation potential with a view to realising such potential; and exploring the possibility of introducing commercial activities within government properties where appropriate”. Will the Administration inform this Committee of the government premises identified to have new commercialisation opportunities in 2012 and 2013, their locations, possible commercial opportunities and the estimated potential income?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

In 2012, the Government Property Agency initially identified the following 15 government premises with new commercialisation opportunities:

	Property	Proposed Use
1.	Part of the columns and walls on ground floor of Queensway Plaza	Advertising area
2.	Mongkok Stadium	Advertising area
3.	The external walls of Kowloon Bay Sports Centre	Advertising area
4.	The external walls of Po Kong Village Road Sports Centre	Advertising area
5.	The external walls of Shun Lee Tsuen Sports Centre	Advertising area
6.	The external walls of Ngau Tau Kok Market	Advertising area
7.	Tai Po Government Offices	Automatic Teller Machine
8.	Shun Lee Disciplined Services Quarters	Automatic Teller Machine
9.	Queen Elizabeth Stadium	Automatic Teller Machine

	Property	Proposed Use
10.	Bowrington Road Market	Automatic Teller Machine
11.	Causeway Bay Market	Automatic Teller Machine
12.	Tang Lung Chau Market	Automatic Teller Machine
13.	Harbour Building	Automatic Vending Machine
14.	Shop C, 1/F, Passenger Terminal Building, Shenzhen Bay Port Hong Kong Port Area	Shop
15.	Shop D, 1/F, Passenger Terminal Building, Shenzhen Bay Port Hong Kong Port Area	Shop

Of the above 15 government premises, tendering of the automatic teller machine space at Shun Lee Disciplined Services Quarters was unsuccessful. Moreover, three advertising areas at Kowloon Bay Sports Centre, Po Kong Village Road Sports Centre and Shun Lee Tsuen Sports Centre were found not suitable for commercial use after further analysis. The Agency is processing the remaining 11 cases. It is premature to estimate the revenue at this stage.

In 2013, the Agency initially identifies the following 10 government premises may have new commercialisation opportunities:

	Property	Proposed Use
1.	The roof of Argyle Street Waterworks Depot	Advertising area
2.	The roof of Water Supplies Department Hong Kong Regional Building	Advertising area
3.	The roof and external walls of Water Supplies Department Kowloon East Regional Building	Advertising area
4.	The external walls of Water Supplies Department Kowloon West Regional Building	Advertising area
5.	The external walls of Tsuen Wan Market	Advertising area
6.	The external walls of San Hui Market, Tuen Mun	Advertising area
7.	Harbour Building	Automatic Teller Machine
8.	Man Kam To Control Point	Automatic Teller Machine
9.	Ground floor lobby of Wanchai Tower	Automatic Vending Machine
10.	Departure hall of China Ferry Terminal	Café

After the Agency has initially identified a government property with commercialisation opportunity, the Agency will consult the concerned department(s) and examine in detail the impact of the proposal on the image and outlook of the government building, the pedestrian flow, fire escape, fire services and building installations to determine whether the proposed commercial use will be feasible for the identified government premises. It is premature to estimate the revenue at this stage.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 8.4.2013



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

**FSTB(Tsy)169**

Question Serial No.

4404

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

Programme:

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Will the Administration inform this Committee how many full-time non-civil service contract (NCSC) staff have been employed by the Government Property Agency in the past three years (up to 2012-13)? Among them, how many have been employed for more than three years and five years respectively and as a percentage of the total number of employees? Will the Agency review the long-term employment of NCSC staff? Will the Agency consider replacing these NCSC staff by civil service posts in view of long-term service needs?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

The employment of full time non-civil service contract (NCSC) staff by the Government Property Agency in the past three years is tabulated as follows:

	2010-11		2011-12		2012-13*	
	No. of staff	Percentage	No. of staff	Percentage	No. of staff	Percentage
Number of NCSC staff	10	Not applicable	8	Not applicable	11	Not applicable
NCSC staff who have been employed for more than three years but not exceeding five years	2	20%	3	38%	1	9%
NCSC staff who have been employed for more than five years	0	-	0	-	2	18%

\* The figures for 2012-13 reflect the position as at 31.12.2012.

After reviewing the situation for employment of NCSC staff, the Agency plans to create six civil service posts in 2013-14 to replace six NCSC positions in order to meet long-term service needs.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 2.4.2013

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

**FSTB(Tsy)170**

Question Serial No.

4406

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

Programme:                      (3) Estate Utilisation

Controlling Officer:        Government Property Administrator

Director of Bureau:        Secretary for Financial Services and the Treasury

Question:

Under the Indicators, there are five and two sites ready to be released for disposal, redevelopment or other purposes in 2012 and 2013 respectively. Will the Administration inform this Committee of the location and ultimate use of these sites?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

The sites released/to be released for disposal, redevelopment or other purposes in 2012 and 2013 are tabulated as follows:

2012

	Property	Use
1.	Ex-Hollywood Road Police Married Quarters	Revitalised as a creative centre
2.	Ex-Lai Chi Kok Incineration Plant Staff Quarters, Yuet Lun Street	Handed over to the Lands Department. Future use under study by the concerned departments.
3.	Ex-Tsz Wan Shan Staff Quarters, Sheung Fung Street	Reserved for development of disciplined services quarters
4.	Ex-Kwun Tong Government Branch Offices Building	Urban renewal project
5.	Tsuen Wan Transport Complex	West Rail cum residential development

2013

	Property	Use
1.	Ex-Tin Wan Staff Quarters, Tin Wan Street	Reserved for development of disciplined services quarters
2.	Ex-Lok Fu Staff Quarters, Heng Lam Street	Reserved for development of disciplined services quarters

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 12.4.2013

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

**FSTB(Tsy)171**

Question Serial No.

4409

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

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With regard to “identifying government properties held by the Government Property Agency under its portfolio with commercialisation potential with a view to realising such potential; exploring the possibility of introducing commercial activities within government properties where appropriate” mentioned under the Brief Description, will the Administration inform the Committee of the percentage of let-out premises out of the premises available for letting in the past two financial years (i.e. from 2011-12 to 2012-13); their rents compared to the market rental level; whether the Agency has adjusted the rentals according to changes in the market; and the related annual rental income?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

In 2011-12 and 2012-13, the government properties let out by the Government Property Agency for commercial use accounted for 99% and 96% respectively of all premises available for letting, and their respective annual rental income were \$860 million and \$670 million.

In general, the Agency lets out government properties for commercial use at market rate. The Agency will normally adjust the rentals to the prevailing market level when offering new tenancies or renewing tenancies. A small portion of tenancies (mainly those involving hilltop radio base stations and those with longer tenancy terms) provide that the Government may adjust the rentals to the prevailing market level within the tenancy period.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 15.4.2013

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

**FSTB(Tsy)172**

Question Serial No.

3793

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Paragraph 109 (page 41) of the Budget Speech states that the Administration is now proceeding with the relocation of departments in the three government office buildings at the Wan Chai waterfront, and that this is a large-scale project involving 29 departments and more than 10 000 staff. Please inform this Committee of the administrative expenditure to be incurred in and the implementation schedule of the relocation plan.

Asked by: Hon. LAM Tai-fai

Reply:

The Government is actively preparing for relocating the three government office buildings at the Wan Chai waterfront to new government office buildings in non-Central Business Districts. We have planned to relocate some departments in the three government office buildings to the West Kowloon Government Offices under planning. The construction works are expected to commence in 2014-15 for completion in 2018. We have also earmarked sites in other districts such as Kai Tak and Tseung Kwan O to construct new government office buildings for the reprovisioning exercise. Construction works will commence from 2015-16 onwards, with the first office building expected to complete in 2019-20. Upon completion of the new government office buildings, the departments in the three government office buildings at the Wan Chai waterfront will then be relocated in phases.

In view of the large scale of the relocation project involving 29 departments with more than 10 000 staff and a total floor area of 175 000m<sup>2</sup>, it takes time for preparation and construction of the replacement buildings. Relocation will therefore be implemented in phases. We will seek funding approval from the Legislative Council for the new government office buildings projects progressively. The total estimated expenditure is not available for the time being. The Government Property Agency will create four dedicated posts in 2013-14 with an annual expenditure of about \$2.79 million for the relocation projects.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 8.4.2013

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

**FSTB(Tsy)173**

Question Serial No.

3762

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

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please list, by property type (e.g. residential, commercial, office, industrial, etc.), the site/floor areas, location, idling period and previous usage in respect of the government sites and properties which the Administration had reviewed in the past three financial years (up to 2012-13).

Asked by: Hon. LAM Tai-fai

Reply:

The Government Property Agency reviewed a total of 244 sites in the past three financial years (some of the sites were reviewed in more than one year). Details of the reviewed sites by type are summarised at the Annex.

The objective to review government sites is to identify under-utilised sites and release their development potential. Amongst the 244 sites reviewed, some of which are temporarily vacant with disposal plan or have been earmarked for other long-term use; and some have dilapidated or unusable buildings beyond cost-effective refurbishment and planned for demolition before redevelopment of the sites. These sites are not considered as idle.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 8.4.2013

**Reviewed Sites by Type  
in the Past Three Financial Years (up to December 2012)**

<u>Property Type</u>	<u>No. of Sites</u>	<u>Use</u>	<u>Total Site Area (m<sup>2</sup>)</u>	<u>Location</u>
Joint-user/ Departmental Accommodations	178	Office, community hall, clinic, market, multi-storey carpark, cultural centre, library, sports centre, etc.	2 160 000	Scattered over the 18 districts
Schools	18	Schools	100 000	Central and Western, Wan Chai, Eastern, Southern, Yau Tsim Mong, Kowloon City, Sham Shui Po, Kwun Tong, Sai Kung, Tuen Mun, North and Yuen Long
Quarters	15	Staff quarters	80 000	Central and Western, Wan Chai, Eastern, Islands, Kowloon City, Wong Tai Sin, Sham Shui Po, Kwun Tong, Sai Kung, Tai Po and Tuen Mun
Others	33	Food/hawker bazaar, columbarium, Red Cross facilities, university hostels, etc.	990 000	Scattered over the 18 districts
Total:	244		3 330 000	



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

Reply Serial No.

**FSTB(Tsy)174**

Question Serial No.

3764

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Which properties does the Government plan to de lease in 2013-14? How much rental will be saved by de leasing these properties?

Asked by: Hon. LAM Tai-fai

Reply:

Having regard to the operational needs of the departments concerned and the terms of the relevant tenancy agreements, the Government plans to de lease 28 tenancies for the properties mainly located in Hung Hom, Kwun Tong, Yuen Long and Chek Lap Kok in 2013. The rental saving is estimated at about \$55 million per annum. As we still need to discuss with the landlords on the de leasing arrangements, it is not appropriate to provide the details of the properties concerned at this stage.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 9.4.2013

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

**FSTB(Tsy)175**

Question Serial No.

3765

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

Programme:                      (3) Estate Utilisation

Controlling Officer:        Government Property Administrator

Director of Bureau:        Secretary for Financial Services and the Treasury

Question:

Under Programme (3) Estate Utilisation, the main functions of the Government Property Agency include reviewing under-utilised sites managed by government bureaux/departments. Please advise the location and area of the under-utilised sites identified in the past three years (up to 2012-13).

Asked by:    Hon. LAM Tai-fai

Reply:

The Government Property Agency reviewed a total of 244 sites in the past three years (some of the sites were reviewed in more than one year) and considered the following 18 sites to have development potential for other uses:

	Property	Site Area (m <sup>2</sup> ) (approx.)
1	Education Television Centre, Radio Television Hong Kong, Broadcast Drive, Kowloon Tong	2 200
2	Television House, Radio Television Hong Kong, Broadcast Drive, Kowloon Tong	4 700
3	Broadcasting House, Radio Television Hong Kong, Broadcast Drive, Kowloon Tong	10 400
4	Water Supplies Department Hong Kong Regional Building, North Point	4 600
5	Middle Road Multi-storey Carpark Building, Tsim Sha Tsui	3 200
6	Ex-Cooked Food Bazaar, Mui Fong Street, Sai Wan	600
7	Argyle Street Waterworks Depot, Mong Kok	4 600
8	Food and Environmental Hygiene Department, Sai Yee Street, Mong Kok	6 400
9	Electrical and Mechanical Services Department Workshops and Civil Aid Service, Caroline Hill Road, Causeway Bay	26 700
10	650 Cheung Sha Wan Road, Cheung Sha Wan	1 500

	Property	Site Area (m <sup>2</sup> ) (approx.)
11	Cheung Sha Wan Temporary Wholesale Poultry Market	23 800
12	Ex-Mong Kok Market	1 300
13	Ex-Lau Fau Shan Police Station	2 600
14	Ex-Kennedy Town Police Married Quarters	4 800
15	Burma Lines Barracks, Fanling	164 200
16	Mount Butler Quarry	274 600
17	Wan Chai Polyclinic, Kennedy Road, Wan Chai	1 300
18	Lui Kee Education Services Centre, Wan Chai	1 300

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 16.4.2013

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

**FSTB(Tsy)176**

Question Serial No.

5060

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

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in Programme (3) that the Government Property Agency will identify government properties with commercialisation potential with a view to realising such potential and will explore the possibility of introducing commercial activities within government properties where appropriate. In this connection, will the Administration inform this Committee of:

- (a) details of the government properties in which commercial activities were introduced in the past five years (i.e. from 2008 to 2012);
- (b) details of the government properties in which commercial activities will be introduced and the expenditure involved.

Asked by: Hon. TANG Ka-piu

Reply:

- (a) Among the government properties which were initially identified as having new commercialisation opportunities from 2008 to 2012, commercial activities were eventually introduced in respect of the following 11 properties:

	Property	Proposed Use
1.	The external walls of Murray Road Multi-storey Carpark Building	Advertising area
2.	The external walls of Yaumatei Carpark Building	Advertising area
3.	Government Flying Service Headquarters	Canteen
4.	Electrical & Mechanical Services Department Headquarters	Canteen
5.	Broadcasting House, Radio Television Hong Kong	Canteen
6.	Yaumatei Police Station	Canteen
7.	Block A, Government Dockyard, Stonecutters Island	Canteen
8.	Fire Services Headquarters Building	Canteen
9.	Central Government Offices at Tamar	Canteen

	Property	Proposed Use
10.	Central Government Offices at Tamar	Automatic Teller Machine No.1
11.	Central Government Offices at Tamar	Automatic Teller Machine No.2

Besides, among the properties initially identified as having new commercialisation opportunities in 2012, the Government Property Agency is conducting further analysis on the feasibility of introducing commercial activities in respect of the following 11 properties:

	Property	Proposed Use
1.	Part of the columns and walls on ground floor of Queensway Plaza	Advertising area
2.	Mongkok Stadium	Advertising area
3.	The external walls of Ngau Tau Kok Market	Advertising area
4.	Tai Po Government Offices	Automatic Teller Machine
5.	Queen Elizabeth Stadium	Automatic Teller Machine
6.	Bowrington Road Market	Automatic Teller Machine
7.	Causeway Bay Market	Automatic Teller Machine
8.	Tang Lung Chau Market	Automatic Teller Machine
9.	Harbour Building	Automatic Vending Machine
10.	Shop C, 1/F, Passenger Terminal Building, Shenzhen Bay Port Hong Kong Port Area	Shop
11.	Shop D, 1/F, Passenger Terminal Building, Shenzhen Bay Port Hong Kong Port Area	Shop

- (b) In 2013, the Agency initially identifies the following 10 properties which may have new commercialisation opportunities:

	Property	Proposed Use
1.	The roof of Argyle Street Waterworks Depot	Advertising area
2.	The roof of Water Supplies Department Hong Kong Regional Building	Advertising area
3.	The roof and external walls of Water Supplies Department Kowloon East Regional Building	Advertising area
4.	The external walls of Water Supplies Department Kowloon West Regional Building	Advertising area
5.	The external walls of Tsuen Wan Market	Advertising area
6.	The external walls of San Hui Market, Tuen Mun	Advertising area
7.	Harbour Building	Automatic Teller Machine
8.	Man Kam To Control Point	Automatic Teller Machine

	Property	Proposed Use
9.	Ground floor lobby of Wanchai Tower	Automatic Vending Machine
10.	Departure hall of China Ferry Terminal	Café

After the Agency has initially identified a government property with commercialisation opportunity, we will consult the concerned department(s) and examine in detail the impact of the proposal on the image and outlook of the government building, the pedestrian flow, fire escape, fire services and building installations to determine whether the proposed commercial use will be feasible for the identified government property.

As government properties are designed as offices, public facilities or for other government uses, but not for commercial purposes, only limited properties may have commercialisation opportunities. As most properties suitable for commercial use have been leased out, we anticipate that the number of properties having new commercialisation opportunities will diminish progressively.

As the officers involved in this task also undertake other duties, we do not have a separate breakdown of the expenditure in this aspect.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 9.4.2013

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

**FSTB(Tsy)177**

Question Serial No.

3595

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

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- (a) Please provide the names and tenants of the government properties let out by the Administration in 2012-13, as well as the names of the properties to be let out in 2013-14.
- (b) Please provide the names of the government properties that had not been successfully let out in the past five years (up to 2012-13).

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

- (a) In 2012-13, the Government Property Agency let out certain units or facilities in the government properties (including quarters, canteens, shops, car parks, areas for advertising and automatic teller machines, etc.) as set out at Annex I and 41 mobile radio base stations. The tenants include individuals, private companies and non-governmental organisations. As the identity of the tenants may involve personal or sensitive commercial data, we are unable to disclose such information.

The Agency will continue leasing out government properties in accordance with the established policy to optimise the use of resources. As we are examining in detail properties for leasing out in 2013-14, such information is not available at this stage.

- (b) In the past five years, letting was unsuccessful for the six government properties (exclusive of those lettings temporarily withheld due to maintenance) set out at Annex II.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 12.4.2013

**Government Properties Leased Out in 2012-13\***

1. South Block, 2 Lower Albert Road
2. Sha Tin Government Offices, 1 Sheung Wo Che Road
3. Yau Ma Tei Multi-storey Car Park Building, 250 Shanghai Street
4. Plover Cove Government Quarters, Tai Mei Tuk
5. City Hall Multi-storey Car Park Building
6. Tai Tam Tuk Raw Water Pumping Station Senior Staff Quarters
7. Chater Hall, 1 Conduit Road
8. Pedestrian Subway, Connaught Road Central
9. China Ferry Terminal
10. Terminal Building, Central Pier No. 8
11. Bus Terminus, Exchange Square, Central
12. Hung Hom Divisional Police Station, 99 Princess Margaret Road
13. Star Ferry Pier Multi-storey Car Park Building
14. Ancillary Facilities Block, Tin Yan Estate
15. Mong Kok Police Station, 142 Prince Edward Road West
16. West Pier, Marine Police Base, 42 Tai Hong Street
17. Mansfield Road Quarters, 2-11 Mansfield Road
18. North Point (East) Ferry Pier
19. Two-storey Government Building, 45 Shiu Wo Street
20. Hong Kong Police Force Kowloon East Operational Base, 2 Siu Yip Street
21. Tai Po Police Station, 4 On Po Lane
22. Fire Services Headquarters Building, 1 Hong Chong Road
23. 60 Sing Woo Road
24. Yee Man House and Choi Man House, Ho Man Tin Estate
25. Shun Lee Disciplined Services Quarters, 32 Lee On Road
26. Immigration Tower, 7 Gloucester Road
27. 1 Mei Tin Road, Sha Tin
28. Kowloon Tong Public Transport Interchange, Suffolk Road
29. Terminal Building, Sha Tau Kok Control Point
30. 88 Stanley Village Road
31. 2 Breezy Path
32. Government Dockyard, Stonecutters Island
33. Public Cargo Working Area, 16 Ngong Wan Road



34. Rumsey Street Multi-storey Car Park Building
35. High Court Building, 38 Queensway
36. Queensway Government Offices, 66 Queensway
37. United Centre, 95 Queensway
38. Cheung Sha Wan Government Offices, 303 Cheung Sha Wan Road
39. Yuen Long Police Station, 246 Castle Peak Road
40. New Territories South Regional Police Headquarters and Operational Base, 8 Shing Mun Road
41. Block E, Prince of Wales Hospital Staff Quarters
42. Elm Tree Towers, 8 Chun Fai Road
43. Murray Building, 22 Cotton Tree Drive
44. 3 Hung Ling Street, Hung Hom
45. Murray Road Multi-Storey Carpark Building, 2 Murray Road
46. Bus Terminus, South Horizons
47. 1 Hoi Wang Road
48. Tuen Mun Public Cargo Working Area, Hoi Wah Road
49. 99 Siena Avenue
50. 8 Catering Road West
51. Tsuen Wan Multi-Storey Car Park Building
52. 8-10 Caldecott Road
53. Blocks 41-44, Baguio Villa, 550 Victoria Road
54. Sau Mau Ping Police Station, 200 Hong Ning Road
55. Central Government Offices, 2 Tim Mei Avenue
56. Manderly Garden, 48 Deep Water Bay Road
57. Passenger Terminal Building, Shenzhen Bay Port Hong Kong Port Area
58. 111 Mount Butler Road
59. 8 First Street
60. Macau Ferry Terminal
61. Shun Lee Shopping Centre (Phase II), Shun Lee Estate
62. Ancillary Facilities Block, Tsz Ching Estate
63. Passenger Terminal Building, Lok Ma Chau Control Point
64. Hang Ping Street Stone House, Kwai Chung
65. Kwai Chung Police Station, 999 Kwai Chung Road
66. Kwun Tong Community Centre, 17 Tsui Ping Road
67. Yau Ma Tei Police Station, 627 Canton Road
68. Police Tactical Unit Headquarters, 1 Wu Tip Shan Road
69. Wylie Court, 15-23 Wylie Path

70. Pedestrian Subway, Chater Road
71. Sai Kung Government Offices, 34 Chan Man Street
72. Tsim Sha Tsui Police Station, 213 Nathan Road
73. Tower 5, Hong Kong Baptist University Staff Quarters, 22 Sui Wo Road
74. 122 Pok Fu Lam Road
75. Police Officers' Club, 28 Hung Hing Road
76. Ex-Wan Chai Cargo Working Area, Hung Hing Road
77. Kwun Tong Police Station, 9 Lei Yue Mun Road
78. Hoi Hong Building, 47 Tit Shu Street
79. Kwun Tong Ferry Pier
80. 4 Fuk Tong Road, Kwun Tong

\* Units or facilities in the above properties were successfully let out in 2012-13. Some properties involve more than one tenancy and their uses include quarters, canteens, shops, carparks, areas for advertising and automatic teller machines, etc.

**Government Properties  
that were Unable to be Leased out in the Past Five Years**

<u>Property</u>	<u>Proposed Use</u>	<u>First Tender Date</u>
1. Tsuen Wan Transport Complex (The site was granted to MTR for West Rail cum residential development in April 2012)	Advertising area <sup>Note 1</sup>	19 September 2008
2. China Ferry Terminal	Advertising area <sup>Note 1</sup>	17 July 2009
3. Lok Ma Chau Control Point <sup>Note 2</sup>	Automatic Teller Machine <sup>Note 1</sup>	24 October 2008
4. Shun Lee Disciplined Services Quarters	Automatic Teller Machine <sup>Note 1</sup>	10 August 2012
5. Macau Ferry Terminal	Shop <sup>Note 3</sup>	20 April 2012
6. Shun Lee Disciplined Services Quarters	Shop <sup>Note 3</sup>	14 September 2012

Note 1 On the Agency's review after the unsuccessful tendering, the respective locations for advertising and automatic teller machine were found to have limited commercial potential and hence not re-tendered.

Note 2 This property involves two locations for automatic teller machines.

Note 3 The shops in Shun Lee Disciplined Services Quarters and Macau Ferry Terminal were re-tendered on 25 January 2013 and 15 March 2013 respectively, and their results are not yet available.

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

**FSTB(Tsy)178**

Question Serial No.

3596

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

According to the fifth Indicator (net change in leased office accommodation), the Administration estimates that in 2013, there will be a large net increase in leased office accommodation of 16 000m<sup>2</sup> from the 2012 level (at 2 802m<sup>2</sup>). What are the reasons? Which departments will be involved and how much monthly rental expenses will be incurred?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

The Government Property Agency estimates that there will be a net increase of 16 000m<sup>2</sup> in leased office accommodation in 2013. The additional leased office space is mainly for reprovisioning the stores of the Customs and Excise Department, the Department of Health and the Immigration Department currently located in the Government-owned Government Logistics Centre to make available some of the floors for accommodating the printing workshop of the Government Logistics Department with a view to enhancing its operational efficiency. Moreover, additional office space will be provided to the Social Welfare Department, the Labour Department, Radio Television Hong Kong and the Leisure and Cultural Services Department, etc. for launching new services.

Since we are still identifying suitable premises for leasing, we are unable to provide the rental information at this stage.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 8.4.2013

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

**FSTB(Tsy)179**

Question Serial No.

3597

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

According to the fourth Indicator (new allocation of owned office space to government bureaux/departments), the newly allocated owned office space is estimated to be 6 000m<sup>2</sup> in 2013. Please explain why there is a drop in the figure compared to 6 869m<sup>2</sup> in 2012.

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

The government-owned office space newly allocated to departments by the Government Property Agency each year is mainly the government-owned accommodation released upon relocation of departments to new offices (including new government buildings and newly leased premises) to meet their operational needs. While we will re-allocate such released office space to other departments, the space available for re-allocation each year varies, depending on the area that can be provided in new government buildings and newly leased premises in the year. As there will not be any large-scale government office relocation exercise in 2013, the area of owned office space that can be released for re-allocation is less than that in 2012 by about 800m<sup>2</sup>.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 8.4.2013

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

**FSTB(Tsy)180**

Question Serial No.

3598

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

According to the sixth Indicator, lease renewals in 2013 is anticipated for 83 000m<sup>2</sup> of offices, above the 2012 level at 53 730m<sup>2</sup>. Please explain and provide the monthly rental incurred.

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

Before expiry of a tenancy, the Government Property Agency will determine if the tenancy should be renewed having regard to the operational needs of the department(s) concerned. As the office floor area involved in the 2013 renewals will depend on the areas covered by the tenancies to be renewed in that year, the figure cannot be compared directly with that of 2012.

Based on the rental information of the relevant properties in December 2012, the Agency estimates a total rent of about \$24 million per month for the office tenancies renewable in 2013.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 15.4.2013

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

**FSTB(Tsy)181**

Question Serial No.

3599

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

Programme: (2) Property Management

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under Programme (2) "Property Management", the Administration's estimate for 2013 is \$1,077 million, increased by \$74.8 million over the provision in 2012. Please explain and provide details of the increase.

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

Under Programme (2) "Property Management", the estimated provision for 2013-14 is \$74.8 million more than the revised estimate for 2012-13. This is mainly attributed to the anticipated increase in property management, repair and maintenance charges in the coming year resulting from factors such as rise in wages and material costs. Moreover, we anticipate that more government-owned properties in private developments will need renovation, hence increasing the expenditure in this respect.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 9.4.2013

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

**FSTB(Tsy)182**

Question Serial No.

4258

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated under "Matters Requiring Special Attention in 2013-14" under Programme (1) that the Government Property Agency will pursue leasing opportunities where appropriate. In this regard, please inform this Committee of the following:

1. Which leased properties will be released in 2013-14? What does it mean by "where appropriate"? What are the reasons and arrangements for the releasing?
2. What is the percentage of leased premises out of the total office areas of all government departments and the rental involved? Will the Agency explore ways to reduce such expenditure?

Asked by: Hon. WONG Kwok-hing

Reply:

1. Having regard to the operational needs of the departments concerned and the terms of the relevant tenancy agreements, the Government Property Agency plans to release 28 tenancies for the properties mainly located in Hung Hom, Kwun Tong, Yuen Long and Chek Lap Kok in 2013. The rental saving is estimated at about \$55 million per annum. As we still need to discuss with the landlords on the releasing arrangements, it is not appropriate to provide the details at this stage.
2. As at the end of December 2012, the area of leased office accommodation accounts for 28.4% of the total areas of government office accommodation<sup>Note 1</sup> and the monthly rental expenditure was about \$65 million.

It is Government's policy to utilise as far as possible government-owned accommodation as offices and relocate those government offices with no specific location requirements out of high-value areas, including Central Business Districts. When implementing this policy, the Government will take into account operational needs of the departments and other relevant factors to decide whether the tenancies of the currently leased premises should be terminated to save rental expenditure. A recent example is that the Department of Justice (DoJ) plans to relocate its offices to the former Central Government Offices in phases starting from 2015. We will then re-allocate DoJ's accommodation in the Queensway Government Offices to other departments, including those currently occupying leased premises in Central and Admiralty and terminate the tenancies concerned. In addition, we will construct new government office buildings to reduce the need for leasing private properties. The Government is constructing the Trade and Industry Tower in the Kai Tak Development Area. Upon its completion by end 2014, we will arrange to relocate some of the departments currently occupying leased premises in Kowloon to save rental expenditure.

Note 1 Specialist and departmental buildings occupied and managed by the respective government bureaux and departments are not included.



Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 11.4.2013

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

**FSTB(Tsy)183**

Question Serial No.

4259

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

Programme: (3) Estate Utilisation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Concerning estate utilisation of the Government Property Agency under Programme (3), will the Administration inform this Committee of the following:

1. the vacancy rates of government properties in the past three years (2010-11, 2011-12 and 2012-13) and the top 30 government bureaux and departments with the most surplus properties and their respective ranking;
2. a brief description of the surplus departmental properties put to alternative uses or disposal in the past three years (2010-11, 2011-12 and 2012-13) and the expenditure involved;
3. a brief description of the surplus departmental properties planned for alternative uses or disposal this year (2012-13) and the expenditure involved; and
4. will the Administration consider changing the land use of surplus departmental properties for residential development available for procurement and leasing by the public so as to alleviate the housing problem?

Asked by: Hon. WONG Kwok-hing

Reply:

1. The overall yearly vacancy of government properties in the past three years were about 0.1% respectively. When calculating the vacancy rates, we have excluded temporarily vacant properties reserved for redevelopment or other purposes, as well as properties pending demolition or sale, those that are dilapidated or unusable, and those temporarily vacant pending allocation, refurbishment and renovation.

As we have not compiled vacancy rates for individual bureaux and departments, only overall figures for Government are available.

2. Under Programme (3) “Estate Utilisation”, properties released for alternative uses or disposal in the past three years with the assistance of the Government Property Agency are as follows:

2010

	Government property	Converted to alternative use or disposal	Expenditure involved
1	Government Quarters, 8-12 Deep Water Bay Drive, Shouson Hill	Sale for residential development	Not applicable
2	Ex-Canton Road Government Offices, 393 Canton Road, Tsim Sha Tsui	Mass Transit Railway project	Not applicable
3	Ex-Ho Man Tin Police Married Quarters, 81 Chung Hau Street, Ho Man Tin	New campus of Open University of Hong Kong	No expenditure involved*
4	Ex-Kwai Chung Police Married Quarters, 997 Kwai Chung Road	Public housing development	Under planning. Estimated expenditure is not available.
5	Portion of ex-Perowne Barracks, Tuen Mun Town Lot No. 475	International school development	No expenditure involved*
6	Portion of ex-Perowne Barracks, Tuen Mun Town Lot No.489	New campus of Chu Hai College	No expenditure involved*

\* The concerned institutions are responsible for their respective development costs.

2011

	Government property	Converted to alternative use or disposal	Expenditure involved
1	Ex-Wan Chai Police Married Quarters, 188 Jaffe Road, Wan Chai	Tentative sale for hotel, community and cultural developments	Not applicable
2	Portion of ex-Perowne Barracks, Tuen Mun Town Lot No.423	Sale for residential development	Not applicable

2012

	Government property	Converted to alternative use or disposal	Expenditure involved
1	Ex-Hollywood Road Police Married Quarters, 35 Aberdeen Street, Central	Revitalisation into a creative centre	Conversion cost at about \$560 million
2	Ex-Tsz Wan Shan Staff Quarters, 57 Sheung Fung Street, Tsz Wan Shan	Development of disciplined services quarters	Under planning. Estimated expenditure is not available.
3	Ex-Kwun Tong District Branch Offices Building, 6 Tung Yan Street, Kwun Tong	Urban renewal project of the Urban Renewal Authority	Not applicable
4	Tsuen Wan Transport Complex, 98 Tai Ho Road, Tsuen Wan	West Rail cum residential development	Not applicable

3. Under Programme (3), we plan to assist in releasing the following properties in 2013 for alternative uses or disposal:

	Government property	Converted to alternative uses or disposal	Expenditure involved
1	Ex-Tin Wan Staff Quarters, 64 Tin Wan Street, Aberdeen	Development of disciplined services quarters	Under planning. Estimated expenditure is not available.
2	Ex-Lok Fu Staff Quarters, 29 Heng Lam Street, Lok Fu	Development of disciplined services quarters	Under planning. Estimated expenditure is not available.

4. The Government will consider releasing under-utilised properties for alternative uses, including residential development. A recent example is the release of Tusen Wan Transport Complex for West Rail cum residential development.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 15.4.2013

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

**FSTB(Tsy)184**

Question Serial No.

4260

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated under Programme (1) that an increased provision of \$62.8 million (8.9%) is mainly due to anticipated rise in office rentals and addition of four posts. In this regard, please inform this Committee of the following:

1. the percentage of office rentals out of the total expenditure of the Government Property Agency and the rate of annual increase in the past five years (from 2008-09 to 2012-13);
2. the percentage of office rentals out of the total expenditure in 2012-13. Which properties were released?
3. will the Agency explore ways to reduce the expenditure on office rentals?

Asked by: Hon. WONG Kwok-hing

Reply:

1. The percentage of office rentals<sup>Note 1</sup> out of the total expenditure of the Government Property Agency and the percentage change of annual office rentals in the past five years are as follows:

Financial Year	Office rentals as a percentage of the total expenditure of the Agency	Percentage change of office rentals over the preceding financial year
2008-09	40.6%	Not applicable
2009-10	40.5%	-1.5%
2010-11	39.7%	-3.1%
2011-12	38.7%	-1.2%
2012-13	36.5%	-0.8%

Note 1 Rental expenditures of the Agency include rents and the associated property management and air-conditioning charges.

2. In 2012-13, office rentals of the Agency account for about 90% of the revised estimate under Programme (1) of the Controlling Officer's Report.

Having regard to the operational needs of the departments concerned and the terms of the relevant tenancy agreements, the Agency plans to de lease 28 tenancies for the properties mainly located in Hung Hom, Kwun Tong, Yuen Long and Chek Lap Kok in 2013. The rental saving is estimated at about \$55 million per annum. As we still need to discuss with the landlords on the de leasing arrangements, it is not appropriate to provide the details of the user departments and the properties concerned at this stage.

3. It is Government's policy to utilise as far as possible government-owned accommodation as offices and relocate those government offices with no specific location requirements out of high-value areas, including Central Business Districts. When implementing this policy, the Government will take into account operational needs of the departments and other relevant factors to decide whether the tenancies of the currently leased premises should be terminated to save rental expenditure. A recent example is that the Department of Justice (DoJ) plans to relocate its offices to the former Central Government Offices in phases starting from 2015. We will then re-allocate DoJ's accommodation in the Queensway Government Offices to other departments, including those currently occupying leased premises in Central and Admiralty and terminate the tenancies concerned. In addition, we will construct new government office buildings to reduce the need for leasing private properties. The Government is constructing the Trade and Industry Tower in the Kai Tak Development Area. Upon its completion by end 2014, we will arrange to relocate some of the departments currently occupying leased premises in Kowloon to save rental expenditure.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 11.4.2013

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

**FSTB(Tsy)185**

Question Serial No.

4609

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

Programme: (1) Acquisition and Allocation

Controlling Officer: Government Property Administrator

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

As mentioned in the Budget Speech, the new Trade and Industry Tower (TI Tower) in the Kai Tak Development Area will be completed by end-2014, and the Government is proceeding with the relocation of departments in the three government office buildings at the Wan Chai waterfront. What is the progress of the programme? When does the Government expect various departments to move into the new TI Tower? Has the Government assessed the impact of the new office building in operation on the economic development of the neighbouring areas?

Asked by: Hon. WU Chi-wai

Reply:

The new Trade and Industry Tower (TI Tower) in the Kai Tak Development Area will be completed by end-2014. Departments concerned will then be relocated to the TI Tower progressively, to help facilitate development of the respective districts and take forward the Energizing Kowloon East initiative.

The Government is actively preparing for relocating the three government office buildings at the Wan Chai waterfront to new government office buildings in non-Central Business Districts. We have planned to relocate some departments in the three government office buildings to the West Kowloon Government Offices under planning. The construction works are expected to commence in 2014-15 for completion in 2018. We have also earmarked sites in other districts such as Kai Tak and Tseung Kwan O to construct new government office buildings for the reprovisioning exercise. Construction works will commence from 2015-16 onwards, with the first office building expected to complete in 2019-20.

In view of the large scale of the relocation project involving 29 departments with more than 10 000 staff, it takes time for preparation and construction of the replacement buildings. Relocation will therefore be implemented in phases. Upon completion of the new government office buildings, we will arrange for departments concerned to move out of the three government office buildings at the Wan Chai waterfront in phases and lease out the vacant floor space for increasing the supply of Grade A offices in Wan Chai as soon as possible. Upon completion of the whole relocation project, we will consider selling the three government office buildings at Wan Chai waterfront when the timing is appropriate. It is estimated that this will provide floor area of 175 000m<sup>2</sup> for commercial use. We expect that the construction of new government office buildings in districts such as Kai Tak and Tseung Kwan O can facilitate development of these districts.

Name in block letters: Alan Siu

Post Title: Government Property Administrator

Date: 8.4.2013



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

**FSTB(Tsy)186**

Question Serial No.

4794

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

Programme:                    (2) Supplies Management

Controlling Officer:        Director of Government Logistics

Director of Bureau:        Secretary for Financial Services and the Treasury

Question:

For about how long can all the existing stationery stock of the Government last for use by all government departments? Besides, what is the quantity of unserviceable goods needed to be disposed of due to expiry among all the goods purchased by the Government up to 2012-13?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

According to the existing practice, the Government Logistics Department (GLD) will arrange bulk contracts (the contract period is usually 24 months) in accordance with the forecast requirements on common-user items (such as stationery) submitted by government departments. Once arranged, government departments can order the required items from suppliers directly based on their operation needs. As individual departments will order goods directly from suppliers, GLD does not have the relevant information on the stock levels of goods and their shelf lives. GLD will issue circulars regularly to remind government departments to follow the good practices in the management of stores so as to avoid excessive stores and the need to dispose expired items.

Name in block letters: Ms Maisie CHENG

Post Title: Director of Government Logistics

Date: 8.4.2013

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

**FSTB(Tsy)187**

Question Serial No.

4795

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

Programme: (2) Supplies Management

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government Logistics Department supplies additional and replacement items of quarters furniture for government quarters. What is the total number of additional and replacement items for 2012-13 and the expenditure involved? Is there any ceiling price for each additional item? If yes, what is the ceiling price? If no, why?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

In 2012-13 (up to 15 March 2013), the Government Logistics Department (GLD) supplied a total of 7 599 additional and replacement items of quarters furniture for government quarters (including refurbished furniture for reuse). The total value was \$4,824,752 (at an average value of \$635 each).

GLD supplies furniture for government quarters according to the approved scales, designated designs and specifications in accordance with Government's internal guidelines. The emphasis of the design of government furniture is on their functionality, practicality and durability. They are purchased through competitive bidding by quotation or open tender procedures. Although we do not have a ceiling purchase price for each piece of furniture, market competition should ensure that the purchase price would be in line with the economic principles and value for money.

Name in block letters: Ms Maisie CHENG

Post Title: Director of Government Logistics

Date: 8.4.2013

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

**FSTB(Tsy)188**

Question Serial No.

4796

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

Programme: (2) Supplies Management

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

How many technically obsolete and unclaimed stores as at present? What do these stores include? How will they be handled and what is the stockholding?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

Government departments are delegated with authority to dispose of surplus stores (including serviceable or unserviceable items). These surplus stores comprise among others technically obsolete stores (e.g. portable computers and televisions) and unclaimed stores (including portable computers, mobile phones and video games etc.). If a department establishes that a surplus store item is not wanted within the Government, it shall consider whether to dispose of it through donation, commercial disposal or dumping. If a department considers that a surplus store item has saleable value, it shall request the Government Logistics Department (GLD) to arrange for commercial disposal by means of tendering or auction. If a department is satisfied that a surplus store item, which has been established as not wanted within the Government, is not fit for donation and commercial disposal is not cost-effective, it may arrange to dump the item.

As surplus stores are mainly kept and disposed of by the departments on their own, GLD does not have the relevant records. As far as GLD is concerned, we do not have any technically obsolete or unclaimed stores in stock.

Name in block letters: Ms Maisie CHENG

Post Title: Director of Government Logistics

Date: 10.4.2013

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

**FSTB(Tsy)189**

Question Serial No.

4806

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

Programme: (3) Land Transport

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please advise whether the official cars of the newly appointed Directors of Bureaux have been replaced after their assumption of duty. If yes, why were they replaced? Which bureaux have their cars replaced and what is the expenditure?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

Except for the Secretary for Transport and Housing (STH), the Directors of Bureaux in the existing term have not replaced their cars. Due to damages sustained in a traffic accident earlier, the car of STH was assessed as uneconomic to repair and hence needed to be replaced. The new car was delivered in early March this year. The price of the car was about \$430,000.

Name in block letters: Ms Maisie CHENG

Post Title: Director of Government Logistics

Date: 8.4.2013

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

**FSTB(Tsy)190**

Question Serial No.

4808

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

Programme: (3) Land Transport

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please advise, among all the Directors of Bureaux (DoBs), whether the Secretary for the Environment is presently the only one using environment-friendly vehicle as official car. If yes, given the Government's active support in promoting environmental protection, why do the other DoBs not use environment-friendly vehicles? If all the DoBs also use environment-friendly vehicles, what will be the estimated expenditure?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

Subject to the availability of suitable models on the market and operational and resource considerations, we have given priority to environment-friendly (EF) vehicles when replacing vehicles in the government fleet. All the existing cars used by the Directors of Bureaux met the qualifying standards (including emission and fuel efficiency) of the Environmental Protection Department's tax incentive schemes for EF petrol private cars when they were procured.

Name in block letters: Ms Maisie CHENG

Post Title: Director of Government Logistics

Date: 5.4.2013

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

**FSTB(Tsy)191**

Question Serial No.

4809

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

Programme: (3) Land Transport

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

To contribute to the Government's policy on environmental protection, the Government Logistics Department explores the feasibility of using more environment-friendly vehicles in the government fleet. Please advise the total number of liquefied petroleum gas light buses used by the Government to replace diesel light buses. Which departments have replaced their buses and what is the expenditure involved?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

Since 2002, the Government has progressively replaced diesel light buses in the government fleet that were due for replacement with liquefied petroleum gas (LPG) light buses. Currently 249 of the 261 light buses in the government fleet are LPG light buses. The total expenditure involved for purchasing these vehicles was \$92.13 million. Food and Environmental Hygiene Department, Department of Health, Immigration Department and Water Supplies Department are among the major departments using these LPG light buses.

Name in block letters: Ms Maisie CHENG

Post Title: Director of Government Logistics

Date: 30.3.2013

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

**FSTB(Tsy)192**

Question Serial No.

4810

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

Programme:                    (3) Land Transport

Controlling Officer:        Director of Government Logistics

Director of Bureau:        Secretary for Financial Services and the Treasury

Question:

The Government Logistics Department vets requests from various government departments for additional and replacement vehicles. What are the vetting criteria? What is the ceiling price of vehicle? What is the expenditure involved for the requests for additional and replacement vehicles in 2012-13?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

The Government Logistics Department (GLD) assesses vehicles that are due for replacement on the basis of the Economic Life Model (ELM) which takes into account accumulated maintenance cost, vehicle age, mileage run and replacement cost. If the result of ELM indicates that it would no longer be economical to keep the vehicles, departments may consider replacing them. When vetting requests for replacement vehicles from departments, we will also consider the past utilisation of the vehicles concerned. In vetting requests for additional vehicles, we will take into account the following factors:

- (i) whether there is a change in departmental activities which lead to an additional demand for vehicles in the department;
- (ii) the feasibility of utilising existing vehicles to meet the demand;
- (iii) implications on operational efficiency if the request of the department is rejected; and
- (iv) whether there are alternatives in meeting the need of the department, such as using public transport and hiring of vehicles.

Generally, the Government will procure vehicles through tenders. Suppliers will bid a competitive price on the basis of the requirements of the tender specifications. Through this competitive bidding process, the Government can purchase vehicles at a competitive price. The total expenditure involved on replacement and additional vehicles for 2012-13 was about \$137 million.

Name in block letters: Ms Maisie CHENG

Post Title: Director of Government Logistics

Date: 10.4.2013

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

**FSTB(Tsy)193**

Question Serial No.

4837

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

Programme: (4) Printing Services

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government Logistics Department is responsible for the printing of different types of publications and paper stationery, etc. for government departments in its daily operation. Will the Department use some recycled paper in order to protect the environment? If yes, what is the total volume of recycled paper used in 2012-13? What is the total expenditure on printing for 2012-13? Besides, can a breakdown of paper consumption and expenditure of various bureaux for 2012-13 be provided?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

The Government Logistics Department (GLD) uses recycled paper for the printing of publications and paper stationery where practicable and also encourages bureaux/departments to use recycled paper for the printing of publications or documents as far as possible. In the eleven months from April 2012 to February 2013, GLD used a total of 860 metric tonnes of recycled paper. For 2012-13, the estimated expenditure on printing services is \$224.3 million. GLD does not have information on the paper consumption and related expenditures of various bureaux.

Name in block letters: Ms Maisie CHENG

Post Title: Director of Government Logistics

Date: 8.4.2013



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

**FSTB(Tsy)194**

Question Serial No.

3600

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

Programme: (1) Procurement

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What is the total number of procurement contracts signed by the Government over the past five years (up to 2012-13)? What is the value of the highest value procurement contract? It is for what item? The lowest value procurement contract is for what item? What is its value?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

The number of procurement contracts awarded by the Government Logistics Department (GLD) for various bureaux/departments (b/ds) over the past five years is as follows:

2008	-	473
2009	-	544
2010	-	510
2011	-	449
2012	-	490

In terms of the value in a single contract, the highest one is for the supply of two fixed-wing aircraft and associated mission equipment for the Government Flying Service. The total value is \$748 million. The lowest one is for the supply of motor crankcase oil for government departments. The total value is \$600\*.

\* The tender concerned was for the supply of eight types of motor crankcase oil. One of the contractors was awarded a contract for one type of motor crankcase oil with a value of \$600. The total contract value of the other seven types for motor crankcase oil was \$2.2 million.

Name in block letters: Ms Maisie CHENG

Post Title: Director of Government Logistics

Date: 8.4.2013

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

**FSTB(Tsy)195**

Question Serial No.

3601

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

Programme: (3) Land Transport

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What is the total number of blameworthy accidents involving government drivers each year over the past five years (up to 2012-13)? If any, what are the details? Is injury or fatality involved?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

The number of traffic accidents in which the drivers of government vehicles were convicted by the court and those which involved injury or fatality over the past five years are set out as follows:

Year	Number of traffic accidents in which the drivers of government vehicles were convicted		
	Total	Number of traffic accidents involving injury	Number of traffic accidents involving fatality
2008-09	198	28	0
2009-10	223	19	0
2010-11	137	20	0
2011-12	99	3	0
2012-13*	15	3	0

Note:

\* Up to 28 February 2013

Name in block letters: Ms Maisie CHENG

Post Title: Director of Government Logistics

Date: 30.3.2013

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

**FSTB(Tsy)196**

Question Serial No.

3602

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

Programme: (3) Land Transport

Controlling Officer: Director of Government Logistics

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- (a) Based on what criteria does the government appoint government drivers as drivers of Secretaries of Departments (SoDs) and Directors of Bureaux (DoBs)?
- (b) Please list the qualifications of the drivers of various SoDs and DoBs.

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

- (a) The Government Logistics Department (GLD) selects officers for appointment as drivers of the Secretaries of Departments (SoDs) and the Directors of Bureaux (DoBs) through the general promotion procedures for civil servants. During the selection process, GLD will take into account factors such as the officer's character, working experience, performance, driving record and communication skills.
- (b) For the existing drivers of various SoDs and DoBs, their year of service as driver ranges from 8 to 40 years. Their average year of service as driver is about 23 years.

Name in block letters: Ms Maisie CHENG

Post Title: Director of Government Logistics

Date: 30.3.2013

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

**FSTB(Tsy)197**

Question Serial No.

5208

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme:

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please list the percentages of the flats purchased by non-Hong Kong residents out of the total numbers of transactions of flats in the past five years (i.e. 2008-09 to 2012-13) and the transaction amounts involved.

Asked by: Hon. CHEUNG Chiu-hung, Fernando

Reply:

In respect of information on buyers of residential properties, the Inland Revenue Department keeps statistical breakdown by reference to individual buyers holding Hong Kong identity card, individual buyers not holding Hong Kong identity card and company buyers. In the past five years, the statistics on buyers who were individuals not holding Hong Kong identity card and company buyers are as follows -

Year	Total no. of agreements for sale and purchase of residential properties	Buyers who are individuals not holding Hong Kong identity cards and company buyers		
		No. of agreements for sale and purchase	Proportion	Total amounts involved (\$ billion)
2009	132 775	18 823	14.18%	150.478
2010	155 723	27 493	17.66%	227.868
2011	96 034	16 229	16.90%	176.048
2012	91 264	12 313	13.49%	138.816
2013 (As at 28.2.2013)	13 994	587	4.19%	4.552

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 3.4.2013

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

**FSTB(Tsy)198**

Question Serial No.

4405

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

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the brief description that "In 2012-13, the Department continued to enhance the quality and efficiency of its services through a wider use of information technology (IT) and streamlining of procedures. Under eTAX at GovHK, individual taxpayers can file tax returns, obtain personal tax information, notify changes of personal particulars as well as lodge requests for revision of assessment electronically. They may also select to receive notices and documents related to tax return filing ... in an electronic form..." Could the Administration inform this Committee of the popularity of electronic filing of tax returns and the percentage share of electronic tax returns filed out of the total number of tax returns filed? What measures will the Inland Revenue Department take in the coming year to encourage the public to file tax returns electronically?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

The Inland Revenue Department (IRD) has been making continued efforts to enhance its electronic services so as to facilitate taxpayers' filing of tax returns electronically. Since online filing of tax returns was first introduced in 2001, the number of tax returns filed electronically has increased continuously from around 2 000 in the 2001-02 financial year to around 391 000 in the 2012-13 financial year (as at 28 February 2013). The numbers and percentage shares of tax returns filed electronically in the 2012-13 financial year are as follows -

Financial Year	Total number of tax returns filed online (% of the respective total tax returns)			
	Profits Tax Return	Individual Tax Return	Property Tax Return	Employer's Return
2012-13 (As at 28.2.2013)	1 200 (0.3%)	378 000 (15.9%)	6 600 (4.4%)	4 700 (1.6%)

IRD will continue to promote electronic filing services in the 2013-14 financial year. IRD will launch a series of promotional activities, including seminars, posters, publicity leaflets, newspaper advertisements, electronic media advertisements, Internet publicity, roving exhibitions, promotional messages as well as e-mails to civil servants and other organizations.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 26.3.2013

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

**FSTB(Tsy)199**

Question Serial No.

3653

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme:

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the departmental records management work over the past three years (up to 2012):

1. Please provide information on the number and rank of officers designated to perform such work. If there is no officer designated for such work, please provide information on the number of officers and the hours of work involved in records management duties, and the other duties they have to undertake in addition to records management;

2. Please list in the table below information on business and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal:

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents

3. Please list in the table below information on business and administrative records which have been transferred to GRS for retention:

Category of records	Years covered by the records	Number and linear metres of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents

4. Please list in the table below information on records which have been approved for destruction by GRS:

Category of records	Years covered by the records	Number and linear metres of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents

Asked by: Hon. HO Sau-lan, Cyd

Reply:

1. While various ranks of officers in the Inland Revenue Department (IRD) are involved in records management duties during their daily work, there is no officer designated solely to perform records management work. However, a directorate officer (at the rank of Principal Executive Officer) is assigned as the Departmental Records Manager (DRM) to oversee records management in IRD. There are also a Deputy Departmental Records Manager (at the rank of Senior Executive Officer) and 39 officers from different sections of IRD (at the ranks of Senior Assessor, Assessor, Assistant Assessor, Executive Officer I, Executive Officer II, Senior Clerical Officer, Senior Taxation Officer and Taxation Officer) appointed as Assistant Departmental Records Managers to assist the DRM in monitoring the daily records management in their own sections. In addition to their records management duties, these officers have to undertake the respective duties of their own posts, including departmental administration, taxation and/or clerical work. IRD does not keep statistics on the hours of work involved in records management duties over the past three years.
2. Information on programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal over the past three financial years (i.e. from 1.4.2010 to 28.2.2013) is listed below -

Category of records	Years covered by the records	Number and linear metres (lm) of records	Retention period approved by GRS	Are they confidential documents
Administrative records	2005-2010	10 / 0.5 lm	2 or 3 years	No
Programme records	1994-2011	152 lm (see Note 1)	(pending GRS's vetting of the retention period)	No
Administrative records	2009-2012	12 240 / 2.5 lm	3 months or 1 year	No

Note (1): Records concerned include computer reports, printouts and temporary information which were difficult to quantify by numbers.

3. Information on programme and administrative records which have been transferred to GRS for retention over the past three financial years (i.e. from 1.4.2010 to 28.2.2013) is listed below -

Category of records	Years covered by the records	Number and linear metres (lm) of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents
Programme records	2006-2010	43 080 / 291.7 lm	2010-2013	10 years	No

4. Information on records which have been approved for destruction by GRS over the past three financial years (i.e. from 1.4.2010 to 28.2.2013) is listed below -

Category of records	Years covered by the records	Number and linear metres (lm) of records	Years that the list of records were transferred to GRS	Retention period approved by GRS	Are they confidential documents
Programme records	1997-2009	158 / 18 lm	2010	1 to 3 years	No
Programme records	2001-2010	112 lm (See Note 1)	2010	6 months to 7 years	No
Administrative records	2000-2010	0.5 lm (See Note 2)	2010	1 to 3 years	No
Programme	2002-2011	117.6 lm	2011	6 months to 7	No

records		(See Note 1)		years	
Programme records	2002-2009	2 079 lm (See Note 1)	2012	3 years	No
Programme records	Closed in 2010	27 612 (see Note 3)	2012	1 year	Yes
Programme records	Closed in 2011	20 142 / 54 lm	2012	1 year	Yes
Programme records	1997-2012	1 475 502 / 1 260.3 lm	2012	1 to 3 years	No

Note (1): Records concerned include computer reports, printouts and temporary information which were difficult to quantify by numbers.

(2): Records concerned include attendance books and daily service office logs which were measured in terms of linear metres only.

(3): Records were not measured in linear metres before destruction.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 27.3.2013



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

**FSTB(Tsy)200**

Question Serial No.

3526

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

Programme:                      (2) Collection

Controlling Officer:        Commissioner of Inland Revenue

Director of Bureau:        Secretary for Financial Services and the Treasury

Question:

In respect of the recovery actions taken by the Inland Revenue Department in the past five years (2008-09 to 2012-13), please provide the following details:

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

Asked by: Hon. LEE Wai-king, Starry

Reply:

(a) & (b)

Once a taxpayer defaults on tax payment, normally the Inland Revenue Department (IRD) will first impose a 5% surcharge on every overdue charge by issuing a 5% surcharge notice. If the taxpayer does not fully pay the tax within 6 months from the due date, IRD will issue a 10% surcharge notice to the taxpayer to further impose a 10% surcharge on the overdue tax and surcharge.

In the 2008-09 to 2012-13 financial years (as at 28 February 2013), the statistics on the surcharge notices issued by IRD for different tax types are as follows -

Types	5% surcharge			10% surcharge		
	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)
2008-09 financial year						
Profits Tax	12 500	103.5	2,070	2 400	60.7	578
Salaries Tax	131 800	83.8	1,676	5 800	18.6	177
Property Tax	11 800	4.6	92	900	1.2	12
Personal Assessment	11 300	4.2	84	800	3.5	33
Total	167 400	196.1	3,922	9 900	84.0	800

Types	5% surcharge			10% surcharge		
	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)
2009-10 financial year						
Profits Tax	11 800	95.84	1,917	2 600	104.62	996
Salaries Tax	151 300	93.70	1,874	6 700	34.06	324
Property Tax	17 400	8.08	162	900	0.68	7
Personal Assessment	7 800	4.45	89	700	2.48	24
Total	188 300	202.07	4,042	10 900	141.84	1,351
2010-11 financial year						
Profits Tax	14 300	77.35	1,547	3 000	42.90	409
Salaries Tax	147 100	92.63	1,853	7 100	24.85	237
Property Tax	15 900	8.53	171	1 300	2.04	19
Personal Assessment	11 800	4.41	88	600	1.05	10
Total	189 100	182.92	3,659	12 000	70.84	675
2011-12 financial year						
Profits Tax	13 300	78.57	1,571	3 000	50.98	486
Salaries Tax	156 600	112.40	2,248	7 200	30.58	291
Property Tax	16 700	9.78	196	1 100	2.31	22
Personal Assessment	12 900	5.29	106	600	2.26	21
Total	199 500	206.04	4,121	11 900	86.13	820
2012-13 financial year *						
Profits Tax	10 900	68.57	1,372	3 200	26.91	256
Salaries Tax	152 000	106.87	2,137	9 100	35.56	339
Property Tax	15 200	10.37	207	1 700	2.90	28
Personal Assessment	12 100	5.95	119	800	3.60	34
Total	190 200	191.76	3,835	14 800	68.97	657

\* As at 28 February 2013

If the tax remains unpaid after the issuance of the 5% surcharge notice, IRD will open a collection file and take further recovery actions on all overdue charges in respect of the same taxpayer, including the issuance of recovery notices to the third parties (such as employers and banks) and the initiation of court proceedings.

In the 2008-09 to 2012-13 financial years (as at 28 February 2013), the numbers of cases for which IRD has taken recovery actions are as follows -

	2008-09	2009-10	2010-11	2011-12	2012-13 *
	No. of cases#				
Recovery Notices	96 005	105 855	102 293	102 558	90 404
Legal Proceedings	8 250	7 081	5 897	4 996	3 433

\* As at 28 February 2013

# IRD does not have statistical breakdown of tax recovery actions by tax types

(c)

As at 28 February 2013, the total amount of tax in default was \$9.1 billion, involving 112 750 charges.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 27.3.2013

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

**FSTB(Tsy)201**

Question Serial No.

3527

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

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In the past five years (i.e. 2008-09 to 2012-13), how many tax returns in respect of profits tax, salaries tax, property tax and personal assessment were filed online? What are the respective percentages of these tax returns out of the total number of tax returns for each type of tax?

Asked by: Hon. LEE Wai-king, Starry

Reply:

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

Financial Year	Total number of tax returns filed online (% of the respective total tax returns)		
	Profits Tax Return*	Individual Tax Return**	Property Tax Return***
2008-09	Not yet launched	197 000 (9.3%)	3 000 (2.4%)
2009-10	Not yet launched	248 000 (11.3%)	3 700 (2.9%)
2010-11	750 (0.2%)	283 000 (12.3%)	4 800 (3.1%)
2011-12	930 (0.3%)	327 000 (14.6%)	5 700 (3.8%)
2012-13 (as at 28.2.2013)	1 200 (0.3%)	378 000 (15.9%)	6 600 (4.4%)

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

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

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

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 26.3.2013

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

**FSTB(Tsy)202**

Question Serial No.

3528

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

How many applications for holding over of part or the whole of the provisional tax and paying tax by installments were received in respect of profits tax, salaries tax and personal assessment in the previous five years (i.e. 2008-09 to 2012-13)? What are the respective percentages of these cases out of the total number of assessed cases for each type of tax? What are the respective amounts receivable involved?

Asked by: Hon. LEE Wai-king, Starry

Reply:

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

(i) Holding over of provisional tax:

Financial Year	Profits Tax			Salaries Tax		
	No. of demand notes	% of total demand notes	% of total provisional tax charged	No. of demand notes	% of total demand notes	% of total provisional tax charged
2008-09	8 400	7.0%	19.0%	59 900	4.9%	15.6%
2009-10	7 100	5.5%	15.1%	47 600	3.8%	6.9%
2010-11	5 200	3.9%	12.3%	33 100	2.6%	4.9%
2011-12	6 100	4.3%	11.2%	44 200	3.2%	6.1%
2012-13*	5 500	4.2%	12.4%	36 600	2.7%	5.0%

\* As at 28 February 2013

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

(ii) Paying tax by installments:

Financial Year	Profits Tax			Salaries Tax			Personal Assessment		
	No. of demand notes	% of total demand notes	% of total tax assessed	No. of demand notes	% of total demand notes	% of total tax assessed	No. of demand notes	% of total demand notes	% of total tax assessed
2008-09	2 290	1.9%	1.3%	7 210	0.6%	1.0%	700	0.4%	1.6%
2009-10	2 090	1.6%	1.2%	7 550	0.6%	1.0%	690	0.6%	1.0%
2010-11	1 920	1.5%	0.6%	6 200	0.5%	0.6%	490	0.3%	0.7%
2011-12	1 290	0.9%	0.4%	5 340	0.4%	0.4%	480	0.2%	0.4%
2012-13*	1 270	1.0%	0.6%	3 790	0.3%	0.4%	320	0.2%	0.6%

\* As at 28 February 2013

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 3.4.2013

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

**FSTB(Tsy)203**

Question Serial No.

3529

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- (a) For the past ten financial years (i.e. 2003-04 to 2012-13), please provide for each year the number of taxpayers benefited from the one-off reduction of salaries tax and the percentage of salaries tax reduced in each salaries tax band.
- (b) Please provide the estimated percentage shares of taxpayers whose salaries tax reduction will be lower than and up to the ceiling respectively under the measure of salaries tax reduction proposed in the 2013-14 Budget.

Asked by: Hon. LEE Wai-king, Starry

Reply:

- (a) The Inland Revenue Department (IRD) does not keep statistical breakdown by salaries tax bands in respect of the number of taxpayers benefited from the one-off reduction of salaries tax and the percentage of tax reduced. Therefore, the relevant information cannot be provided. The statistics on the numbers of taxpayers benefited from the one-off reduction of salaries tax and the percentages of tax reduced in the past ten years of assessment (mainly assessed in the following financial year) are as follows -

Year of assessment	Reduction of salaries tax measures#		( a+b )	( a )		( b )	
	% of tax reduced	Ceiling	Total no. of taxpayers assessed	No. of taxpayers with tax reduction below the ceiling	Average % of tax reduced	No. of taxpayers with tax reduction up to the ceiling	Average % of tax reduced
2006-07	50%	\$15,000	1 325 000	1 025 000	50%	300 000	12%
2007-08	75%	\$25,000	1 415 000	1 125 000	75%	290 000	17%
2008-09	100%	\$8,000	1 378 000	755 000	100%	623 000	11%
2009-10	75%	\$6,000	1 426 000	811 000	75%	615 000	8%
2010-11	75%	\$6,000	1 521 000	843 000	75%	678 000	8%
2011-12*	75%	\$12,000	1 625 000	1 060 000	75%	565 000	12%

# No one-off reduction of salaries tax measures in the years of assessment 2002-03, 2003-04, 2004-05 and 2005-06

\* As at 28 February 2013

- (b) The 2013-14 Budget proposes to reduce salaries tax and tax under personal assessment for the year of assessment 2012-13 by 75%, subject to a ceiling of \$10,000. IRD estimates that 875 000 salaries tax payers will each be granted with tax reduction below the ceiling whereas 555 000 salaries tax payers will each be granted with tax reduction at the ceiling of \$10,000, representing about 61% and 39% of the total number of 1.43 million salaries tax payers to be benefitted. The above figures do not include 100 000 personal assessment taxpayers estimated to be benefitted from the same tax reduction measure.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 8.4.2013

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

<b>FSTB(Tsy)204</b>
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Question Serial No.

3530
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Head: 76 Inland Revenue DepartmentSubhead (No. & title):Programme: (1) Assessing FunctionsControlling Officer: Commissioner of Inland RevenueDirector of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Regarding the Inland Revenue Department's work on tax assessment, please set out 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 (i.e. 2008-2009 to 2012-2013).

Company's assessable profits (\$)	Number of companies	Percentage to the total number of companies chargeable to profits tax	Total profits tax assessed for the year (\$million)	Percentage to the total amount of profits tax assessed
Below 5,000,000				
5,000,001-10,000,000				
10,000,001 and above				
Total				

Asked by: Hon. LEE Wai-king, StarryReply:

The numbers of companies (excluding sole proprietorship and partnership businesses) with assessable profits and the total profits tax assessed for the past five years of assessment (as at 28 February 2013) are as follows -

**Year of Assessment 2007-08 (mainly assessed in the 2008-09 financial year)**

Company's assessable profits * (\$)	Number of companies	Percentage to the total number of companies chargeable to profits tax	Total profits tax assessed for the year (\$million)	Percentage to the total amount of profits tax assessed
Below 5,000,000	84 360	90.41%	8,037	8.55%
5,000,001-10,000,000	3 760	4.03%	4,528	4.81%
10,000,001 or above	5 190	5.56%	81,475	86.64%
Total	93 310	100%	94,040	100%

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

Company's assessable profits * (\$)	Number of companies	Percentage to the total number of companies chargeable to profits tax	Total profits tax assessed for the year (\$million)	Percentage to the total amount of profits tax assessed
Below 5,000,000	83 970	90.95%	8,777	11.70%
5,000,001-10,000,000	3 560	3.85%	4,147	5.53%
10,000,001 or above	4 790	5.19%	62,065	82.77%
Total	92 320	100%	74,989	100%



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

Company's assessable profits * (\$)	Number of companies	Percentage to the total number of companies chargeable to profits tax	Total profits tax assessed for the year (\$million)	Percentage to the total amount of profits tax assessed
Below 5,000,000	84 640	90.94%	8,676	11.11%
5,000,001-10,000,000	3 640	3.91%	4,211	5.39%
10,000,001 or above	4 790	5.15%	65,209	83.50%
Total	93 070	100%	78,096	100%

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

Company's assessable profits * (\$)	Number of companies	Percentage to the total number of companies chargeable to profits tax	Total profits tax assessed for the year (\$million)	Percentage to the total amount of profits tax assessed
Below 5,000,000	87 750	89.80%	9,540	10.09%
5,000,001-10,000,000	4 150	4.25%	4,833	5.11%
10,000,001 or above	5 810	5.95%	80,201	84.80%
Total	97 710	100%	94,574	100%

**Year of Assessment 2011-12 (mainly assessed in the 2012-13 financial year)**

Company's assessable profits * (\$)	Number of companies	Percentage to the total number of companies chargeable to profits tax	Total profits tax assessed for the year (\$million)	Percentage to the total amount of profits tax assessed
Below 5,000,000	82 560	88.88%	8,711	8.34%
5,000,001-10,000,000	4 300	4.63%	4,933	4.72%
10,000,001 or above	6 030	6.49%	90,810	86.94%
Total	92 890	100%	104,454	100%

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

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 3.4.2013

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

**FSTB(Tsy)205**

Question Serial No.

3583

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

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In October last year, the Administration announced the imposition of the enhanced special stamp duty and the buyer's stamp duty. What were the numbers of cases involving the collection of the above stamp duties in each of the past 6 months? What were the amounts of duties involved?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

As cases of residential property transactions that are subject to the enhanced Special Stamp Duty or Buyer's Stamp Duty can only be ascertained after the passage of the relevant legislation by the Legislative Council, the Inland Revenue Department is not able to provide the relevant information at this stage.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 2.4.2013

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

**FSTB(Tsy)206**

Question Serial No.

3584

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

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What were the amounts of expenditure for handling legal proceedings related to tax assessments in the past 5 years (up to 2012-13)? What is the estimated expenditure in this aspect in 2013-14?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

As the Inland Revenue Department has not apportioned the funding provision to the handling of legal proceedings related to tax assessments, the relevant information cannot be provided.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 27.3.2013

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

**FSTB(Tsy)207**

Question Serial No.

3585

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

Programme: (1) Assessing Functions

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The estimated expenditure under Programme 1 is \$1,045 million, representing an increase of 8.6% (\$83.1 million) when compared with the expenditure in 2012-13. Please give the details of the increase in provision.

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

The increase in provision of Programme 1 "Assessing Functions" from \$962 million in the 2012-13 Revised Estimate to \$1,045 million in the 2013-14 Estimate is mainly due to possible increase in expenditure on interest on tax reserve certificates (TRCs), net increase of eight posts, filling of vacancies, salary increments for staff and increase in operating expenses.

Provision for the 2013-14 Estimate on interest expenditure on TRCs is higher than that in the 2012-13 Revised Estimate. This is largely due to the need to make provision for possible increase in the expenditure on interest on TRCs. The major portion of interest on TRCs is the interest on "Conditional Standover Order Tax Reserve Certificates" (Conditional TRCs), which is paid upon settlement of objections and appeals in taxpayers' favour. In estimating the provision for interest on TRCs for 2013-14, the Inland Revenue Department has particularly taken into account the value of Conditional TRCs in hand and the expected progress of a number of objection and appeal cases in the year.

The increase in general departmental expenses is mainly attributable to the anticipated further increase in the cost of goods and services as well as the need to cope with growing operational requirements and increasing workload. These include expenses on replacement and procurement of office equipment, anticipated increase in printing of various tax and computer forms, and anticipated increase in expenditure on employment of more temporary staff to cope with seasonal rush, ad-hoc assignments, extra workload in the upgrading of personal computer operation system and the implementation of System Infrastructure Enhancement Project, etc.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 27.3.2013

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

**FSTB(Tsy)208**

Question Serial No.

3586

Head: 76 Inland Revenue Department

Subhead (No. & title):

Programme: (2) Collection

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In respect of the recovery actions taken by the Inland Revenue Department in the past 5 years of assessment (up to 2012-13), please provide the following details:

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

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

(a) & (b)

Once a taxpayer defaults on tax payment, normally the Inland Revenue Department (IRD) will first impose a 5% surcharge on every overdue charge by issuing a 5% surcharge notice. If the taxpayer does not fully pay the tax within 6 months from the due date, IRD will issue a 10% surcharge notice to the taxpayer to further impose a 10% surcharge on the overdue tax and surcharge.

In the 2008-09 to 2012-13 financial years (as at 28 February 2013), the statistics on the surcharge notices issued by IRD for different tax types are as follows -

Types	5% surcharge			10% surcharge		
	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)
2008-09 financial year						
Profits Tax	12 500	103.5	2,070	2 400	60.7	578
Salaries Tax	131 800	83.8	1,676	5 800	18.6	177
Property Tax	11 800	4.6	92	900	1.2	12
Personal Assessment	11 300	4.2	84	800	3.5	33
Total	167 400	196.1	3,922	9 900	84.0	800

Types	5% surcharge			10% surcharge		
	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)	No. of charges involved	Amount of surcharge involved (\$million)	Amount of tax involved (\$million)
2009-10 financial year						
Profits Tax	11 800	95.84	1,917	2 600	104.62	996
Salaries Tax	151 300	93.70	1,874	6 700	34.06	324
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2010-11 financial year						
Profits Tax	14 300	77.35	1,547	3 000	42.90	409
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Property Tax	15 900	8.53	171	1 300	2.04	19
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2011-12 financial year						
Profits Tax	13 300	78.57	1,571	3 000	50.98	486
Salaries Tax	156 600	112.40	2,248	7 200	30.58	291
Property Tax	16 700	9.78	196	1 100	2.31	22
Personal Assessment	12 900	5.29	106	600	2.26	21
Total	199 500	206.04	4,121	11 900	86.13	820
2012-13 financial year *						
Profits Tax	10 900	68.57	1,372	3 200	26.91	256
Salaries Tax	152 000	106.87	2,137	9 100	35.56	339
Property Tax	15 200	10.37	207	1 700	2.90	28
Personal Assessment	12 100	5.95	119	800	3.60	34
Total	190 200	191.76	3,835	14 800	68.97	657

\* As at 28 February 2013

If the tax remains unpaid after the issuance of the 5% surcharge notice, IRD will open a collection file and take further recovery actions on all overdue charges in respect of the same taxpayer, including the issuance of recovery notices to the third parties (such as employers and banks) and the initiation of court proceedings.

In the 2008-09 to 2012-13 financial years (as at 28 February 2013), the numbers of cases for which IRD has taken recovery actions are as follows -

	2008-09	2009-10	2010-11	2011-12	2012-13 *
	No. of cases#				
Recovery Notices	96 005	105 855	102 293	102 558	90 404
Legal Proceedings	8 250	7 081	5 897	4 996	3 433

\* As at 28 February 2013

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

(c) As at 28 February 2013, the total amount of tax in default was \$9.1 billion, involving 112 750 charges.

(d) IRD adopts multi-pronged measures to promote, educate and remind taxpayers to pay tax on time and to enhance their understanding of tax obligations, particularly the tax obligations of employers and persons who plan to leave Hong Kong. Before commencement of each tax payment season, IRD will publish notices in various newspapers and insert a pop-up dialogue box in its website to remind taxpayers to pay tax on time. For eTax account holders, IRD would also send them e-Alert messages before their tax is due as a reminder to pay tax on time. Moreover, smartphone users may download the mobile application "GovHK Notifications" to receive payment alert messages issued by IRD through the mobile platform.

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

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 3.4.2013

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

**FSTB(Tsy)209**

Question Serial No.

3587

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

Programme:                      (2) Collection

Controlling Officer:        Commissioner of Inland Revenue

Director of Bureau:        Secretary for Financial Services and the Treasury

Question:

- (a) Please provide the numbers of electronic payments for each type of tax in the past three years (up to 2012-13).
- (b) Please show in the form of a table the increase/decrease in the numbers of people using electronic tax payment services for different tax types in the past two years (up to 2012-13).

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

- (a) In the three financial years 2010-11 to 2012-13, the numbers of electronic payments and their respective shares of total tax payments for "earnings and profits tax" are as follows -

Financial year	Number	Share to total payments
2010-11	1 470 000	57%
2011-12	1 580 000	57%
2012-13 (as at 28.2.2013)	1 460 000	56%

The Inland Revenue Department (IRD) does not have statistical breakdown on the numbers of electronic payments by tax types.

- (b) IRD does not keep statistics on the number of persons paying tax by electronic means. In the 2011-12 to 2012-13 financial years, the increase/decrease in the numbers of electronic payments over the same period of the preceding year for "earnings and profits tax" are as follows -

Financial year	Number of increase/(decrease) over the same period of the preceding year	Increase/(decrease)
2011-12	110 000	7.5%
2012-13 (as at 28.2.2013 as compared with the same period in the preceding year)	(30 000)	(2.0%)



In the 2012-13 financial year, the year-on-year number of electronic payments for “earnings and profits tax” decreased mainly because IRD has accepted taxpayers to pay tax at designated convenience stores in cash since 1 August 2012.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 3.4.2013

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

**FSTB(Tsy)210**

Question Serial No.

3588

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

Programme: (3) Investigation and Field Audit

Controlling Officer: Commissioner of Inland Revenue

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The estimated provision for Programme (3) Investigation and Field Audit in 2013-14 is \$207 million, representing an increase of 6.4% (\$12.5 million) when compared with the provision in 2012-13. Please set out the reasons and details for the increase in provision.

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

The increase in provision of Programme 3 "Investigation and Field Audit" from \$195 million in the 2012-13 Revised Estimate to \$207 million in the 2013-14 Estimate is mainly due to filling of vacancies, salary increments for staff and increase in operating expenses.

The increase in general departmental expenses is mainly attributable to the anticipated further increase in the cost of goods and services as well as the need to cope with growing operational requirements and increasing workload. The items that require additional provisions include expenses on replacement and procurement of office equipment, anticipated increase in printing of various tax and computer forms, and anticipated increase in expenditure on employment of more temporary staff to cope with seasonal rush, ad-hoc assignments, extra workload in the upgrading of personal computer operation system and the implementation of System Infrastructure Enhancement Project, etc.

Name in block letters: CHU Yam-yuen

Post Title: Commissioner of Inland Revenue

Date: 27.3.2013

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

**FSTB(Tsy)211**

Question Serial No.

5274

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

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In the past five years (i.e. 2008-09 to 2012-13), how did the Administration 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

Reply:

The Rating and Valuation Department (RVD) conducts vacancy survey every 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 is conducted at the end of each year, which includes a full survey on residential units completed within two 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)
2008-09	1.43
2009-10	1.19
2010-11	1.22
2011-12	1.27
2012-13	1.38

Name in block letters: Mrs. Mimi BROWN

Post Title: Commissioner of Rating and Valuation

Date: 10.4.2013

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

**FSTB(Tsy)212**

Question Serial No.

3663

Head: 162 Rating and Valuation Department      Subhead (No. & title): (000) Operational expenses

Programme:

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the departmental records management work over the past three years (2010-11, 2011-12 and 2012-13):

1. Please provide information on the number and rank of officers designated to perform such work. If there is no officer designated for such work, please provide information on the number of officers and the hours of work involved in records management duties, and the other duties they have to undertake in addition to records management;

2. Please list in the table below information on programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal:

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents

3. Please list in the table below information on programme and administrative records which have been transferred to GRS for retention:

Category of records	Years covered by the records	Number and linear metres of records	The year that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents

4. Please list in the table below information on records which have been approved for destruction by GRS:

Category of records	Years covered by the records	Number and linear metres of records	The year that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents

Asked by: Hon. HO Sau-lan, Cyd

Reply:

1. The Rating and Valuation Department has designated a Departmental Records Manager (in the Chief Executive Officer rank), 10 Assistant Departmental Records Managers (including 5 Senior Clerical Officers, 2 Clerical Officers, 1 Principal Valuation Officer, 1 Senior Valuation Officer and 1 Rent Officer I) and 1 Executive Officer I to perform departmental records management work. In the past three years, the average hours of work involved in records management duties for each of the above officers is about 170 hours per annum. They have to undertake other duties relating to the core business of their respective Divisions during other office hours.
2. In the past three years, information on administrative records which had been closed pending transfer to the Government Records Service (GRS) for appraisal is as follows -

Category of records	Years covered by the records	Number and linear metres (lm) of records	Retention period approved by GRS	Are they confidential documents
Administrative Records	1959-2012	136 (6.25 lm)	3 to 7 years	No

There was no programme record which had been closed pending transfer to GRS for appraisal.

3. In the past three years, there was no programme or administrative record which was required to be transferred to GRS for retention.
4. In the past three years, information on records which were approved for destruction by GRS is as follows -

Category of records	Years covered by the records	Number and linear metres (lm) of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents
Administrative Records	1972-1998	118 (6 lm)	2010-11	2 to 7 years	No
Programme Records	1998-2007	9 058 (180 lm)	2010-11	2 to 7 years	No
	1991-2008	4 594 (96 lm)	2011-12	2 to 10 years	No
	1975-2009	6 054 (179 lm)	2012-13	2 to 10 years	No

Name in block letters: Mrs. Mimi BROWN

Post Title: Commissioner of Rating and Valuation

Date: 26.3.2013

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

**FSTB(Tsy)213**

Question Serial No.

3531

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

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

Controlling Officer: Commissioner of Rating and Valuation

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With reference to the rates concession set out in the 2013-14 Budget, please provide a breakdown of the estimated number of properties or accounts which stand to benefit from the relief measure by property types.

Asked by: Hon. Starry LEE Wai-king

Reply:

A breakdown of the estimated number of properties by property types which will enjoy rates concession in 2013-14 is as follows –

Main property classes	Number of properties enjoying rates concession
<b>Domestic</b>	<b>2 651 000</b>
• Private domestic	1 685 000
• Public domestic <sup>Note 1</sup>	746 000
• Car parking spaces in domestic premises	220 000
<b>Non-domestic</b>	<b>399 000</b>
• Shops/Commercial	131 000
• Offices	75 000
• Industrial	102 000
• Miscellaneous non-domestic <sup>Note 2</sup>	91 000
<b>Total</b>	<b>3 050 000</b>

Notes:

(1) Including Hong Kong Housing Authority and Hong Kong Housing Society rental units.

(2) Including car parking spaces in non-domestic premises, hotels, cinemas, petrol filling stations, schools, etc.

Name in block letters: Mrs. Mimi BROWN

Post Title: Commissioner of Rating and Valuation

Date: 26.3.2013

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

**FSTB(Tsy)214**

Question Serial No.

3669

Head: 188 Treasury

Subhead (No. & title): 000 Operational expenses

Programme:

Controlling Officer: Director of Accounting Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the departmental records management work over the past three years (2010-11, 2011-12, 2012-13):

1. Please provide information on the number and rank of officers designated to perform such work. If there is no officer designated for such work, please provide information on the number of officers and the hours of work involved in records management duties, and the other duties they have to undertake in addition to records management;

2. Please list in the table below information on programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal:

Category of records	Years covered by the records	Number and linear metres of records	Retention period approved by GRS	Are they confidential documents

3. Please list in the table below information on programme and administrative records which have been transferred to GRS for retention:

Category of records	Years covered by the records	Number and linear metres of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents

4. Please list in the table below information on records which have been approved for destruction by GRS:

Category of records	Years covered by the records	Number and linear metres of records	Years that the records were transferred to GRS	Retention period approved by GRS	Are they confidential documents

Asked by: Hon. HO Sau-lan, Cyd



Reply:

1. 1 Clerical Officer, 3 Assistant Clerical Officers, 9 Clerical Assistants, 1 Office Assistant and 2 Confidential Assistants are designated to undertake the records management work in the Treasury.

2. Details of records pending transfer to the Government Records Service (GRS) for appraisal for the past three years are as follows:

Category of records	Years covered by the records	Number and linear metres of records (LM)	Retention period approved by GRS <sup>1</sup>	Are they confidential documents
Administrative Records	1953-2013	477 files, 20 LM	1-7 years	No
Administrative Records	1993-2013	51 files, 2 LM	2-5 years	Yes
Programme Records	1949-2013	985 files, 42 LM	7-40 years	No
Programme Records	1994-2013	96 files, 4 LM	7 years	Yes

3. Details of records transferred to the GRS for retention for the past three years are as follows:

Category of records	Years covered by the records	Number and linear metres of records (LM)	Years that the records were transferred to GRS	Retention period approved by GRS <sup>1</sup>	Are they confidential documents
Programme Records	2007-2011	540 boxes (Copies of revenue receipts or counterfoils and daily collection books), 180 LM <sup>2</sup>	2010-2013	2-7 years	No

4. Details of records approved for destruction by the GRS for the past three years are as follows:

Category of records	Years covered by the records	Number and linear metres of records (LM)	Years that the records were transferred to GRS	Retention period approved by GRS <sup>1</sup>	Are they confidential documents
Programme Records	1992-2010	5 906 boxes (Copies of revenue receipts or counterfoils, daily collection books and payment vouchers), 1 969 LM <sup>2</sup>	1998-2012	2-13 years	No
Programme Records	1991-2006	597 files, 37 LM	2011-2013	7 years	No

<sup>1</sup>. Retention periods for records vary from category to category. Under Administrative Records, for instance, retention period is 1 year for leave related records and 2 years for duty visits related records. Promotion and examination related records will be kept for 5 years and procurement records for 7 years. Regarding Programme Records, copies of revenue receipts or counterfoils are retained for 2 years while accounting books and records are kept for 7 years. Retention periods for payment vouchers and personnel files for civil servants on overseas terms are 13 years and 40 years respectively.

<sup>2</sup>. The dimensions of standard storage box specified by the GRS are 30cm(W) x 38cm(L) x 25cm(H). Three boxes of records are calculated as one linear metre.

Name in block letters: Mrs Lesley Y C WONG

Post Title: Director of Accounting Services

Date: 11.4.2013

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

**FSTB(Tsy)215**

Question Serial No.

4916

Head: 188 Treasury

Subhead (No. & title):

Programme: (4) Management of Funds

Controlling Officer: Director of Accounting Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With regard to this Programme, please list, since Hong Kong's reunification with China in 1997:

- (1) the total number of funds set up by the Government;
- (2) the number of funds of which the principal must be kept intact;
- (3) the purposes of each fund; and
- (4) the detailed annual operating expenditure of each fund, including investment vehicles, portfolio managers, balances, and the positive/negative growth rates after inflation.

Asked by: Hon. TIEN Puk-sun, Michael

Reply:

- (1) Since 1997, the Administration has entrusted the Treasury with the management of three funds, namely the Quality Education Fund, the HKSAR Government Scholarship Fund and the Self-financing Post-secondary Education Fund set up respectively in 1998, 2008 and 2011.
- (2) According to the resolutions reached during the establishment of these three Funds, the respective Trustee is empowered to appropriate funds from the principal under exceptional circumstances (such as during the initial stage of establishment when investment return is inadequate to cover the operating expenditures or at times of market volatilities).
- (3) and (4) The purposes, operating expenditures, investment vehicles, number of portfolio managers, balances and rate of investment return of each of the three Funds are set out as follows -

## Quality Education Fund

Purpose: To fund projects that aim to raise the quality of school education and to promote quality school education in Hong Kong.

Academic year	Operating expenditures (\$ million)		Investment vehicles	No. of portfolio managers	Year end balance (\$ million)	Rate of investment return <sup>3</sup>	
	Grants	Other expenditures <sup>1</sup>				Before inflation	After inflation
1997/98	1	0	Equities, bonds and time deposits	2	4,803 <sup>2</sup>	-3.77%	-5.02%
1998/99	337	7	Ditto	2	6,021	31.87%	34.27%
1999/00	284	15	Ditto	2	6,482	12.84%	17.26%
2000/01	1,026	19	Ditto	2	4,869	-9.55%	-7.70%
2001/02	932	11	Ditto	2	3,829	-2.50%	0.13%
2002/03	103	12	Ditto	3	4,121	10.73%	13.51%
2003/04	69	16	Ditto	3	4,608	13.66%	15.04%
2004/05	97	23	Ditto	5	5,170	14.59%	13.97%
2005/06	128	31	Ditto	5	5,644	11.89%	10.13%
2006/07	140	41	Ditto	5	6,440	17.08%	15.35%
2007/08	141	45	Ditto	5	6,281	-0.08%	-4.55%
2008/09	89	31	Ditto	5	6,120	-1.01%	-1.96%
2009/10	93	37	Ditto	5	6,423	6.77%	4.86%
2010/11	85	41	Ditto	5	6,732	6.43%	2.21%
2011/12	59	45	Ditto	5	6,924	4.00%	-0.71%

### Note

- 1 Other expenditures include mainly the fees charged by investment managers, custodian fees, transaction costs and administrative costs (if applicable).
- 2 \$5 billion was injected into the Fund in January 1998.
- 3 The rate of investment return after inflation is the rate after deducting the Composite Consumer Price Index.

## HKSAR Government Scholarship Fund

Purpose: To provide scholarships to outstanding and talented students attending publicly-funded full-time programmes at sub-degree, degree or above levels as a token of recognition and to attract them to pursue further studies in Hong Kong.

Academic year	Operating expenditures (\$ million)		Investment vehicles	No. of portfolio managers	Year end balance (\$ million)	Rate of investment return <sup>3</sup>	
	Grants	Other expenditures <sup>1</sup>				Before inflation	After inflation
2007/08	0	0	Time deposits	0	1,008 <sup>2</sup>	1.86%	1.04%
2008/09	12	0	Ditto	0	1,008	1.19%	0.24%
2009/10	24	1	Equities, bonds and time deposits	2	1,000	1.62%	-0.29%
2010/11	29	3	Ditto	2	1,286 <sup>4</sup>	6.59%	2.37%
2011/12	32	3	Ditto	2	2,305 <sup>5</sup>	4.07%	-0.64%

### Note

- 1 Other expenditures include mainly the fees charged by investment managers, custodian fees, transaction costs and administrative costs (if applicable).
- 2 \$1 billion was injected into the Fund in March 2008.
- 3 The rate of investment return after inflation is the rate after deducting the Composite Consumer Price Index.
- 4 Including the \$250 million injected in August 2011.
- 5 Including the \$1 billion injected in August 2012.

## Self-financing Post-secondary Education Fund

Purpose: To support worthwhile initiatives and schemes that aim to enhance the quality of self-financing post-secondary education.

Academic year	Operating expenditures (\$ million)		Investment vehicles	No. of portfolio managers	Year end balance (\$ million)	Rate of investment return <sup>4</sup>	
	Grants	Other expenditures <sup>1</sup>				Before inflation	After inflation
2011/12	36	1	Time deposits	0 <sup>2</sup>	3,485 <sup>3</sup>	1.08%	0.71%

### Note

- 1 Other expenditures include mainly bank charges and administration costs (if applicable).
- 2 The recruitment of investment managers is at the final stage.
- 3 \$2.5 billion and \$1 billion were injected into the Fund in November 2011 and August 2012 respectively.
- 4 The rate of investment return is the annualised rate of return after the two injections in November 2011 and August 2012 respectively. The rate of investment return after inflation is the rate after deducting the Composite Consumer Price Index of the corresponding period.

Name in block letters: Mrs Lesley Y C WONG

Post Title: Director of Accounting Services

Date: 11.4.2013

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

**FSTB(Tsy)216**

Question Serial No.

3589

Head: 188 Treasury

Subhead (No. & title):

Programme: (1) Central Accounting, Collections and Payments

Controlling Officer: Director of Accounting Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

- (a) During 2012-13, the Treasury continued to act as paymaster for Scheme \$6,000 and expects to disburse payments to the remaining estimated total of 1 700 000 eligible registrants. How many applications for Scheme \$6,000 have been received? Among the applicants, how many are residents residing in Hong Kong, and how many are Hong Kong residents residing for long periods of time overseas? How much money in total has been disbursed?
- (b) Did the Administration work out the total number of eligible applicants who have not applied to the Government for Scheme \$6,000? How much money is involved?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

- (a) There are over 6.12 million people successfully registered under Scheme \$6,000 and the total disbursement is about \$37 billion. As the same registration arrangement is applicable to eligible persons residing in or outside Hong Kong, we do not have the information categorising the registrants based on their places of residence.
- (b) Upon the close of registration on 31 December 2012, about 120 000 eligible persons have not registered for Scheme \$6,000 and the amount involved is about \$0.7 billion.

Name in block letters: Mrs Lesley Y C WONG

Post Title: Director of Accounting Services

Date: 2.4.2013

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

**FSTB(Tsy)217**

Question Serial No.

3591

Head: 188 Treasury

Subhead (No. & title): 000 Operational expenses

Programme: (3) Accounting and Financial Information Systems

Controlling Officer: Director of Accounting Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The estimated financial provision of the Treasury for Accounting and Financial Information Systems in 2013-14 is \$108.6 million, which is \$8.1 million (8.1%) higher than that in 2012-13. As explained by the Administration, this is due to the filling of vacancies and increase in systems operation and maintenance cost. Please provide details of the newly created posts, e.g. ranks, salaries, etc., and of the systems maintenance.

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

In 2013-14, the expenditure on Accounting and Financial Information Systems is estimated to increase by \$8.1 million. The filling of vacancies (including 7 Treasury Grades posts and 2 Information Technology Grades posts which are not newly created) will incur \$3.5 million, and the increase in operation and maintenance cost of information systems will be \$4.6 million.

Name in block letters: Mrs Lesley Y C WONG

Post Title: Director of Accounting Services

Date: 11.4.2013



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

**FSTB(Tsy)218**

Question Serial No.

3592

Head: 188 Treasury

Subhead (No. & title):

Programme: (4) Management of Funds

Controlling Officer: Director of Accounting Services

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Treasury manages the investment portfolios of 7 funds, namely the Grant and Subsidized Schools Provident Funds, the Quality Education Fund, the Sir David Trench Fund for Recreation, the Beat Drugs Fund, the AIDS Trust Fund, the HKSAR Government Scholarship Fund and the Self-financing Post-secondary Education Fund. In this regard, please advise:

- (a) Are the funds operated with the same investment target and target investment return? If yes, what are the details? If no, why? What are the investment portfolios of the funds?
- (b) Are the funds currently being overseen by the same group of staff in the Treasury? If yes, what are the details? If no, why?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

- (a) The Treasury is presently responsible for the management of 8 funds, including the Grant and Subsidized Schools Provident Funds which are two independent funds. The investment target of each fund is set by the respective investment committee having regard to the size, spending requirements and cash flow needs of the fund and approved by the respective governing committees. As such, the target investment returns of these 8 funds are not the same. Regarding the investment portfolio, the investment committee of each fund will determine its own portfolio comprising equities, bonds, certificates of deposit and time deposits in accordance with its investment target.
- (b) All the 8 funds are managed by the Provident Funds Branch of the Treasury. The Branch is headed by an Assistant Director and comprises 21 staff in total.

Name in block letters: Mrs Lesley Y C WONG

Post Title: Director of Accounting Services

Date: 2.4.2013